



* * * * PUBLIC NOTICE * * * *

**NOTICE OF A CITY COUNCIL REGULAR SESSION AT 7:00 P.M IMMEDIATELY FOLLOWING
A WORKSHOP SESSION
OF THE CITY OF CORINTH
Thursday, February 4, 2016, 5:30 P.M.
CITY HALL - 3300 CORINTH PARKWAY**

CALL TO ORDER:

WORKSHOP BUSINESS AGENDA

1. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of executive session items as set forth in the Executive Session agenda items below.
2. Receive a presentation, hold a discussion and give staff direction regarding Upper Trinity Regional Water District future plans.
3. Receive a report on amendments to the City Charter and conduct a discussion and give staff direction on an ordinance ordering a special election to submit amendments to the City Charter.

ADJOURN WORKSHOP SESSION

***NOTICE IS HEREBY GIVEN** of a Regular Session of the Corinth City Council to be held at Corinth City Hall located at 3300 Corinth Parkway, Corinth, Texas. The agenda is as follows:

CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE:

CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine and will be enacted in one motion. Should the Mayor, a Councilmember, or any citizen desire discussion of any Item that Item will be removed from the Consent Agenda and will be considered separately.

1. Consider and act on a resolution reviewing and adopting the Investment Policy for the City of Corinth.
2. Consider and act on a resolution reviewing and adopting the Investment Policy for the Corinth Crime Control & Prevention District.

3. Consider and act on a resolution reviewing and adopting the Investment Policy for funds for the Corinth Economic Development Corporation.

CITIZENS COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them at this time. Citizen's comments will be limited to 3 minutes. Comments about any of the Council agenda items are appreciated by the Council and may be taken into consideration at this time or during that agenda item. Please complete a Public Input form if you desire to address the City Council. All remarks and questions addressed to the Council shall be addressed to the Council as a whole and not to any individual member thereof.* Section 30.041B Code of Ordinance of the City of Corinth.

BUSINESS AGENDA

4. Consider and act on a Joint Election Agreement and Contract for Election Services with Denton County for the May 7, 2016 General Election.
5. Consider and act on a Resolution ordering a Joint General Election with Denton County to be held on May 7, 2016 to fill the offices of Councilmember Places, 1, 3, and 4; and establishing procedures for that election and providing an effective date.
6. Consider and act on an Ordinance for the City of Corinth ordering a Special Election to be held on May 7, 2016 allowing voters to determine the reauthorization and levy of a sales and use tax for street maintenance; as well as designating a polling place, providing for notice, providing for early voting, and providing an effective date.
7. Consider and act on the Elm Fork Trail Lease Agreement (Lease No. DACW63-1-10-0523) between the City of Corinth and the Lake Lewisville Army Corps of Engineers.
8. Consider and act on a Resolution authorizing the Texas Coalition for Affordable Power, Inc (TCAP) to negotiate an electric supply agreement for five years for deliveries of electricity effective January 1, 2018; Authorizing TCAP to act as an agent on behalf of the City to enter into a contract for electricity authorizing the City Manager, City Manager's Designated Representative, or Mayor to execute an electric supply agreement for deliveries of electricity effective January 1, 2018 and committing to budget for energy purchases in 2018 through 2022 and to honor the City's commitments to purchase power for its electrical needs in 2018 through 2022 through TCAP.
9. Consider and act on a resolution directing publication of notice of intention to issue combination tax and revenue certificates of obligation.
10. Hold a discussion and give staff direction regarding the Lake Cities Fire Department future projects.
11. Consider and act on nominations, appointments, resignations of Place 2 and Alternate 2 of the Planning and Zoning Commission.
12. Receive updates on Corinth Economic Development Corporation projects.

COUNCIL COMMENTS & FUTURE AGENDA ITEMS

The purpose of this section is to allow each councilmember the opportunity to provide general updates and/or comments to fellow councilmembers, the public, and/or staff on any issues or future events. Also, in accordance with Section 30.085 of the Code of Ordinances, at this time, any Councilmember may direct that an item be added as a business item to any future agenda.

CLOSED/EXECUTIVE SESSION

If, during the course of the meeting, any discussion of any item on the agenda should need to be held in executive or closed session for the City Council to seek advice from the City Attorney as to the posted subject matter of this City Council Meeting, the City Council will convene in such executive or closed session, in accordance with the provisions of the Government Code, Title 5, Subchapter D Chapter 551, to consider one or more matters pursuant to the following:

Section 551.071. Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; (2) and/or a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

- **First Glendora Partners, Ltd. dba Impact Outdoor Advertising Co. v. City of Corinth.**

Consultation with the City Attorney regarding legal issues associated with the matter listed under Section 551.072.

- **Receive information and discuss, deliberate, and provide staff with direction regarding the potential acquisition of real property located in Corinth along the west side of I-35 on FM 2181.**

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

- **Consider appointment, duties, employment, evaluation, reassignment, discipline, or dismissal of the City Manager and Chief of Police.**
- **Consider appointment, duties, employment, evaluation, reassignment, discipline, or dismissal of the City Attorney.**

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in executive session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON EXECUTIVE SESSION ITEMS.

Posted this 29 day of January, 2016 at 9:00 A.M. on the bulletin board at Corinth City Hall.

Kimberly Pence, City Secretary
City of Corinth, Texas

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Presentation by Upper Trinity Board

Submitted For: Kim Pence, City Secretary

Submitted By: Kim Pence, City Secretary

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Receive a presentation, hold a discussion and give staff direction regarding Upper Trinity Regional Water District future plans.

AGENDA ITEM SUMMARY/BACKGROUND

The Upper Trinity Regional Water District (UTRWD) is a conservation district, created by the State of Texas in 1989 to provide towns, cities and utilities with sound, long-term water supply. Upper Trinity is authorized to provide water, wastewater, solid waste, and storm water (watershed protection) services -- all on a wholesale basis.

The boundaries of Upper Trinity include all of Denton County, plus limited portions of Collin and Dallas Counties. The District is composed of 25 Member entities; 21 cities and towns, 1 utility authority, and 3 special districts. In addition, Denton County appoints 2 representatives to the Board. Upper Trinity serves its Members plus other utility and municipal customers.

Current District services include treated water, non-potable water, wastewater treatment, and collection of household hazardous wastes.

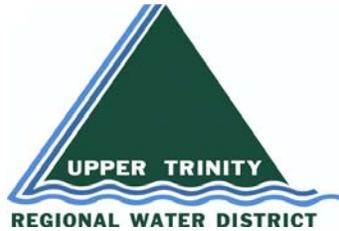
Thomas E. Taylor, P. E., Executive Director will provide an overview regarding the Upper Trinity Regional Water District programs and services.

RECOMMENDATION

Attachments

Presentation

Overview of the Upper Trinity Regional Water District



Presentation to: Corinth City Council

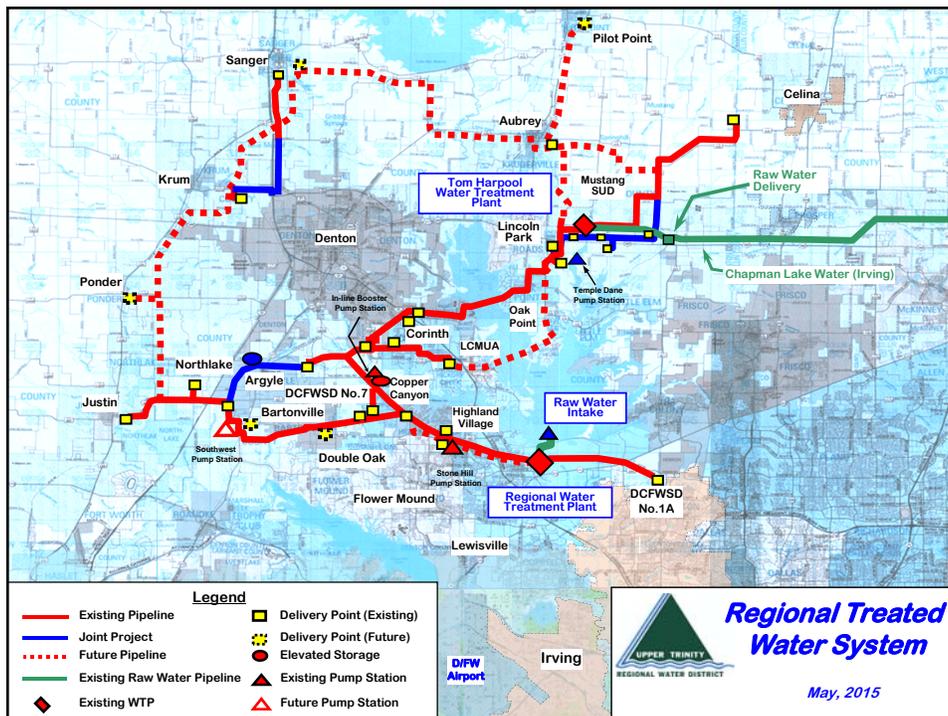
February 4, 2016

 <p>UTRWD Service Area</p> <p>Oklahoma</p> <p>Texas</p> <p>Denton County</p> <p>Lewisville</p> <p>Dallas</p>	<h3>Upper Trinity Regional Water District Members & Customers</h3> <table><tr><td>Argyle</td><td>Hickory Creek</td></tr><tr><td>Argyle WSC</td><td>Highland Village</td></tr><tr><td>Aubrey</td><td>Irving</td></tr><tr><td>Bartonville</td><td>Justin</td></tr><tr><td>Celina</td><td>Krum</td></tr><tr><td>Copper Canyon</td><td>Lake Cities MUA</td></tr><tr><td>Corinth</td><td>Lake Dallas</td></tr><tr><td>Cross Timbers WSC</td><td>Lewisville</td></tr><tr><td>Denton</td><td>Mustang SUD</td></tr><tr><td>Denton County</td><td>Northlake</td></tr><tr><td>DCFWSD # 1A</td><td>Oak Point</td></tr><tr><td>DCFWSD # 7</td><td>Pilot Point</td></tr><tr><td>DCFWSD # 8A</td><td>Ponder</td></tr><tr><td>DCFWSD # 9</td><td>Prosper</td></tr><tr><td>DCFWSD # 10</td><td>Sanger</td></tr><tr><td>DCFWSD # 11</td><td>Shady Shores</td></tr><tr><td>Double Oak</td><td></td></tr><tr><td>Flower Mound</td><td></td></tr></table> 	Argyle	Hickory Creek	Argyle WSC	Highland Village	Aubrey	Irving	Bartonville	Justin	Celina	Krum	Copper Canyon	Lake Cities MUA	Corinth	Lake Dallas	Cross Timbers WSC	Lewisville	Denton	Mustang SUD	Denton County	Northlake	DCFWSD # 1A	Oak Point	DCFWSD # 7	Pilot Point	DCFWSD # 8A	Ponder	DCFWSD # 9	Prosper	DCFWSD # 10	Sanger	DCFWSD # 11	Shady Shores	Double Oak		Flower Mound	
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Regional Water System

By joining together in a regional water system, we can achieve more - - than if each city worked separately - - and do so at less cost.

- Economy of Scale
- Technical Capability
- Security / Reliability
- Planning Ahead



Regional Water Treatment Plant

Location: Lewisville, Texas



Harpool Water Treatment Plant

Location: Providence Village





Water Reclamation Plants

Existing:

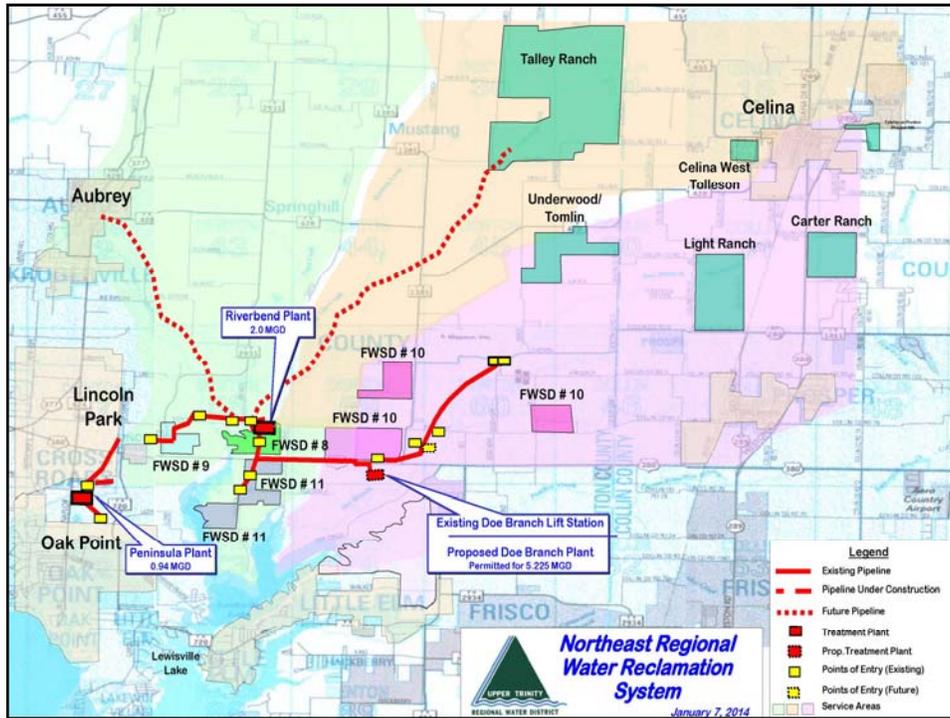
- Lakeview WRP – 5.5 mgd
- Riverbend WRP – 2.0 mgd
- Peninsula WRP – 0.94 mgd

Under Construction (service to begin 1st Qtr 2016):

- Doe Branch WRP – 2.0 mgd

Lakeview Regional Water Reclamation Plant **Location: City of Lake Dallas**



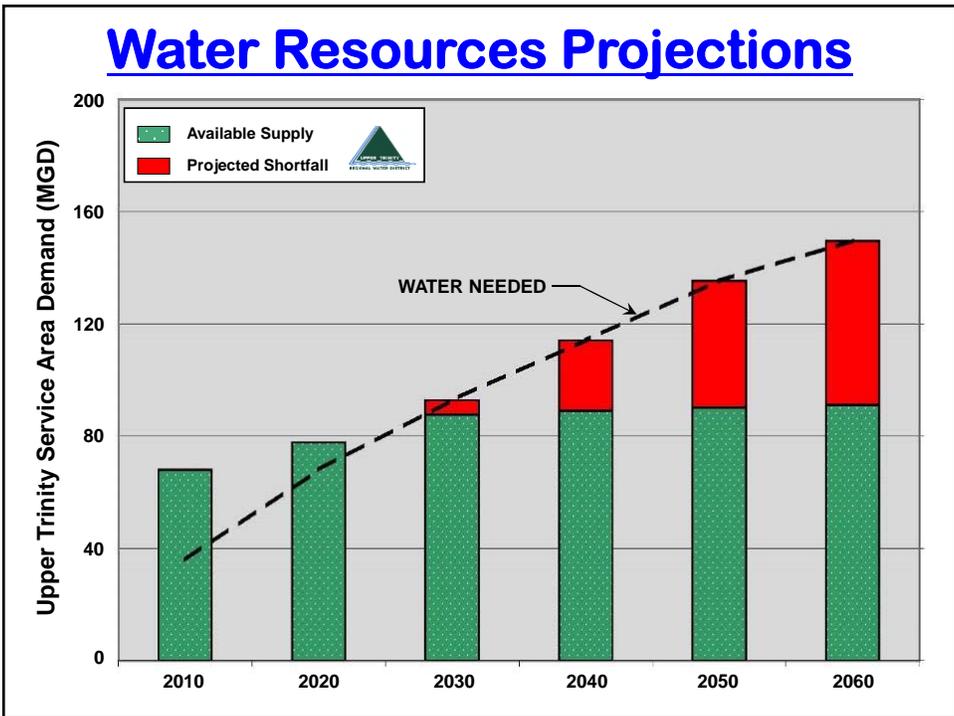
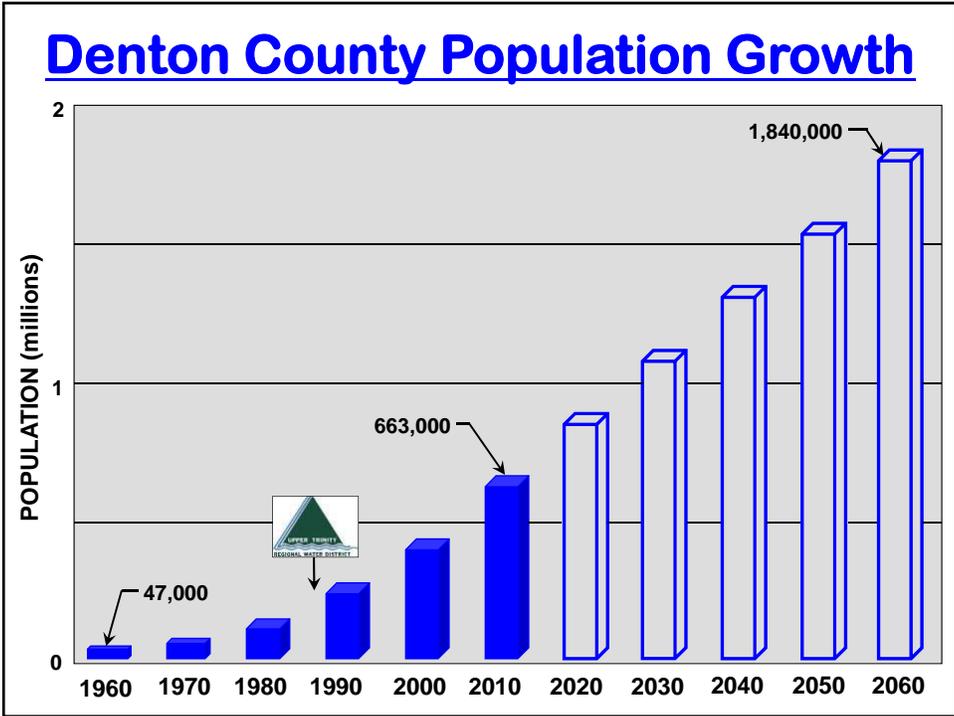


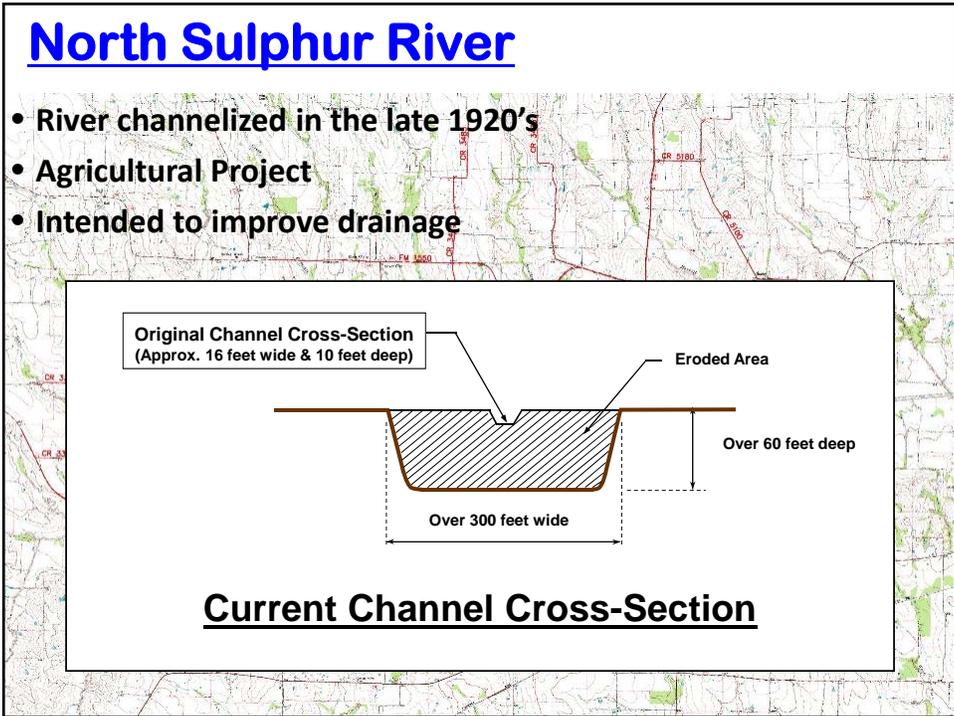
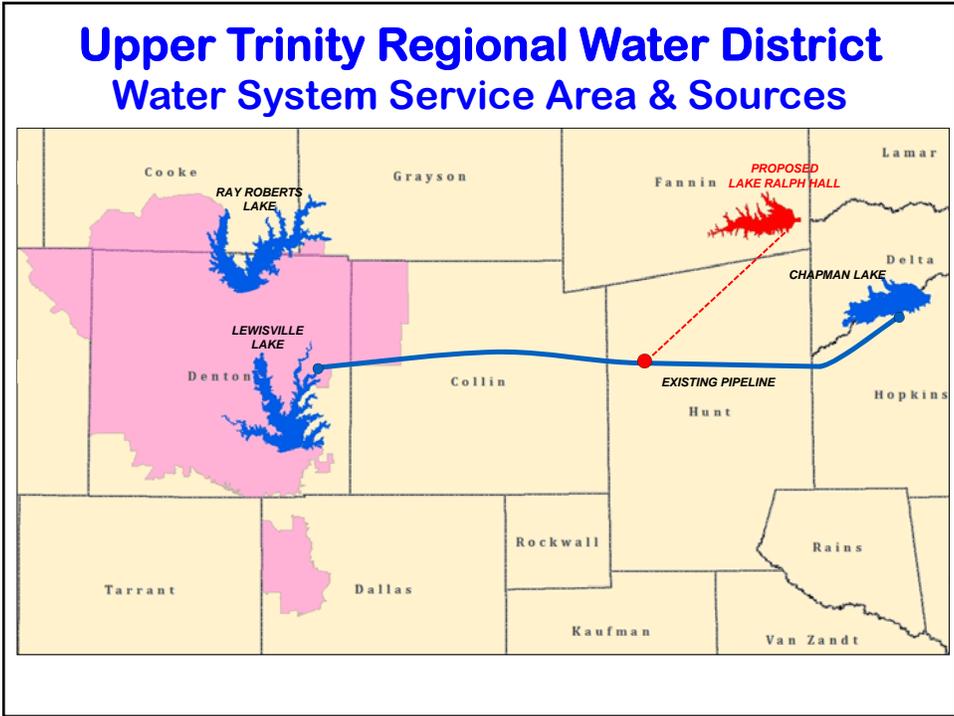
SPOTLIGHT ON NORTH TEXAS WATER-WISE GARDENS AT UPPER TRINITY REGIONAL WATER DISTRICT

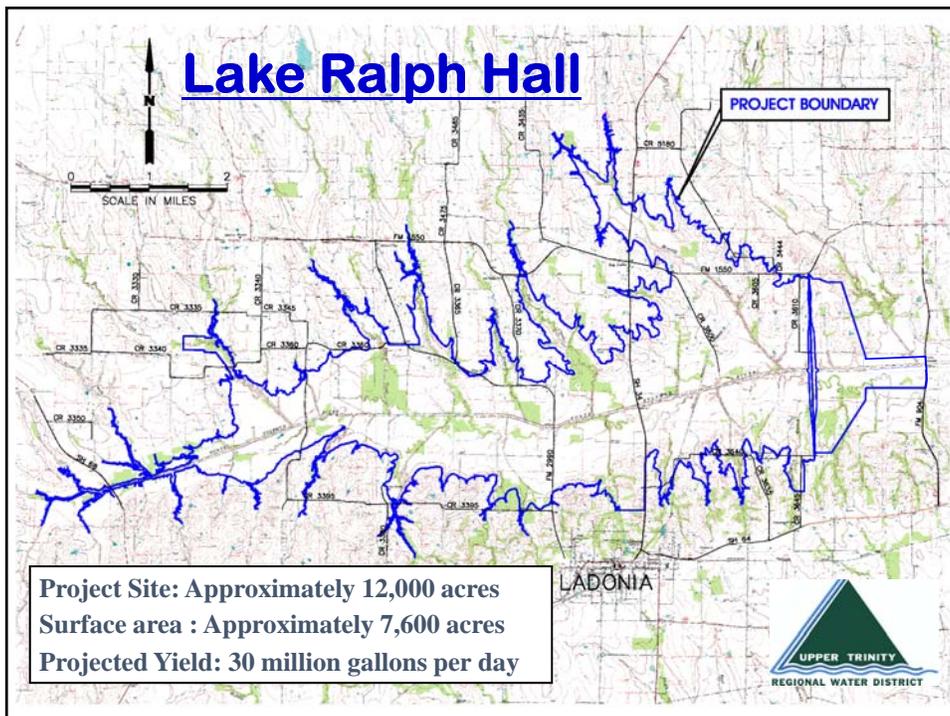
MAINTAINING BEAUTIFUL LANDSCAPE ALL YEAR ... EVEN DURING A DROUGHT
The Water-Wise Garden of Upper Trinity Regional Water District in Lewisville demonstrates the beauty and practicality of water-conserving landscape, using organic techniques. The demo garden showcases more than 100 varieties of plants, either native to Texas – or well adapted. The native and adapted plants tolerate drought conditions and attract birds, butterflies and other wildlife. And, by avoiding harmful chemicals, the garden is safe for kids and pets, and protects water quality. The Water-Wise Garden was a key element in recent state and national awards earned by Upper Trinity Regional Water District for its commitment to protecting local watersheds and promoting conservation.

Water Conservation & Watershed Protection Program

Featured in North Texas Magazine



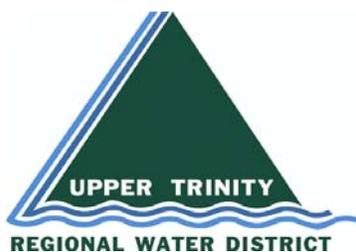




With Vision and Courage, We Plan



QUESTIONS



www.utrwd.com

(972) 219-1228

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Charter Amendments

Submitted By: Kim Pence, City Secretary

Finance Review: N/A

Legal Review: Yes

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Receive a report on amendments to the City Charter and conduct a discussion and give staff direction on an ordinance ordering a special election to submit amendments to the City Charter.

AGENDA ITEM SUMMARY/BACKGROUND

At the January 14 City Council meeting, the City Council requested a briefing regarding a special election to submit to the voters amendments to the Home Rule City Charter. The citizens of Corinth have been well served by the City Charter approved by the voters in 1999. City Councils typically submit Charter amendments to the voters for three reasons:

1. To submit amendments to the voters so as to implement policy changes, such as changes in councilmember terms of office or term limitations.
2. To submit amendments that will conform Charter provisions with court decisions and changes in federal and state.
3. To submit amendments that are minor changes to clarify wording that has proven susceptible to more than one interpretation. These types of amendments are generally referred to as “housekeeping” amendments.

Over the past few years, questions and comments from residents or members of the Council regarding provisions of the City Charter include the following:

1. Section 3.03 of the City Charter: QUALIFICATIONS

This section requires a candidate for Council to have resided in the City for one year. A potential candidate asserted that this provision does not state the date from which the residency is measured and thus, may exceed the maximum length of residence requirements set forth in TEX. ELEC. CODE ANN. sec. 141.003(b).

Potential Amendment: Add language that tracks the Election Code, i.e. that a candidate must have resided in the City for 12 months immediately preceding election day.

2. Section 3.06 of the City Charter: QUORUM

This provision states a quorum of the Council is three Councilmembers. In the past, there has been disagreement as to whether the Mayor is included in the three. The Council clarified this in the Ordinance adopting City Council Rules of Procedure, but the question still arises from time to time, and would be finally resolved that the Mayor is not counted in determination of a quorum.

Potential Amendment: Add language that the Mayor is not included in determination of a quorum.

3. Section 3.01. C. of the City Charter: MAYOR

This provision provides that the Mayor shall recommend appointments to boards and commissions. In the

past, I understand this has been interpreted by some to mean the Mayor must recommend all board appointments. This has not been the practice in recent years.

Potential Amendment: Change the word “shall” to “may.”

4. Section 9.04.B. of the City Charter: ADOPTION OF THE BUDGET.

This section provides the budget and tax rate may be adopted at any regular or special meeting of the Council prior to the beginning of the budgeted fiscal year by a majority vote of a two thirds quorum. Calculation of the two thirds quorum has been subject to interpretation by Texas courts. During the budget adoption process for the past two years there has been a vacancy on the City Council. I understand that this provision was based on a similar provision in the Allen City Charter. In 2001, the City of Allen amended its City Charter to provide that the Council shall adopt the budget by a favorable majority vote of all members of the council.

Potential Amendment: Specify the required number of votes to adopt a budget or tax rate, or incorporate the language in the statute that passed last year, which requires a vote of 60% of the members of the governing body to adopt a tax rate that exceeds the effective tax rate.

5. Section 2.03 of the City Charter: EMINENT DOMAIN

This section provides that “neither the Council nor the City Administration shall participate in any form for the purpose of exercising eminent domain on behalf of private development.

A Type B corporation such as the Corinth Economic Development Corporation may exercise the power of eminent domain only with approval of the action by the City Council and in accordance with and subject to the laws applicable to the City. After 2005, eminent domain for economic development purposes is prohibited unless the economic development is a secondary purpose resulting from municipal community development or municipal urban renewal. If the City anticipates that eminent domain may be necessary for one or more of these purposes in the future, the amendment of this section should be considered.

Potential Amendment: Authorize limited consent for approvals of the CEDC to exercise eminent domain proceedings in accordance with state statutes.

6. Section 6.03 DUTIES (of the City Attorney)

This section provides that the City Attorney shall . . . represent the City in any and all litigation and legal proceedings, provided however, that the Council may retain special counsel at any time it deems appropriate and necessary. It has been the practice of the City for at least eight years for the City Manager to appoint the prosecutors.

Potential Amendment: Add language that the City Manager may appoint the prosecutor for Municipal Court.

7. Section 12.09: PUBLIC MEETINGS AND RECORDS

This section provides that the City may except from public disclosure information as provided by the Texas Local Government Code. This was probably a typographical mistake, as the Public Information Act is contained in the Texas Government Code.

Potential Amendment: Delete the word “Local”.

RECOMMENDATION

The City Council must determine whether to order a special election to submit any or all of the forgoing amendments at the May election, it must do so by adopting an ordinance calling a special election for charter amendments by February 19.

The ordinance ordering the special election must include the proposed Charter amendments and the ballot language. So if the Council desires to proceed with an election, it is necessary for the Council to direct whether all of the foregoing amendments should be submitted to the voters. After the ordinance is adopted, the notice of election and ballot language must also be translated into Spanish.

The Council may also determine not to proceed with an election at this time.

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Adopt the City's Investment Policy

Submitted For: Caryn Riggs, Assistant Director

Submitted By: Kim Pence, City Secretary

Finance Review: Yes

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a resolution reviewing and adopting the Investment Policy for the City of Corinth.

AGENDA ITEM SUMMARY/BACKGROUND

In accordance with Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy for the investment of public funds. The policy establishes investment parameters and guidelines for the investment program in order to achieve the goals of safety, liquidity, diversification, rate of return, and public trust: and designates the authorized investment officer responsible for the daily investment activity by the City.

As part of the annual review process, staff reviews the policy and may recommend revisions to the existing policy, if needed. Recommended revisions to the City of Corinth Investment Policy are listed below:

- 1) On April 16, 2015, City Council established the Finance Audit Committee. The duties of the Investment Committee and the Audit Committee were merged. The Investment Policy has been revised to reflect the committee name change and those changes are reflected in red starting with Section V.
- 2) Section V, *Finance Audit Committee, Item 1, Members*. The members of the committee have been changed to include two citizens appointed by City Council.
- 3) Section VI, *Responsibility and Standard Care, Item 1.A, Delegation of Authority*. The policy has been updated to include the Director's designated representative in the management responsibility for the investment program.
- 4) Section VI, *Responsibility and Standard Care, Item 3, Due Diligence*. The policy has been updated to include the citizen committee members so that they will not be held personally responsible for a specific security's credit risk or market price changes provided the deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.
- 5) Section VI, *Responsibility and Standard Care, Item 5, Training*. The policy has been updated to require the Finance Audit Committee members attend Public Funds Investment Act (PFIA) training. Additionally, the State Legislature reduced the number of hours of additional training from 10 hours to 8 hours every two years.

The Finance Audit Committee met on November 17, 2015 and unanimously recommended that the Investment Policy be forwarded to the City Council for approval.

RECOMMENDATION

Staff recommends approval of the resolution adopting the Investment Policy for the City of Corinth.

Fiscal Impact

Source of Funding: no funding required

FINANCIAL SUMMARY:

There is no fiscal impact

Attachments

Investment Resolution

Investment Policy

RESOLUTION NO. 16-02-04-_____

A RESOLUTION REVIEWING AND APPROVING INVESTMENT POLICIES FOR FUNDS FOR THE CITY OF CORINTH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, in accordance with Section 2256.005(e) of Chapter 2256 of the Texas Government Code, the City Council has reviewed and approved the Investment Policies attached hereto as Exhibit A, (the Investment Policies), for compliance with the Public Funds Investment Act, TEX. GOV'T CODE ch. 2256, ("Chapter 2256") and

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CORINTH HEREBY RESOLVES:

SECTION 1. That the City Council has reviewed the attached Investment Policy, which contain the investment strategies and policies, and hereby approves the Investment Policy.

SECTION 2. That the Director of Finance is hereby designated as the City's primary investment officer to perform the functions required of her. The investment officer is hereby authorized to perform the functions required of her under the Investment Policies and Chapter 2256.

SECTION 3. That all resolutions or parts of resolutions in force when the provisions of this resolution became effective which are inconsistent or in conflict with the terms or provisions contained in this resolution are hereby repealed to the extent of any such conflict only.

SECTION 4. That this resolution shall take effect immediately upon its passage and approval.

PASSED AND APPROVED this the 4th day of February 2016.

BILL HEIDEMANN, MAYOR

ATTEST:

KIM PENCE, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

DEBRA DRAYOVITCH, CITY ATTORNEY

EXHIBIT A- INVESTMENT POLICY
(Pages 1 through 21)



CITY OF CORINTH, TEXAS

CITY OF CORINTH
INVESTMENT POLICY

Prepared by the Finance Department

CITY OF CORINTH, TEXAS INVESTMENT POLICY

PREFACE

It is the policy of the City of Corinth (the "City") that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market Rate-of-return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for City funds. The City's portfolio shall be designed and managed in a manner responsive to the public trust and shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted investment policy. The City will invest public funds in a manner which will provide the maximum security and a market Rate-of-return while meeting the daily cash flow demands of the City.

The City is required under the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) to adopt a formal written investment policy for the investment of public funds. These policies serve to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the Act]) to define, adopt and review a formal investment strategy and policy.

I. PURPOSE

The purpose of this investment policy (the "Policy") is to set forth specific investment policy and strategy guidelines for the City in order to achieve the goals of safety, liquidity, Rate-of-return, and public trust for all investment activities.

II. SCOPE

The investment policy shall govern the investment of all financial assets considered to be part of the City and includes the following separately invested funds or fund types: Operating, Reserve, Bond, Special and Capital Project Funds and any other funds which have been contractually delegated to the City for management purposes. The City may add or delete funds as may be required by law, or for proper accounting procedures. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the City by outside agencies under retirement or deferred compensation programs. In addition to this policy, bond funds (including debt service and reserve funds) are governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds. The City shall and will maintain responsibility for these funds to the extent required by: Federal and State law; the City Charter; and donor stipulations.

III. INVESTMENT OBJECTIVES

Funds of the City shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The five objectives of the City's investment activities shall be as follows (in the order of priority):

1. Safety - Preservation and safety of Principal. Safety of principal invested is the foremost objective in the investment decisions of the City. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions with which the City will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the City's investments.
2. Liquidity - The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as to provide liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements or to otherwise favorably adjust the City's portfolio.
3. Diversification - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure will reduce market cycle risk.
4. Market Rate-of-Return (Yield) - The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market Rate-of-return throughout budgetary and

economic cycles. The City will not attempt to consistently attain an unrealistic above market rate-of-return as this objective will subject the overall portfolio to greater risk. Therefore, the City's Rate-of-return objective is secondary to those of safety and liquidity. Rate-of-return (yield) is defined as the annual income returned on an investment, expressed as a percentage.

5. Public Trust - The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

IV. INVESTMENT STRATEGY

The City maintains a comprehensive and proactive cash management program which is designed to monitor and control all City funds to ensure maximum utilization and yield a market rate-of-return. The basic and underlying strategy of this program is that all of the City's funds are earning interest. It is the responsibility and obligation of the City to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as they now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investments as defined in Section VII of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The active management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require. The strategies for the City's investment activities shall be as follows:

Strategy No. 1

Diversifying the City's investment opportunities through the use of local government investment pools and money market mutual funds as authorized by the City Council. An investment pool is a professionally managed portfolio of shared assets created to invest public funds jointly on behalf of the governmental entities that participate in the pool and whose investment objectives in order of priority match those objectives of the City. Fund withdrawals are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve desired diversification. The strategy of the City calls for the use of investment pools as a primary source of diversification and a supplemental source of liquidity. Funds that may be needed on a short-term basis but are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

Strategy No. 2

Building a ladder of authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- A. It is straight-forward and easily understood;
- B. It will assure the City that it will capture a reasonable portion of the yield curve; and,
- C. It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

Strategy No. 3

Utilizing the services of a Professional Investment Advisor in order to maximize investment earnings and realize market opportunities when they become available. Other responsibilities of the Investment Advisor include, but are not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board and shall adhere to the spirit and philosophy of this Policy and avoid recommending or suggesting transactions outside the "Standard of Care" under this policy.

Strategy No. 4

The City will utilize five general investment strategies designed to address the unique characteristics of specific fund-types (detailed strategies are presented in Attachment A):

- A. Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- B. Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s).
- C. Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund.
- D. Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.
- E. The investment maturity of bond proceeds (excluding reserve and debt service funds) shall generally be limited to the anticipated cash flow requirement or the "temporary period," as defined by Federal tax law. During the temporary period, bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds and market conditions to achieve compliance with the applicable regulations.

Strategy No. 5

The City generally intends to hold all of its securities until they mature and will accomplish this by maintaining sufficient liquidity in its portfolio so that it does not need

to sell a security early. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior written consent of the City Manager must be obtained. Securities may be sold prior to maturity by the Director of Finance at or above their book value at any time, without the consent of the City Manager.

Strategy No. 6

All demand deposits of the City will be concentrated with one central depository. The City's depository procedure will maximize the City's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the City may be eligible to bid on City investments.

Strategy No. 7

This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The City will seek to maintain a depository contract which will be managed to a level that minimizes the cost of the banking relationship to the City, while allowing the City to earn an appropriate return on idle demand deposits.

Strategy No. 8

A single pooled fund group, as defined in this Policy, may be utilized at the discretion of the Investment Officer. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the City.

Strategy No. 9

Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

V. INVESTMENT FINANCE AUDIT COMMITTEE

1. Members - There is hereby created a ~~Investment~~ Finance Audit Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance, two members of the City Council and two citizens appointed by the City Council by majority vote.
2. Scope - The ~~Investment~~ Finance Audit Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, authorized brokers and dealers, and the target Rate-of-return on the investment portfolio.
3. Procedures - The ~~Investment~~ Finance Audit Committee shall provide minutes of its meetings. Any two members of the ~~Investment~~ Finance Audit Committee may request a special meeting, and four members shall constitute a quorum. The ~~Investment~~ Finance Audit Committee shall establish its own rules of procedures.

VI. RESPONSIBILITY AND STANDARD OF CARE

1. The responsibility for the daily operation and management of the City's investments

shall be outlined within this section.

- A. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance **or the Director's designated representative**, who shall be authorized to deposit, withdraw, invest, transfer or manage the funds of the City and shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to other persons responsible for investment transactions. All persons involved in investment activities will be referred to in this Policy as "Investment Officials." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.
 - B. The Director of Finance shall assume responsibility for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that ensures the assets of the City are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:
 - 1) The cost of control should not exceed the benefits likely to be derived; and,
 - 2) The valuation of costs and benefits requires estimates and judgments by management.
 - C. The Director of Finance shall be designated as the primary Investment Officer for the City and shall be responsible for investment decisions and activities under the direction of the City Manager **or the City Manager's designated representative**. The Director of Finance may delegate any phase of the investment program to a secondary Investment Officer. Both the Director of Finance and the designated secondary Investment Officer are responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with the Director of Finance. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the City Council.
2. Prudence - The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" 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 the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:
 - A. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
 - B. The investment decision was consistent with the written investment policy and procedures of the City.

3. Due Diligence - The Director of Finance, designated secondary Investment Officer, Mayor, City Council, City Manager, other Finance employees and citizen committee members acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

4. Ethical Standards and Conflicts of Interest
 - A. All City Investment Officials having a direct or indirect role in the investment of City funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.
 - B. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the City shall file a statement disclosing that personal business interest.
 - C. An Investment Officer has a personal business relationship with a business organization if:
 - 1) The Investment Officer or one related to the Investment Officer within the second degree of affinity or consanguinity owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - 2) Funds received by the Investment Officer or one related to the Investment Officer within the second degree of affinity or consanguinity from the business organization exceed 10% of the Investment Officers gross income for the prior year; or
 - 3) The Investment Officer or one related to the Investment Officer within the second degree of affinity or consanguinity has acquired from the business organization during the prior year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.
 - 4) An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

5. Training - The City shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City's investment personnel making investment decisions in compliance with PFIA. The Investment Officers and the Finance Audit Committee members shall attend at least one training

session containing at least 10 hours of instruction relating to the officer's responsibility under the Public Funds Investment Act within 12 months after assuming duties, and thereafter shall attend ~~40~~ **at least 8** hours of additional investment training in subsequent two-year periods which begin on the first day of the fiscal year and consist of the two consecutive fiscal years after that date. The Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, or the North Central Texas Council of Governments is approved as independent training sources by the City Council.

VII. AUTHORIZED INVESTMENTS

1. Generally - Safety of principal is the primary objective in investing public funds and can be accomplished by limiting credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer to pay back principal and interest on a timely basis. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the City's primary objective, only certain investments are authorized as acceptable investments for the City. The following list of authorized investments for the City intentionally excludes some investments authorized by state law. These restrictions are intended to limit possible risk and provide the maximum measure of safety to City funds. In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the City is not required to liquidate investments that were authorized at the time of purchase.
2. Authorized and Acceptable Investments - The authorized list of investment instruments is as follows:
 - A. Obligations of the United States or its agencies and instrumentalities or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), *excluding mortgage-backed securities*.
 - B. Direct obligations of the State of Texas, or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-related securities.
3. Certificates of Deposit - A certificate of deposit issued by a depository institution that has its main office or branch office in this state, and is secured in accordance with the specific collateralization requirements contained in section XI,B of this policy. In addition, an investment in "bundled" or "shared" CDs made in accordance with the following conditions is permitted:
 - A. The funds are invested through a broker that has its main office or a branch office in this state selected from a list adopted by the City as required by Section 2256.025; or through a depository institution that has its main office or a branch office in this state and that is selected by the City;

- B. The selected broker or depository institution arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City.
 - C. The full amount of the principal and accrued interest of each of the CD is insured by the United States or an instrumentality of the United States; and
 - D. The City appoints the depository institution, a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to SEC Rule 15c3-3, or an entity described in the Public Funds Collateral Act, Section 2257.041(d), as custodian for the City with respect to those CDs issued for the City's account.
4. Eligible Local Government Investment Pools - AAA-rated public funds investment pools, with a weighted average maturity of 60 days or less, individually approved by formal Council resolution, which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code. The pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. A public funds investment pool created to function as a money market mutual fund must mark to market daily and, stabilize at a \$1 net asset value.
5. Repurchase Agreements - Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer or a financial institution doing business in the State of Texas, and fully secured by cash and obligations of the United States or its agencies and instrumentalities. This collateral must be pledged to the City and held in safekeeping with a third-party custodian approved by the City of Corinth. All collateral must be maintained at a market value of no less than the principal amount of the outstanding funds disbursed. All transactions shall be governed by signed Security Industry and Financial Markets Association, (SIFMA) Master Repurchase Agreement. Repurchase agreements must also be collateralized in accordance with State law as described in Section XI of this policy. Authorization under this section includes flexible repurchase agreements which may be used for specific investment of bond proceeds *but shall not include reverse repurchase agreements*.
6. Bankers' Acceptances, and Commercial Paper (LIMITED USE) - These investments are authorized for the City to the extent that they are contained in the portfolios of approved public funds investment pools or money market funds in which the City invests.
7. AAA-rated SEC-Regulated 2a7 No-Load Money Market Mutual Funds - An SEC-registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less whose assets consist exclusively of the assets described in section VII.1. and whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share: furthermore, it provides the City with a prospectus and other information required by the SEC Act of 1934 or the Investment Advisor Act of 1940 and which provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 (15 USC. Section 78a et. Seq.) or the Investment Company Act of 1990 (15 USC Section 80a-1 et. Seq.).

8. Unauthorized Securities - State law specifically prohibits investment in the following securities:
 - A. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
 - B. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
 - C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
 - D. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

VIII. DIVERSIFICATION

1. Generally - Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U. S. Government, its agencies, or instrumentalities) as authorized in this Policy, and authorized local government investment pools, no more than forty percent (40%) of the total investment portfolio will be invested in any one security type or with a single financial institution. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.
2. Diversification by Maturities - The longer the maturity of investments, the greater their price volatility. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow (including the anticipated cash flow requirements of bond proceeds within the temporary period), the City will not directly invest in securities maturing more than three (3) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The City shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs. The entire City portfolio, or single pooled fund group if utilized, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty five (365) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days.
3. Diversification by Investment Instrument - Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

	Maximum % of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities	100%
Authorized Local Government Investment Pool	50%
Local Government Obligations	10%
Fully Collateralized Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	25%
SEC-Regulated No-Load Money Market Mutual Fund	50%
U.S. Treasury & Agency Callables	30%

IX. SECURITY SWAPS

Security swaps may be considered as an investment option for the City. A swap out of one instrument into another is acceptable to increase yield, realign for disbursement dates, extend or shorten maturity dates and improve market sector diversification. Swaps may be initiated by brokers/dealers who are on the City's approved list. A horizon analysis is required for each swap proving benefit to the City before the trade decision is made, which will accompany the investment file for record keeping.

X. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

1. The Director of Finance **or the Director's designated representative** will maintain a list of financial institutions authorized to provide investment services to the City. In addition, a list will also be maintained of approved broker/dealers authorized to provide investment services in the State of Texas. These will include financial institutions that qualify under Securities & Exchange Commission Rule 15-C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.
2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following, as appropriate: audited financial statements, proof of Financial Industry Regulatory Authority certification trading resolution, proof of State registration, completed broker/dealer questionnaire and certification of having read the City's investment policy.
3. The ~~Investment~~ **Finance Audit** Committee shall be responsible for adopting the list of brokers and dealers of government securities. Their selection shall be among only primary government securities dealers that report directly to the New York Federal Reserve Bank, unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. The ~~Investment~~ **Finance Audit** Committee shall base its evaluation of security dealers and financial institutions upon:
 - A. Financial conditions, strength and capability to fulfill commitments;
 - B. Overall reputation with other dealers or investors;

- C. Regulatory status of the dealer;
 - D. Background and expertise of the individual representatives.
4. Investment Officials shall only conduct business with securities dealers approved by the ~~Investment~~ Finance Audit Committee and will not purchase investments from any financial organization until the organization's registered principal has executed a written instrument stating that he or she has thoroughly reviewed the City's investment policy and acknowledges that reasonable procedures and controls have been implemented to preclude imprudent investment activities arising out of transactions between the organization and the City, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.
 5. To guard against default possibilities under these conditions, and to assure diversification of bidders, business with any one issuer, or investment broker, should be limited to (40%) percent of the total portfolio at any point in time. In this way, bankruptcy, receivership or legal action would not immobilize the City's ability to meet payroll or other expenses.
 6. All investments (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The ~~Investment~~ Finance Audit Committee can approve exceptions on a case by case basis or on a general basis in the form of guidelines. These guidelines shall take into consideration the investment type maturity date, amount, and potential disruptiveness to the City's investment strategy. The investment will be made with the broker/dealer offering the best yield/quality to the City. The quotes may be accepted orally, in writing, electronically, or any combination of these methods.
 7. An annual review of the financial condition and registrations of qualified financial organizations will be conducted by the Director of Finance.
 8. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.
 9. If the City has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the City. The advisor shall determine selection criteria and shall annually present a list of its authorized broker/dealers to the City for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the City's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the City as part of its standard trade documentation.
 10. It is the policy of the City that all security transactions entered into with the City shall be conducted on a "Delivery-versus-Payment basis through the Federal Reserve System. By doing this, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased. The City shall authorize

the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the City. The notification may be oral, but shall be confirmed in writing.

XI. SAFEKEEPING AND COLLATERALIZATION

1. Safekeeping - All securities owned by the City shall be held by a third-party safekeeping agent selected by the City. The collateral for bank deposits will be held in the City's name in the bank's trust department, in a Federal Reserve Bank account in the City's name, or a third-party financial institutions doing business in the state of Texas, in accordance with state law. Original safekeeping receipts shall be obtained and held by the City. The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure time deposits.

2. Collateralization - Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held by an independent third party with whom the City has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the City in the event the City has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the City are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the City and retained by the City.
 - A. The City may accept the following to insure or collateralize bank deposits:
 - 1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - 2) United States Treasuries & Agencies
 - 3) Other securities as approved by the ~~Investment~~ **Finance Audit** Committee
 - B. For certificates of deposit and other evidences of deposit, collateral shall be at 102% of market value. The market value of collateral will always equal or exceed 102% of the principal plus accrued interest of deposits at financial institutions.
 - C. Financial institutions with which the City invests or maintains other deposits shall provide monthly, and as requested by the Investment Officer, a listing of the

collateral pledged to the City, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The City and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

3. Collateralized Deposits - Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City depositories will be required to sign a "Depository Agreement" with the City and the City's safekeeping agent. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:
 - A. Agreement must be in writing;
 - B. Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
 - C. Agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
 - D. Agreement must be part of the Depository's "official record" continuously since its execution.

XII. INTERNAL CONTROL

The Investment Officer shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the City's established investment policy.

XIII. PERFORMANCE

The City's investment portfolio shall be designed to obtain a market Rate-of-return on investments consistent with risk constraints and cash flow requirements of the City. This investment policy establishes "weighted average yield to maturity" as the standard portfolio performance measurement.

XIV. REPORTING

1. Quarterly - The Director of Finance shall prepare and submit a signed quarterly investment report to the ~~Investment~~ **Finance Audit** Committee that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter and describe the portfolio in terms of investment securities, maturities,

risk characteristics, and shall explain the total investment return for the quarter. The City shall also monitor the credit ratings on securities that require minimum ratings. This may be accomplished through staff research, or with the assistance of broker-dealers, investment advisors, banks or safekeeping agents.

2. Annual Report - Within 180 days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Manager and City Council. The quarterly reports prepared by the Director of Finance shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.
3. Methods - The quarterly and annual investment reports shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will be provided to the City Council. The report will include the following:
 - A. A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
 - B. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
 - C. Additions and changes to the market value during the period;
 - D. Fully accrued interest for the reporting period;
 - E. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
 - F. Listing of investments by maturity date;
 - G. The percentage of the total portfolio which each type of investment represents; and
 - H. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
 - I. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.
 - J. The guidelines of retaining records for seven years as recommended in the *Texas State Library Municipal Records Manual* should be followed. The Director of Finance shall oversee the filing and/or storing of investment records.

XV. INVESTMENT POLICY ADOPTION AND AMENDMENT

The City's investment policy shall be adopted and amended by resolution of the City Council only. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. The City Council, not less than annually, shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the policy or strategies.

Attachment A

CITY OF CORINTH, TEXAS
Investment Strategy Statement

Operating Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Operating Funds.
2. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing the weighted average days to maturity for the Operating Fund's portfolio to less than 270 days and restricting the maximum allowable maturity to three years, the price volatility of the overall portfolio will be minimized.
3. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
4. Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the Fund types. Short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
5. Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City.

Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.

6. Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month treasury-bill portfolio will be the minimum yield objective.

Reserve Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the investment policy.
2. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing reduces the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. The fund shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or three years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.
3. Marketability - Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.
4. Liquidity - Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.
5. Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.
6. Yield - Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall at all times operate within the limits of the investment policy's risk constraints.

Special Project and Capital Project Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Special

Project and Capital Project Funds.

2. Safety of Principal - All investments will be of high quality securities with no perceived default risk. Market fluctuations will however occur, by restricting the maximum maturity to three years, managing the weighted average days to less than 270 days, restricting the maximum allowable maturity to two years, and by managing Special Project and Capital Project Funds to balance the short term and long term anticipated cash flow requirements of the plant or equipment being depreciated, replaced or repaired, the market risk of the Fund portfolio will be minimized.
3. Marketability - The balancing of short-term and long-term cash flow needs requires the short-term portion of the Special Project and Capital Project Funds portfolio to have securities with active and efficient secondary markets. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market. Securities with less active and efficient secondary markets are acceptable for the long-term portion of the portfolio.
4. Liquidity - Special Project and Capital Project Funds used as part of a CIP plan or scheduled repair and replacement program are reasonably predictable. However unanticipated needs or emergencies may arise. Selecting Investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures.
5. Diversification - Investment maturities should blend the short-term and long-term cash flow needs to provide adequate liquidity and yield enhancement and stability. A "barbell" maturity ladder may be appropriate.
6. Yield - Attaining a competitive market yield for comparable security-types and portfolio structures is the desired objective. The yield of an equally weighted, rolling six-month treasury-bill portfolio will be the minimum yield objective.

Bond Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Bond Funds.
2. Safety of Principal - All investments will be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing Bond Funds to not exceed the shorter of three years or the anticipated expenditure schedule and maintaining a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days the market risk of the overall portfolio will be minimized.
3. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
4. Liquidity - Bond Funds used for capital improvements programs have reasonably predictable draw down schedules. Therefore investment maturities should generally

follow the anticipated cash flow requirements. Investment pools and money market mutual funds will provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

5. Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for construction, loan and bond proceeds. Generally, when investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.
6. Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the investment policy's risk constraints. The yield of an equally weighted, rolling six-month treasury-bill portfolio will be the minimum yield objective for non-borrowed funds.

Attachment B

CITY OF CORINTH, TEXAS
Investment Policy

[SAMPLE]
TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION

This certification is executed on behalf of the City of Corinth, Texas (the "City") and _____ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the City and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the investment policy furnished by the City; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the City that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization

Firm: _____

Signature _____

Name: _____

Title: _____

Date: _____

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Adopt the CCD's Investment Policy

Submitted For: Caryn Riggs, Assistant Director

Submitted By: Kim Pence, City Secretary

Finance Review: Yes

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a resolution reviewing and adopting the Investment Policy for the Corinth Crime Control & Prevention District.

AGENDA ITEM SUMMARY/BACKGROUND

In accordance with Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy for the investment of public funds. The policy establishes investment parameters and guidelines for the investment program in order to achieve the goals of safety, liquidity, diversification, rate of return, and public trust: and designates the authorized investment officer responsible for the daily investment activity by the City.

As part of the annual review process, staff reviews the policy and may recommend revisions to the existing policy, if needed. Recommended revisions to the City’s Investment Policy, the Economic Development Investment Policy, and the Crime Control & Prevention District Investment Policy are listed below:

- 1) On April 16, 2015, City Council established the Finance Audit Committee. The duties of the Investment Committee and the Audit Committee were merged. The Investment Policy has been revised to reflect the committee name change and those changes are reflected in red starting with Section V.
- 2) Section V, *Finance Audit Committee, Item 1, Members*. The members of the committee have been changed to include two citizens appointed by City Council.
- 3) Section VI, *Responsibility and Standard Care, Item 1.A, Delegation of Authority*. The policy has been updated to include the Director's designated representative in the management responsibility for the investment program.
- 4) Section VI, *Responsibility and Standard Care, Item 1.C, Due Diligence*. The policy has been updated to include the citizen committee members so that they will not be held personally responsible for a specific security's credit risk or market price changes provided the deviations are reported in a timely manner and that appropriate action is taken to control adverse developments
- 5) Section VI, *Responsibility and Standard Care, Item 5, Training*. The policy has been updated to require the Finance Audit Committee members attend Public Funds Investment Act (PFIA) training. Additionally, the State Legislature reduced the number of hours of additional training from 10 hours to 8 hours every two years.

The Finance Audit Committee met on November 17, 2015 and unanimously recommended that the Investment Policy be forwarded to the Crime Control & Prevention District Board and the City Council for approval. The Investment Policy will be presented to the Crime Control & Prevention District Board on February 4, 2016.

RECOMMENDATION

Staff recommends approval of the resolution adopting the Investment Policy for the Corinth Crime Control & Prevention District.

Fiscal Impact

Source of Funding: No fiscal impact

FINANCIAL SUMMARY:

There is no fiscal impact.

Attachments

Investment Resolution

Investment Policy

RESOLUTION NO. 16-02-04-_____

A RESOLUTION REVIEWING AND ADOPTING THE INVESTMENT POLICIES FOR FUNDS FOR THE CORINTH CRIME CONTROL AND PREVENTION DISTRICT.

WHEREAS, the Board of Directors of the Corinth Crime Control and Prevention District have reviewed and approved the Investment Policies attached hereto as Exhibit A, which contain proposed changes, for compliance with the Public Funds Investment Act, TEX. GOV'T CODE ch. 2256, ("Chapter 2256"); and

WHEREAS, the City Council has reviewed the Investment Policies and proposed changes for compliance with the Public Funds Investment Act, TEX. GOV'T CODE ch. 2256;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CORINTH HEREBY RESOLVES:

SECTION 1. That the City Council has reviewed the attached Corinth Crime Control and Prevention District Investment Policies, which contain the investment strategies and policies and hereby adopts the attached revised Investment Policies.

SECTION 2. That the Director of Finance is hereby designated as the City's and the Corinth Crime Control and Prevention District's primary investment officer to perform the functions required of her. The investment officer is hereby authorized to perform the functions required of her under the Investment Policies and Chapter 2256.

SECTION 3. That all resolutions or parts of resolutions in force when the provisions of this resolution became effective which are inconsistent or in conflict with the terms or provisions contained in this resolution are hereby repealed to the extent of any such conflict only.

SECTION 4. That this resolution shall take effect immediately upon its passage and approval.

PASSED AND APPROVED this the 4th day of February, 2016.

BILL HEIDEMANN, MAYOR

ATTEST:

KIM PENCE, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

DEBRA DRAYOVITCH, CITY ATTORNEY

EXHIBIT A- INVESTMENT POLICY
(Pages 1 through 20)



CITY OF CORINTH, TEXAS

CORINTH CRIME CONTROL AND PREVENTION DISTRICT
INVESTMENT POLICY

Prepared by the Finance Department

**CITY OF CORINTH, TEXAS
CORINTH CRIME CONTROL AND PREVENTION DISTRICT
INVESTMENT POLICY**

PREFACE

It is the policy of the CITY of Corinth the "CITY" and the Corinth Crime Control and Prevention District (the "DISTRICT") that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate-of-return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for DISTRICT funds. The DISTRICT's portfolio shall be designed and managed in a manner responsive to the public trust and shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted investment policy. The DISTRICT will invest public funds in a manner which will provide the maximum security and a market rate-of-return while meeting the daily cash flow demands of the DISTRICT.

Pursuant to Subchapter E of Chapter 363 of the Local Government Code, the DISTRICT designates the City of Corinth to invest its funds in accordance with the provisions and requirements of this policy and § 363.206(c) of the Texas Local Gov't Code.

I. PURPOSE

The purpose of this investment policy (the "Policy") is to set forth specific investment policy and strategy guidelines for the DISTRICT in order to achieve the goals of safety, liquidity, rate-of-return, and public trust for all investment activities.

II. SCOPE

The investment policy shall govern the investment of all financial assets considered to be part of the DISTRICT and includes the following separately invested funds or fund types: Operating, Reserve, and Bond Funds, although the DISTRICT has only operating funds. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the DISTRICT by outside agencies under retirement or deferred compensation programs. The CITY shall and will maintain responsibility for these funds to the extent required by: Federal and State law; the CITY Charter; and donor stipulations.

III. INVESTMENT OBJECTIVES

Funds of the DISTRICT shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The five objectives of the DISTRICT's investment activities shall be as follows (in the order of priority):

- 1. Safety** – Preservation and safety of Principal.
Safety of principal invested is the foremost objective in the investment decisions of the DISTRICT. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions with which the DISTRICT will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the DISTRICT's investments.
- 2. Liquidity** -The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the DISTRICT's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as to provide liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements or to otherwise favorably adjust the DISTRICT's portfolio.
- 3. Diversification** - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the DISTRICT. Diversifying the appropriate maturity structure will reduce market cycle risk.
- 4. Market Rate-of-Return (Yield)** - The DISTRICT's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate-of-return throughout budgetary and economic cycles. The DISTRICT will not attempt to consistently attain an unrealistic above market rate-of-return as this objective will subject the overall portfolio to greater risk. Therefore, the DISTRICT's rate-of-return

objective is secondary to those of safety and liquidity. Rate-of-return (yield) is defined as the annual income returned on an investment, expressed as a percentage.

5. Public Trust - The Investment Officer shall avoid any transactions that might impair public confidence in the DISTRICT's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

IV. INVESTMENT STRATEGY

The CITY maintains a comprehensive and proactive cash management program which is designed to monitor and control all DISTRICT funds to ensure maximum utilization and yield a market rate-of-return. The basic and underlying strategy of this program is that all of the DISTRICT's funds are earning interest. It is the responsibility and obligation of the CITY to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as they now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investments as defined in Section VII of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The active management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require. The strategies for the DISTRICT's investment activities shall be as follows:

Strategy No. 1

Diversifying the DISTRICT's investment opportunities through the use of local government investment pools and money market mutual funds as authorized by the City Council. An investment pool is a professionally managed portfolio of shared assets created to invest public funds jointly on behalf of the governmental entities that participate in the pool and whose investment objectives in order of priority match those objectives of the DISTRICT. Fund withdrawals are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve desired diversification. The strategy of the DISTRICT calls for the use of investment pools as a primary source of diversification and a supplemental source of liquidity. Funds that may be needed on a short-term basis but are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

Strategy No. 2

Building a ladder of authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- A. It is straight-forward and easily understood;
- B. It will assure the DISTRICT that it will capture a reasonable portion of the yield curve;

and,

- C. It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

Strategy No. 3

Utilizing the services of a Professional Investment Advisor in order to maximize investment earnings and realize market opportunities when they become available. Other responsibilities of the Investment Advisor include, but are not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board and shall adhere to the spirit and philosophy of this Policy and avoid recommending or suggesting transactions outside the "Standard of Care" under this policy.

Strategy No. 4

The DISTRICT will utilize a general investment strategy designed to address the unique characteristics of specific fund-types (detailed strategies are presented in Attachment A):

- A. Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- B. Investment strategies for reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund.
- C. Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.
- D. The investment maturity of bond proceeds (excluding reserve and debt service funds) shall generally be limited to the anticipated cash flow requirement or the "temporary period," as defined by Federal tax law. During the temporary period, bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds and market conditions to achieve compliance with the applicable regulations.

Strategy No. 5

The DISTRICT generally intends to hold all of its securities until they mature and will accomplish this by maintaining sufficient liquidity in its portfolio so that it does not need to sell a security early. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior written consent of the City Manager must be obtained. Securities may be sold prior to maturity by the Director of Finance at or above their book value at any time, without the consent of the City Manager.

Strategy No. 6

All demand deposits of the DISTRICT will be concentrated with one central depository.

The City's depository procedure will maximize the DISTRICT's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the DISTRICT may be eligible to bid on DISTRICT investments.

Strategy No. 7

This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The CITY will seek to maintain a depository contract which will be managed to a level that minimizes the cost of the banking relationship to the DISTRICT, while allowing the DISTRICT to earn an appropriate return on idle demand deposits.

Strategy No. 8

A single pooled fund group, as defined in this Policy, may be utilized at the discretion of the Investment Officer. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the DISTRICT.

Strategy No. 9

Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

V. INVESTMENT FINANCE AUDIT COMMITTEE

- A. Members - There is hereby created an ~~Investment~~ **Finance Audit** Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance, two members of the City Council **and two citizens** appointed by the City Council by majority vote.
- B. Scope - The ~~Investment~~ **Finance Audit** Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the DISTRICT's funds, authorized brokers and dealers, and the target rate-of-return on the investment portfolio.
- C. Procedures - The ~~Investment~~ **Finance Audit** Committee shall provide minutes of its meetings. Any two members of the ~~Investment~~ **Finance Audit** Committee may request a special meeting, and four members shall constitute a quorum. The ~~Investment~~ **Finance Audit** Committee shall establish its own rules of procedures.

VI. RESPONSIBILITY AND STANDARD OF CARE

- 1. The responsibility for the daily operation and management of the DISTRICT's investments shall be outlined within this section.
 - A. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance **or the Director's designated representative**, who shall be authorized to deposit, withdraw, invest, transfer or manage the funds of the DISTRICT and shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures

shall include explicit delegation of authority to other persons responsible for investment transactions. All persons involved in investment activities will be referred to in this Policy as "Investment Officials." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

- B. The Director of Finance shall assume responsibility for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that ensures the assets of the DISTRICT are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:
 - 1) The cost of control should not exceed the benefits likely to be derived; and,
 - 2) The valuation of costs and benefits requires estimates and judgments by management.
 - C. The Director of Finance shall be designated as the primary Investment Officer for the DISTRICT and shall be responsible for investment decisions and activities under the direction of the City Manager **or the City Manager's designated representative**. The Director of Finance may delegate any phase of the investment program to a secondary Investment Officer. Both the Director of Finance and the designated secondary Investment Officer are responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with the Director of Finance. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the City Council.
2. **Prudence** - The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" 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 the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:
- 1) The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
 - 2) The investment decision was consistent with the written investment policy and procedures of the DISTRICT.
3. **Due Diligence** - The Director of Finance, designated secondary Investment Officer, Mayor, City Council, City Manager and other Finance employees **and citizen committee members** acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

4. Ethical Standards and Conflicts of Interest

- A. All DISTRICT Investment Officials having a direct or indirect role in the investment of DISTRICT funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.
 - B. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the DISTRICT shall file a statement disclosing that personal business interest.
 - C. An Investment Officer has a personal business relationship with a business organization if:
 - 1) The Investment Officer or person related to the Investment Officer within the second degree of affinity or consanguinity owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - 2) Funds received by the Investment Officer or person related to the Investment Officer within the second degree of affinity or consanguinity from the business organization exceed 10% of the Investment Officers gross income for the prior year; or
 - 3) The Investment Officer or person related to the Investment Officer within the second degree of affinity or consanguinity has acquired from the business organization during the prior year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.
 - 4) An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the DISTRICT shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.
5. Training - The CITY shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the DISTRICT's investment personnel making investment decisions in compliance with PFIA. The Investment Officers **and the Finance Audit Committee members** shall attend at least one training session containing at least ~~40~~ **at least 8** hours of instruction relating to the officer's responsibility under the Public Funds Investment Act within 12 months after assuming duties, and thereafter shall attend 10 hours of additional investment training in subsequent two year periods which begin on the first day of the fiscal year and consist of the two consecutive fiscal years after the date. The Government Finance Officers Association of Texas, the Government Treasurers Organization of

Texas, the Texas Municipal League, or the North Central Texas Council of Governments are approved as independent training sources by the City Council.

VII. AUTHORIZED INVESTMENTS

1. Generally - Safety of principal is the primary objective in investing public funds and can be accomplished by limiting credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer to pay back principal and interest on a timely basis. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the DISTRICT's primary objective, only certain investments are authorized as acceptable investments for the DISTRICT. The following list of authorized investments for the DISTRICT intentionally excludes some investments authorized by state law. These restrictions are intended to limit possible risk and provide the maximum measure of safety to DISTRICT funds. In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the DISTRICT is not required to liquidate investments that were authorized at the time of purchase.
2. Authorized and Acceptable Investments - The authorized list of investment instruments is as follows:
 - A. Obligations of the United States or its agencies and instrumentalities or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), *excluding mortgage-backed securities*.
 - B. Direct obligations of the State of Texas, or its agencies and instrumentalities
Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-related securities.
3. Certificates of Deposit - A certificate of deposit issued by a depository institution that has its main office or branch office in this state, and is secured in accordance with the specific collateralization requirements contained in Sec. XI. B. of this policy. In addition, an investment in "bundled" or "shared" CDs made in accordance with the following conditions is permitted:
 - A. The funds are invested through a broker that has its main office or a branch office in this state selected from a list adopted by the City as required by Section 2256.025; or through a depository institution that has its main office or a branch office in this state and that is selected by the City;
 - B. The selected broker or depository institution arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City.
 - C. The full amount of the principal and accrued interest of each of the CD is insured by the United States or an instrumentality of the United States; and

- D. The City appoints the depository institution, a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to SEC Rule 15c3-3, or an entity described in the Public Funds Collateral Act, Section 2257.041(d), as custodian for the City with respect to those CDs issued for the City's account.
4. Eligible Local Government Investment Pools - AAA-rated public funds investment pools, with a weighted average maturity of 60 days or less, individually approved by formal Council resolution, which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code. The pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. A public funds investment pool created to function as a money market mutual fund must mark to market daily and, stabilize at a \$1 net asset value.
 5. Repurchase Agreements - Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer or a financial institution doing business in the State of Texas, and fully secured by **cash and** obligations of the United States or its agencies and instrumentalities. This collateral must be pledged to the DISTRICT and held in safekeeping with a third-party custodian approved by the CITY. All collateral must be maintained at a market value of no less than the principal amount of the outstanding funds disbursed. All transactions shall be governed by signed Security Industry and Financial Markets Association, (SIFMA) Master Repurchase Agreement. Repurchase agreements must also be collateralized in accordance with State law as described in Section XI of this policy. Authorization under this section includes flexible repurchase agreements which may be used for specific investment of bond proceeds *but shall not include reverse repurchase agreements*.
 6. Bankers' Acceptances and Commercial Paper (LIMITED USE) - These investments are authorized for the DISTRICT to the extent that they are contained in the portfolios of approved public funds investment pools or money market funds in which the DISTRICT invests.
 7. AAA-rated SEC-Regulated 2a7 No-Load Money Market Mutual Funds - An SEC-registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less whose assets consist exclusively of the assets described in section VII.1. and whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share: furthermore, it provides the DISTRICT with a prospectus and other information required by the SEC Act of 1934 or the Investment Advisor Act of 1940 and which provides the DISTRICT with a prospectus and other information required by the Securities Exchange Act of 1934 (15 USC. Section 78a et. Seq.) or the Investment Company Act of 1990 (15 USC Section 80a-1 et. Seq.).
 8. Unauthorized Securities - State law specifically prohibits investment in the following securities:
 - A. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.

- B. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- D. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

VIII. DIVERSIFICATION

1. Generally - Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U. S. Government, its agencies, or instrumentalities) as authorized in this Policy, and authorized local government investment pools, no more than forty percent (40%) of the total investment portfolio will be invested in any one security type or with a single financial institution. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.
2. Diversification by Maturities - The longer the maturity of investments, the greater their price volatility. Therefore, it is the DISTRICT's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The DISTRICT will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow (including the anticipated cash flow requirements of bond proceeds within the temporary period), the DISTRICT will not directly invest in securities maturing more than two (2) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The DISTRICT shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs. The entire DISTRICT portfolio, or single pooled fund group if utilized, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days.
3. Diversification by Investment Instrument - Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

	Maximum % of Portfolio
U.S. Treasury Obligations	100%

U.S. Government Agency Securities and Instrumentalities	100%
Authorized Local Government Investment Pool	100%
Local Government Obligations	10%
Fully Collateralized Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	25%
SEC-Regulated No-Load Money Market Mutual Fund	100%
U.S. Treasury & Agency Callables	30%

IX. SECURITY SWAPS

Security swaps may be considered as an investment option for the DISTRICT. A swap out of one instrument into another is acceptable to increase yield, realign for disbursement dates, extend or shorten maturity dates and improve market sector diversification. Swaps may be initiated by brokers/dealers who are on the CITY's approved list. A horizon analysis is required for each swap proving benefit to the DISTRICT before the trade decision is made, which will accompany the investment file for record keeping.

X. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.

1. The Director of Finance **or the Director's designated representative** will maintain a list of financial institutions authorized to provide investment services to the CITY. In addition, a list will also be maintained of approved broker/dealers authorized to provide investment services in the State of Texas. These will include financial institutions that qualify under Securities & Exchange Commission Rule 15-C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.
2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following, as appropriate: audited financial statements, proof of Financial Industry Regulatory Authority certification, trading resolution, proof of State registration, completed broker/dealer questionnaire and certification of having read the DISTRICT's investment policy.
3. The ~~Investment~~ **Finance Audit** Committee shall be responsible for adopting the list of brokers and dealers of government securities. Their selection shall be among only primary government securities dealers that report directly to the New York Federal Reserve Bank, unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. The ~~Investment~~ **Finance Audit** Committee shall base its evaluation of security dealers and financial institutions upon:
 - A. Financial conditions, strength and capability to fulfill commitments;
 - B. Overall reputation with other dealers or investors;
 - C. Regulatory status of the dealer;
 - D. Background and expertise of the individual representatives.

4. Investment Officials shall only conduct business with securities dealers approved by the Investment Finance Audit Committee and will not purchase investments from any financial organization until the organization's registered principal has executed a written instrument stating that he or she has thoroughly reviewed the DISTRICT's investment policy and acknowledges that reasonable procedures and controls have been implemented to preclude imprudent investment activities arising out of transactions between the organization and the DISTRICT, except to the extent that this authorization is dependent on an analysis of the makeup of the DISTRICT's entire portfolio or requires an interpretation of subjective investment standards.
5. To guard against default possibilities under these conditions, and to assure diversification of bidders, business with any one issuer, or investment broker, should be limited to (40%) percent of the total portfolio at any point in time
6. All investments (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The Investment Finance Audit Committee can approve exceptions on a case by case basis or on a general basis in the form of guidelines. These guidelines shall take into consideration the investment type maturity date, amount, and potential disruptiveness to the DISTRICT's investment strategy. The investment will be made with the broker/dealer offering the best yield/quality to the DISTRICT. The quotes may be accepted orally, in writing, electronically, or any combination of these methods
7. An annual review of the financial condition and registrations of qualified financial organizations will be conducted by the Director of Finance.
8. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the DISTRICT invests.
9. If the CITY has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the DISTRICT. The advisor shall determine selection criteria and shall annually present a list of its authorized broker/dealers to the CITY for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DISTRICT's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the DISTRICT. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the CITY as part of its standard trade documentation.
10. It is the policy of the CITY that all security transactions entered into with the DISTRICT shall be conducted on a "Delivery-versus-Payment basis through the Federal Reserve System. By doing this, DISTRICT funds are not released until the CITY has received, through the Federal Reserve wire, the securities purchased. The CITY shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the DISTRICT. The notification may be oral, but shall be confirmed in writing.

XI. SAFEKEEPING AND COLLATERALIZATION

1. Safekeeping - All securities owned by the DISTRICT shall be held by a third-party safekeeping agent selected by the CITY. The collateral for bank deposits will be held in the CITY's name in the bank's trust department, in a Federal Reserve Bank account in the CITY's name, or a third-party financial institutions doing business in the state of Texas, in accordance with state law. Original safekeeping receipts shall be obtained and held by the CITY. The CITY shall contract with a bank or banks for the safekeeping of securities either owned by the CITY as part of its investment portfolio or held as collateral to secure time deposits.

2. Collateralization - Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the CITY to require full collateralization of all CITY funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held by an independent third party with whom the CITY has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the CITY in the event the CITY has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the CITY are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the CITY and retained by the CITY.
 - A. The CITY may accept the following to insure or collateralize bank deposits:
 - 1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - 2) United States Treasuries & Agencies
 - 3) Other securities as approved by the Investment Finance Audit Committee
 - B. For certificates of deposit and other evidences of deposit, collateral shall be at 102% of market value. The market value of collateral will always equal or exceed 102% of the principal plus accrued interest of deposits at financial institutions.
 - C. Financial institutions with which the CITY invests or maintains other deposits shall provide monthly, and as requested by the Investment Officer, a listing of the collateral pledged to the CITY, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The CITY and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

3. Collateralized Deposits - Consistent with the requirements of State law, the CITY

requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as CITY depositories will be required to sign a "Depository Agreement" with the CITY and the CITY's safekeeping agent. The collateralized deposit portion of the Agreement shall define the CITY's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- A. Agreement must be in writing;
- B. Agreement has to be executed by the Depository and the CITY contemporaneously with the acquisition of the asset;
- C. Agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the CITY; and
- D. Agreement must be part of the Depository's "official record" continuously since its execution.

XII. INTERNAL CONTROL

The Investment Officer shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The CITY, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the DISTRICT's established investment policy.

XIII. PERFORMANCE

The DISTRICT's investment portfolio shall be designed to obtain a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the DISTRICT. This investment policy establishes "weighted average yield to maturity" as the standard portfolio performance measurement.

XIV. REPORTING

1. Quarterly - The Director of Finance shall prepare and submit a signed quarterly investment report to the Corinth Crime Control and Prevention District Board and the ~~Investment~~ **Finance Audit** Committee that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter. The City shall also monitor the credit ratings on securities that require minimum ratings. This may be accomplished through staff research, or with the assistance of broker-dealers, investment advisors, banks or safekeeping agents.

2. Annual Report - Within 180 days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Corinth Crime Control and Prevention District Board, City Manager and the City Council. The quarterly reports prepared by the Director of Finance shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.
3. Methods - The quarterly and annual investment reports shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner which will allow the DISTRICT to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will include the following:
 - A. A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
 - B. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
 - C. Additions and changes to the market value during the period;
 - D. Fully accrued interest for the reporting period;
 - E. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
 - F. Listing of investments by maturity date;
 - G. The percentage of the total portfolio which each type of investment represents; and
 - H. Statement of compliance of the DISTRICT's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
 - I. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.
 - J. The guidelines of retaining records for seven years as recommended in the *Texas State Library Municipal Records Manual* should be followed. The Director of Finance shall oversee the filing and/or storing of investment records.

XV. INVESTMENT POLICY ADOPTION AND AMENDMENT

The CITY's investment policy shall be reviewed by the Corinth Crime Control and

Prevention District and formally adopted and amended by resolution by the City Council. The CITY's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the CITY. The City Council, not less than annually, shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the policy or strategies.

Attachment A

CITY OF CORINTH, TEXAS
Corinth Crime Control and Prevention District
Investment Strategy Statement

Operating Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Operating Funds.
2. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing the weighted average days to maturity for the Operating Fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.
3. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
4. Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the Fund types. Short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
5. Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the DISTRICT. Market cycle risk will be reduced by diversifying the appropriate maturity

structure out through two years.

6. Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month treasury-bill portfolio will be the minimum yield objective.

Reserve Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the investment policy.
2. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing reduces the investment's market risk if the DISTRICT debt is redeemed and the Reserve Fund liquidated. The fund shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or two years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.
3. Marketability - Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.
4. Liquidity - Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the DISTRICT's debt holders. The funds are "returned" to the DISTRICT at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the DISTRICT is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.
5. Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.
6. Yield - Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall at all times operate within the limits of the investment policy's risk constraints.

Bond Funds

1. Suitability - Any investment eligible in the investment policy is suitable for Bond Funds.

2. Safety of Principal - All investments will be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing Bond Funds to not exceed the shorter of two years or the anticipated expenditure schedule and maintaining a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days the market risk of the overall portfolio will be minimized.
3. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
4. Liquidity – Bond Funds used for capital improvements programs have reasonably predictable draw down schedules. Therefore investment maturities should generally follow the anticipated cash flow requirements. Investment pools and money market mutual funds will provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.
5. Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for construction, loan and bond proceeds. Generally, when investment rates exceed the applicable cost of borrowing, the DISTRICT is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.
6. Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the investment policy’s risk constraints. The yield of an equally weighted, rolling six-month treasury-bill portfolio will be the minimum yield objective for non-borrowed funds.

Attachment B

CITY OF CORINTH, TEXAS
Investment Policy

[SAMPLE]
TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION

This certification is executed on behalf of the CITY of Corinth, Texas (the "CITY") and _____ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the CITY and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the investment policy furnished by the CITY; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted

between the Business Organization and the CITY that are not authorized by the CITY's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the CITY's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization

Firm: _____

Signature _____

Name: _____

Title: _____

Date: _____

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Adopt the CEDC's Investment Policy

Submitted For: Caryn Riggs, Assistant Director

Submitted By: Kim Pence, City Secretary

Finance Review: Yes

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a resolution reviewing and adopting the Investment Policy for funds for the Corinth Economic Development Corporation.

AGENDA ITEM SUMMARY/BACKGROUND

In accordance with Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy for the investment of public funds. The policy establishes investment parameters and guidelines for the investment program in order to achieve the goals of safety, liquidity, diversification, rate of return, and public trust: and designates the authorized investment officer responsible for the daily investment activity by the City.

As part of the annual review process, staff reviews the policy and may recommend revisions to the existing policy, if needed. Recommended revisions to the Economic Development Investment Policy are listed below:

- 1) On April 16, 2015, City Council established the Finance Audit Committee. The duties of the Investment Committee and the Audit Committee were merged. The Investment Policy has been revised to reflect the committee name change and those changes are reflected in red starting with Section V.
- 2) Section V, *Finance Audit Committee, Item 1, Members*. The members of the committee have been changed to include two citizens appointed by City Council.
- 3) Section VI, *Responsibility and Standard Care, Item 1.A, Delegation of Authority*. The policy has been updated to include the Director's designated representative in the management responsibility for the investment program.
- 4) Section VI, *Responsibility and Standard Care, Item 1.C, Delegation of Authority*. The policy has been updated to include the City Manager's designated representative to provide direction concerning investment decisions and activities.
- 5) Section VI, *Responsibility and Standard Care, Item 3, Due Diligence*. The policy has been updated to include the citizen committee members, so that they will not be held personally responsible for a specific security's credit risk or market price changes provided the deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.
- 6) Section VI, *Responsibility and Standard Care, Item 5, Training*. The policy has been updated to require the Finance Audit Committee members attend Public Funds Investment Act (PFIA) training. Additionally, the State Legislature reduced the number of hours of additional training from 10 hours to 8 hours every two years.

The Finance Audit Committee met on November 17, 2015 and unanimously recommended that the Investment Policy be forwarded to the Corinth Economic Development Corporation Board and the City Council for approval. The Investment Policy was approved by the Corinth Economic Development Corporation on December 14, 2015.

RECOMMENDATION

Staff recommends approval of the resolution adopting the Investment Policy for the Corinth Economic Development Corporation.

Fiscal Impact

Source of Funding: No fiscal impact

FINANCIAL SUMMARY:

There is no fiscal impact.

Attachments

Investment Resolution

Investment Policy

RESOLUTION NO. 16-02-04-_____

A RESOLUTION REVIEWING AND APPROVING INVESTMENT POLICIES FOR FUNDS FOR THE CITY OF CORINTH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, in accordance with Section 2256.005(e) of Chapter 2256 of the Texas Government Code, the City Council has reviewed the Investment Policies attached hereto as Exhibit A, (the Investment Policies), for compliance with the Public Funds Investment Act, TEX. GOV'T CODE ch. 2256, ("Chapter 2256") and desires to approve them;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CORINTH HEREBY RESOLVES:

SECTION 1. That the City Council has reviewed the attached Investment Policies, which contain the investment strategies and policies, and hereby approves the Investment Policies.

SECTION 2. That the Director of Finance is hereby designated as the City's primary investment officer to perform the functions required of her. The investment officer is hereby authorized to perform the functions required of her under the Investment Policies and Chapter 2256.

SECTION 3. That all resolutions or parts of resolutions in force when the provisions of this resolution became effective which are inconsistent or in conflict with the terms or provisions contained in this resolution are hereby repealed to the extent of any such conflict only.

SECTION 4. That this resolution shall take effect immediately upon its passage and approval.

PASSED AND APPROVED this the 17th day of December, 2015.

BILL HEIDEMANN, MAYOR

ATTEST:

KIM PENCE, CITY SECRETARY

APPROVED AS TO LEGAL FORM:

DEBRA DRAYOVITCH, CITY ATTORNEY

EXHIBIT A- INVESTMENT POLICY
(Pages 1 through 19)



CITY OF CORINTH, TEXAS

ECONOMIC DEVELOPMENT CORPORATION
INVESTMENT POLICY

Prepared by the Finance Department

**CITY OF CORINTH, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
INVESTMENT POLICY**

PREFACE

It is the policy of the City of Corinth the “City” and the Corinth Economic Development Corporation (the "EDC") that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for EDC funds. The EDC’s portfolio shall be designed and managed in a manner responsive to the public trust and shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted Investment Policy. The EDC will invest public funds in a manner which will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the EDC.

The EDC is required under the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) to adopt a formal written Investment Policy for the investment of public funds. These policies serve to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the Act]) to define, adopt and review a formal investment strategy and policy.

I. PURPOSE

The purpose of this investment policy (the "Policy") is to set forth specific investment policy and strategy guidelines for the EDC in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities.

II. SCOPE

The Investment Policy shall govern the investment of all financial assets considered to be part of the EDC and includes the following separately invested funds or fund types: Operating, Reserve, and Bond Funds, although the EDC has only operating funds. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the EDC by outside agencies under retirement or deferred compensation programs. The City shall and will maintain responsibility for these funds to the extent required by: Federal and State law; the City Charter; and donor stipulations.

III. INVESTMENT OBJECTIVES

Funds of the EDC shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The five objectives of the EDC's investment activities shall be as follows (in the order of priority):

1. Safety – Preservation and safety of Principal - Safety of principal invested is the foremost objective in the investment decisions of the EDC. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions with which the EDC will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the EDC's investments.
2. Liquidity - The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the EDC's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as to provide liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements or to otherwise favorably adjust the EDC's portfolio.
3. Diversification - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the EDC. Diversifying the appropriate maturity structure will reduce market cycle risk.
4. Market Rate-of-Return (Yield) - The EDC's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The EDC will not attempt to consistently attain an unrealistic above market rate-of-return as this objective will subject the overall portfolio to greater risk. Therefore, the EDC's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the annual income returned on an investment, expressed as a percentage.
5. Public Trust - The Investment Officer shall avoid any transactions that might impair

public confidence in the EDC's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

IV. INVESTMENT STRATEGY

The City maintains a comprehensive and proactive cash management program which is designed to monitor and control all EDC funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all of the EDC's funds are earning interest. It is the responsibility and obligation of the City to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as they now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the Investment Officers. The allowable investments as defined in Section VII of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The active management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require. The strategies for the EDC's investment activities shall be as follows:

Strategy No. 1

Diversifying the EDC's investment opportunities through the use of local government investment pools and money market mutual funds as authorized by the EDC Board, and the City Council. An investment pool is a professionally managed portfolio of shared assets created to invest public funds jointly on behalf of the governmental entities that participate in the pool and whose investment objectives in order of priority match those objectives of the EDC. Fund withdrawals are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve desired diversification. The strategy of the EDC calls for the use of investment pools as a primary source of diversification and a supplemental source of liquidity. Funds that may be needed on a short-term basis but are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

Strategy No. 2

Building a ladder of authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- A. It is straight-forward and easily understood;
- B. It will assure the EDC that it will capture a reasonable portion of the yield curve; and,
- C. It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

Strategy No. 3

Utilizing the services of a Professional Investment Advisor in order to maximize

investment earnings and realize market opportunities when they become available. Other responsibilities of the Investment Advisor include, but are not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board and shall adhere to the spirit and philosophy of this Policy and avoid recommending or suggesting transactions outside the "Standard of Care" under this policy.

Strategy No. 4

The EDC will utilize a general investment strategy designed to address the unique characteristics of specific fund-types (detailed strategies are presented in Attachment A):

- A. Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio which will experience minimal volatility during economic cycles.
- B. Investment strategies for reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund.
- C. Investment strategies for special projects and capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.
- D. The investment maturity of bond proceeds (excluding reserve and debt service funds) shall generally be limited to the anticipated cash flow requirement or the "temporary period," as defined by Federal tax law. During the temporary period, bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds and market conditions to achieve compliance with the applicable regulations.

Strategy No. 5

The EDC generally intends to hold all of its securities until they mature and will accomplish this by maintaining sufficient liquidity in its portfolio so that it does not need to sell a security early. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior written consent of the EDC Executive Director, or the City Manager must be obtained. Securities may be sold prior to maturity by the Director of Finance at or above their book value at any time, without the consent of the City Manager.

Strategy No. 6

All demand deposits of the EDC will be concentrated with one central depository, so long as the FDIC insurance limits are not exceeded. The City's depository procedure will maximize the EDC's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the EDC may be eligible to bid on EDC investments.

Strategy No. 7

This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The City will seek to maintain a depository contract which will be managed to a level that minimizes the cost of the banking relationship to the EDC, while allowing the EDC to earn an appropriate return on idle

demand deposits.

Strategy No. 8

A single pooled fund group of EDC funds, as defined in this Policy, may be utilized at the discretion of the Investment Officer. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the EDC.

Strategy No. 9

Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

V. INVESTMENT FINANCE AUDIT COMMITTEE

1. Members – There is hereby created an ~~Investment~~ **Finance Audit** Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance, two members of the City Council **and two citizens** appointed by the City Council by majority vote.
2. Scope – The ~~Investment~~ **Finance Audit** Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the EDC's funds, authorized brokers and dealers, and the target rate of return on the investment portfolio.
3. Procedures – The ~~Investment~~ **Finance Audit** Committee shall provide minutes of its meetings. Any two members of the ~~Investment~~ **Finance Audit** Committee may request a special meeting, and four members shall constitute a quorum. The ~~Investment~~ **Finance Audit** Committee shall establish its own rules of procedures.

VI. RESPONSIBILITY AND STANDARD OF CARE

1. The responsibility for the daily operation and management of the EDC's investments shall be outlined within this section.
 - A. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance **or the Director's designated representative**, who shall be authorized to deposit, withdraw, invest, transfer or manage the funds of the City and shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to other persons responsible for investment transactions. All persons involved in investment activities will be referred to in this Policy as "Investment Officials." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.
 - B. The Director of Finance shall assume responsibility for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that ensures the assets of the City are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

- 1) The cost of control should not exceed the benefits likely to be derived; and,
 - 2) The valuation of costs and benefits requires estimates and judgments by management.
- C. The Director of Finance shall be designated as the primary Investment Officer for the City and shall be responsible for investment decisions and activities under the direction of the City Manager **or the City Manager's designated representative**. The Director of Finance may delegate any phase of the investment program to a secondary Investment Officer. Both the Director of Finance and the designated secondary Investment Officer are responsible for daily investment decisions and activities. However, ultimate responsibility for investment decisions will rest with the Director of Finance. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the City Council.
2. Prudence - The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" 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 the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:
 - A. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
 - B. the investment decision was consistent with the written investment Policy and procedures of the EDC.
 3. Due Diligence - The Director of Finance, designated secondary Investment Officer, Mayor, City Council, City Manager, other Finance employees **and the citizen committee members** acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.
 4. Ethical Standards and Conflicts of Interest
 - A. All EDC Investment Officials having a direct or indirect role in the investment of EDC funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.
 - B. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the EDC shall file a statement disclosing that personal business interest.
 - C. An investment officer has a personal business relationship with a business

organization if:

- 1) The investment officer or person related to the investment officer by the second degree of affinity or consanguinity owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - 2) Funds received by the investment officer or person related to the investment officer by the second degree of affinity or consanguinity from the business organization exceed 10% of the Investment Officers gross income for the prior year; or
 - 3) The investment or person related to the investment officer by the second degree of affinity or consanguinity has acquired from the business organization during the prior year investments with a book value of \$2,500 or more for the personal account of the investment officer.
 - 4) An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the EDC shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.
5. Training - The City shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the EDC's investment personnel making investment decisions in compliance with PFIA. The Investment Officers and Finance Audit Committee members shall attend at least one training session containing at least 10 hours of instruction relating to the officer's responsibility under the Public Funds Investment Act within 12 months after assuming duties, and thereafter shall attend ~~40~~ at least 8 hours of additional investment training in subsequent two-year periods which begin on the first day of the fiscal year and consist of the two consecutive fiscal years after that date. The Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, or the North Central Texas Council of Governments are approved as independent training sources by the City Council.

VII. AUTHORIZED INVESTMENTS

1. Generally - Safety of principal is the primary objective in investing public funds and can be accomplished by limiting credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer to pay back principal and interest on a timely basis. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the EDC's primary objective, only certain investments are authorized as acceptable investments for the EDC. The following list of authorized investments for the EDC intentionally excludes some investments authorized by state law. These restrictions are intended to limit possible risk and provide the maximum measure of safety to EDC funds. In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the EDC is not required to liquidate investments that were authorized at the time of purchase.

2. Authorized and Acceptable Investments - The authorized list of investment instruments is as follows:
 - A. Obligations of the United States or its agencies and instrumentalities, or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), *excluding mortgage-backed securities*.
 - B. Direct obligations of the State of Texas, or its agencies and instrumentalities
Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-related securities.
3. Certificates of Deposit – A certificate of deposit issued by a depository institution that has its main office or branch office in this state, and is secured in accordance with the specific collateralization requirements contained in section XI, B of this policy. In addition, an investment in "bundled" or "shared" CDs made in accordance with the following conditions is permitted:
 - A. The funds are invested through a broker that has its main office or a branch office in this state selected from a list adopted by the City as required by Section 2256.025; or through a depository institution that has its main office or a branch office in this state and that is selected by the City;
 - B. The selected broker or depository institution arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City.
 - C. The full amount of the principal and accrued interest of each of the CD is insured by the United States or an instrumentality of the United States;
 - D. The City appoints the depository institution, a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to SEC Rule 15c3-3, or an entity described in the Public Funds Collateral Act, Section 2257.041(d), as custodian for the City with respect to those CDs issued for the City's account.
4. Eligible Local Government Investment Pools - AAA-rated public funds investment pools, with a weighted average maturity of 60 days or less, individually approved by formal Council resolution, which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code. The pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. A public funds investment pool created to function as a money market mutual fund must mark to market daily and, stabilize at a \$1 net asset value.
5. Repurchase Agreements - Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer or a financial institution doing business in the State of Texas, and fully secured by cash and obligations of the United States or its agencies and instrumentalities. This collateral must be pledged to the EDC and held in safekeeping with a third-party custodian approved by the City. All collateral must be maintained at a market value of no less than the principal amount of the outstanding funds disbursed. All transactions shall be governed by signed Security Industry and Financial Markets

Association (SIFMA) Master Repurchase Agreement. Repurchase agreements must also be collateralized in accordance with State law as described in Section XI of this policy. Authorized under this section includes flexible repurchase agreements which may be used for specific investment of bond proceeds but *shall not include reverse purchase agreements*.

6. Bankers' Acceptances, and Commercial Paper (LIMITED USE) - These investments are authorized for the EDC to the extent that they are contained in the portfolios of approved public funds investment pools or money market funds in which the EDC invests.
7. AAA-rated SEC-Regulated 2a7 No-Load Money Market Mutual Funds - An SEC-registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less whose assets consist exclusively of the assets described in section VII.1. and whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share: furthermore, it provides the EDC with a prospectus and other information required by the SEC Act of 1934 or the Investment Advisor Act of 1940 and which provides the EDC with a prospectus and other information required by the Securities Exchange Act of 1934 (15 USC Section 78a et. Seq.) & the Investment Company Act of 1990 (15 USC Section 80a-1 et. Seq.).
8. Unauthorized Securities - State law specifically prohibits investment in the following securities:
 - A. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
 - B. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
 - C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
 - D. Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

VIII. DIVERSIFICATION

1. Generally - Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U. S. Government, its agencies, or instrumentalities) as authorized in this Policy, and authorized local government investment pools, no more than forty percent (40%) of the total investment portfolio will be invested in any one security type or with a single financial institution. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.
2. Diversification by Maturities - The longer the maturity of investments, the greater their price volatility. Therefore, it is the EDC's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The EDC will attempt to match its investments with anticipated cash

flow requirements. Unless matched to a specific cash flow (including the anticipated cash flow requirements of bond proceeds within the temporary period), the EDC will not directly invest in securities maturing more than two (2) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The EDC shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire EDC portfolio, or single pooled fund group if utilized, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days.

3. Diversification by Investment Instrument - Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

	Maximum % of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities	100%
Authorized Local Government Investment Pool	100%
Local Government Obligations	10%
Fully Insured Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	25%
SEC-Regulated No-Load Money Market Mutual Fund	100%
U.S. Treasury & Agency Callables	30%

IX. SECURITY SWAPS

Security swaps may be considered as an investment option for the EDC. A swap out of one instrument into another is acceptable to increase yield, realign for disbursement dates, extend or shorten maturity dates and improve market sector diversification. Swaps may be initiated by brokers/dealers who are on the City's approved list. A horizon analysis is required for each swap proving benefit to the EDC before the trade decision is made, which will accompany the investment file for record keeping.

X. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

1. The Director of Finance or the Director's designated representative will maintain a list of financial institutions authorized to provide investment services to the City. In addition, a list will also be maintained of approved broker/dealers authorized to provide investment services in the State of Texas. These will include financial institutions that qualify under Securities & Exchange Commission Rule 15-C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following, as appropriate: audited financial statements, proof of Financial Industry Regulatory Authority certification, trading resolution, proof of State registration, completed broker/dealer questionnaire and certification of having read the EDC's investment policy.
3. The ~~Investment~~ **Finance Audit** Committee shall be responsible for adopting the list of brokers and dealers of government securities. Their selection shall be among only primary government securities dealers that report directly to the New York Federal Reserve Bank, unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. The ~~Investment~~ **Finance Audit** Committee shall base its evaluation of security dealers and financial institutions upon:
 - A. Financial conditions, strength and capability to fulfill commitments;
 - B. Overall reputation with other dealers or investors;
 - C. Regulatory status of the dealer;
 - D. Background and expertise of the individual representatives.
4. Investment Officials shall only conduct business with securities dealers approved by the ~~Investment~~ **Finance Audit** Committee and will not purchase investments from any financial organization until the organization's registered principal has executed a written instrument stating that he or she has thoroughly reviewed the EDC's investment policy and acknowledges that reasonable procedures and controls have been implemented to preclude imprudent investment activities arising out of transactions between the organization and the EDC, except to the extent that this authorization is dependent on an analysis of the makeup of the EDC's entire portfolio or requires an interpretation of subjective investment standards.
5. To guard against default possibilities under these conditions, and to assure diversification of bidders, business with any one issuer, or investment broker, should be limited to (40%) percent of the total portfolio at any point in time.
6. All investments (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The ~~Investment~~ **Finance Audit** Committee can approve exceptions on a case by case basis or on a general basis in the form of guidelines. These guidelines shall take into consideration the investment type maturity date, amount, and potential disruptiveness to the EDC's investment strategy. The investment will be made with the broker/dealer offering the best yield/quality to the EDC. The quotes may be accepted orally, in writing, electronically, or any combination of these methods.
7. An annual review of the financial condition and registrations of qualified financial organizations will be conducted by the Director of Finance.
8. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the EDC invests.
9. If the City has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and

maintaining a list of broker/dealers with which it shall transact business on behalf of the EDC. The advisor shall determine selection criteria and shall annually present a list of its authorized broker/dealers to the City for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the EDC's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the EDC. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the City as part of its standard trade documentation.

10. It is the policy of the City that all security transactions entered into with the EDC shall be conducted on a "Delivery-versus-Payment basis through the Federal Reserve System. By doing this, EDC funds are not released until the City has received, through the Federal Reserve wire, the securities purchased. The City shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the EDC. The notification may be oral, but shall be confirmed in writing.

XI. SAFEKEEPING AND COLLATERALIZATION

1. Safekeeping - All securities owned by the EDC shall be held by a third-party safekeeping agent selected by the EDC's investment officer. Bank deposits will be held in the EDC's name in the bank's trust department, in a Federal Reserve Bank account in the EDC's name, or a third-party financial institutions doing business in the state of Texas, in accordance with state law. Original safekeeping receipts shall be obtained and held by the City and the EDC. The City and the EDC shall contract with a bank or banks for the safekeeping of securities either owned by the EDC as part of its investment portfolio or held as collateral to secure time deposits, if collateralized time deposits are specifically authorized by the board.
2. Collateralized Deposits - Consistent with the requirements of State law, the EDC requires all bank deposits to be federally insured. If the board and the City do agree that collateralized accounts are acceptable in specific situations the provisions above may be amended for EDC accounts.

XII. INTERNAL CONTROL

The Investment Officer shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the EDC's established investment policy.

XIII. PERFORMANCE

The EDC's investment portfolio shall be designed to obtain a market rate of return on investments consistent with risk constraints and cash flow requirements of the EDC. This Investment Policy establishes "weighted average yield to maturity" as the standard portfolio performance measurement.

XIV. REPORTING

1. Quarterly - The Director of Finance shall prepare and submit a signed quarterly investment report to the Economic Development Board and the **Investment Finance Audit** Committee that summarizes current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter. The City shall also monitor the credit ratings on securities that require minimum ratings. This may be accomplished through staff research, or with the assistance of broker-dealers, investment advisors, banks or safekeeping agents.
2. Annual Report - Within 180 days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Economic Development Board, City Manager and the City Council. The quarterly reports prepared by the Director of Finance shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.
3. Methods - The quarterly and annual investment reports shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner which will allow the EDC to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will include the following:
 - A. A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
 - B. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
 - C. Additions and changes to the market value during the period;
 - D. Fully accrued interest for the reporting period;
 - E. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
 - F. Listing of investments by maturity date;
 - G. The percentage of the total portfolio which each type of investment represents; and
 - H. Statement of compliance of the EDC's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
 - I. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.

- J. The guidelines of retaining records for seven years as recommended in the *Texas State Library Municipal Records Manual* should be followed. The Director of Finance shall oversee the filing and/or storing of investment records.

XV. INVESTMENT POLICY ADOPTION AND AMENDMENT

The EDC's Investment Policy shall be reviewed by the Economic Development Board and formally adopted and amended by resolution by the City Council. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. The City Council, not less than annually, shall adopt a written instrument stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to either the policy or strategies.

Attachment A

CITY OF CORINTH, TEXAS
Economic Development Corporation
Investment Strategy Statement

Operating Funds

- A. Suitability - Any investment eligible in the Investment Policy is suitable for Operating Funds.
- B. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing the weighted average days to maturity for the Operating Fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.
- C. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
- D. Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the Fund types. Short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed

maturity investments.

- E. Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the EDC. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.
- F. Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month treasury-bill portfolio will be the minimum yield objective.

Reserve Funds

- A. Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.
- B. Safety of Principal - All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing reduces the investment's market risk if the EDC's debt is redeemed and the Reserve Fund liquidated. The fund shall maintain a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or two years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.
- C. Marketability - Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.
- D. Liquidity - Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the EDC at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the EDC is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.
- E. Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of a bond issue, if any, be exceeded in an attempt to bolster yield.
- F. Yield - Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall at all times operate within the limits of the Investment Policy's risk constraints.

Bond Funds

- A. Suitability - Any investment eligible in the Investment Policy is suitable for Bond Funds.
- B. Safety of Principal - All investments will be of high quality securities with no perceived default risk. Market price fluctuations will occur. However, by managing Bond Funds to not exceed the shorter of two years or the anticipated expenditure schedule and maintaining a maximum average dollar-weighted maturity, based on the stated maturity date, of less than three hundred sixty-five (365) days the market risk of the overall portfolio will be minimized.
- C. Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.
- D. Liquidity - Bond Funds used for capital improvements programs have reasonably predictable draw down schedules. Therefore investment maturities should generally follow the anticipated cash flow requirements. Investment pools and money market mutual funds will provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.
- E. Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for construction, loan and bond proceeds. Generally, when investment rates exceed the applicable cost of borrowing, the EDC is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.
- F. Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy’s risk constraints. The yield of an equally weighted, rolling six-month treasury-bill portfolio will be the minimum yield objective for non-borrowed funds.

Attachment B

CITY OF CORINTH, TEXAS
Investment Policy

[SAMPLE]
TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION

This certification is executed on behalf of the City of Corinth, Texas (the "City") and _____ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the City and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the City; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the City that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization

Firm: _____

Signature _____

Name: _____

Title: _____

Date: _____

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Joint Election Agreement/ Contract

Submitted For: Kim Pence, City Secretary

Submitted By: Kim Pence, City Secretary

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a Joint Election Agreement and Contract for Election Services with Denton County for the May 7, 2016 General Election.

AGENDA ITEM SUMMARY/BACKGROUND

The final estimated costs for each participating authority will be submitted by the Denton County Elections Department once all the entities have specifies whether or not they will be conducting an election.

The cost will be split proportionately between the City, Denton ISD and Lake Dallas ISD. If Denton ISD and/or Lake Dallas ISD cancel their election the total cost will be paid in full by the City of Corinth for all election materials and equipment. Staff will update the Council as further information becomes available.

Last year the cost for the General Election that was held on May 9, 2015 was in the amount of \$3,765.43.

RECOMMENDATION

Staff recommends approval of the Joint Election Agreement and Contract for the May 7, 2016 General Election.

Attachments

Joint Election Agreement/Contract

1THE STATE OF TEXAS
COUNTY OF DENTON

JOINT ELECTION AGREEMENT AND CONTRACT FOR ELECTION SERVICES

THIS CONTRACT for election services is made by and between the Denton County Elections Administrator and the following political subdivisions located entirely or partially inside the boundaries of Denton County:

City of Corinth

This contract is made pursuant to Texas Election Code Sections 31.092 and 271.002 and Texas Education Code Section 11.0581 for a joint May 7, 2016 election to be administered by Lannie Noble, Denton County Elections Administrator, hereinafter referred to as "Elections Administrator."

RECITALS

Each participating authority listed above plans to hold a general and/or special election on May 7, 2016.

The County owns an electronic voting system, the Hart InterCivic eSlate/eScan Voting System (Version 6.2.1), which has been duly approved by the Secretary of State pursuant to Texas Election Code Chapter 122 as amended, and is compliant with the accessibility requirements for persons with disabilities set forth by Texas Election Code Section 61.012. The contracting political subdivisions desire to use the County's electronic voting system and to compensate the County for such use and to share in certain other expenses connected with joint elections in accordance with the applicable provisions of Chapters 31 and 271 of the Texas Election Code, as amended.

NOW THEREFORE, in consideration of the mutual covenants, agreements, and benefits to the parties, IT IS AGREED as follows:

I. ADMINISTRATION

The parties agree to hold a "Joint Election" with each other in accordance with Chapter 271 of the Texas Election Code and this agreement. The Denton County Elections Administrator shall coordinate, supervise, and handle all aspects of administering the Joint Election as provided in this agreement. Each participating authority agrees to pay the Denton County Elections Administrator for equipment, supplies, services, and administrative costs as provided in this agreement. The Denton County Elections Administrator shall serve as the administrator for the Joint Election; however, each participating authority shall remain responsible for the decisions and actions of its officers necessary for the lawful conduct of its election. The Elections Administrator shall provide advisory services in connection with decisions to be made and actions to be taken by the officers of each participating authority as necessary.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating authorities shall share a mutual ballot in those polling places where jurisdictions overlap. However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote.

II. LEGAL DOCUMENTS

Each participating authority shall be responsible for the preparation, adoption, and publication of all required election orders, resolutions, notices, and any other pertinent documents required by the Texas Election Code and/or the participating authority's governing body, charter, or ordinances, except that the Elections Administrator shall be responsible for the preparation and publication of all electronic voting equipment testing notices that are required by the Texas Election Code. Election orders should include language that would not necessitate amending the order if any of the Early Voting and/or Election Day polling places change.

Preparation of the necessary materials for notices and the official ballot shall be the responsibility of each participating authority, including translation to languages other than English. Each participating authority shall provide a copy of their respective election orders and notices to the Denton County Elections Administrator.

III. VOTING LOCATIONS

The Elections Administrator shall select and arrange for the use of and payment for all Early Voting and Election Day voting locations. Voting locations will be, whenever possible, the usual voting location for each election precinct in elections conducted by each participating city, and shall be compliant with the accessibility requirements established by Election Code Section 43.034 and the Americans with Disabilities Act (ADA). All Early Voting and Election Day locations shall be located in Denton County. The proposed voting locations are listed in Attachment A of this agreement. In the event that a voting location is not available or appropriate, the Elections Administrator will arrange for the use of an alternate location. The Elections Administrator shall notify the participating authorities of any changes from the locations listed in Attachment A.

If polling places for the May 7, 2016 joint election are different from the polling place(s) used by a participating authority in its most recent election, the authority agrees to post a notice no later than May 7, 2016 at the entrance to any previous polling places in the jurisdiction stating that the polling location has changed and stating the political subdivision's polling place names and addresses in effect for the May 7, 2016 election. This notice shall be written in both the English and Spanish languages.

IV. ELECTION JUDGES, CLERKS, AND OTHER ELECTION PERSONNEL

Denton County shall be responsible for the appointment of the presiding judge and alternate judge for each polling location. The Elections Administrator shall make emergency appointments of election officials if necessary.

Upon request by the Elections Administrator, each participating authority agrees to assist in recruiting polling place officials who are bilingual (fluent in both English and Spanish). In compliance with the Federal Voting Rights Act of 1965, as amended, each polling place containing more than 5% Hispanic population as determined by the 2010 Census shall have one or more election official who is fluent in both the English and Spanish languages. If a presiding judge is not bilingual, and is unable to appoint a bilingual clerk, the Elections Administrator may recommend a bilingual worker for the polling place. If the Elections Administrator is unable to recommend or recruit a bilingual worker, the participating authority or authorities served by that polling place shall be responsible for recruiting a bilingual worker for translation services at that polling place.

The Elections Administrator shall notify all election judges of the eligibility requirements of Subchapter C of Chapter 32 of the Texas Election Code, and will take the necessary steps to insure that all election judges appointed for the Joint Election are eligible to serve.

The Elections Administrator shall arrange for the training and compensation of all election judges and clerks. Election judges and clerks who attend voting equipment training and/or procedures training shall be compensated at the rate of \$9 per hour.

The Elections Administrator shall arrange for the date, time, and place for presiding election judges to pick up their election supplies. Each presiding election judge will be sent a letter from the Elections Administrator notifying him of his appointment, the time and location of training and distribution of election supplies, and the number of election clerks that the presiding judge may appoint.

Each election judge and clerk will receive compensation at the hourly rate established by Denton County (\$11 an hour for presiding judges, \$10 an hour for alternate judges, and \$9 an hour for clerks) pursuant to Texas Election Code Section 32.091. The election judge, or his designee, will receive an additional sum of \$25.00 for picking up the election supplies prior to Election Day and for returning the supplies and equipment to the central counting station after the polls close.

The Elections Administrator may employ other personnel necessary for the proper administration of the election, including such part-time help as is necessary to prepare for the election, to ensure the timely delivery of supplies during early voting and on Election Day, and for the efficient tabulation of ballots at the central counting station. Part-time personnel working as members of the Early Voting Ballot Board and/or central counting station on election night will be compensated at the hourly rate set by Denton County in accordance with Election Code Sections 87.005, 127.004, and 127.006.

V. PREPARATION OF SUPPLIES AND VOTING EQUIPMENT

The Elections Administrator shall arrange for all election supplies and voting equipment including, but not limited to, the County's electronic voting system and equipment, sample ballots, voter registration lists, and all forms, signs, maps and other materials used by the election judges at the voting locations. Any additional required materials (required by the Texas Election Code) must be provided by the entity, and delivered to the Elections Office 22 days prior to Election Day. If this deadline is not met, the materials must be delivered by the entity, to all Early Voting and Election Day locations affected, prior to voting commencing. The Elections Administrator shall ensure availability of tables and chairs at each polling place and shall procure rented tables and chairs for those polling places that do not have tables and/or chairs. The Elections Administrator shall be responsible for conducting all required testing of the electronic equipment, as required by Chapters 127 and 129 of the Texas Election Code.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap. The Elections Administrator shall provide the necessary voter registration information, maps, instructions, and other information needed to enable the election judges in the voting locations that have more than one ballot style to conduct a proper election.

Each participating authority shall furnish the Elections Administrator a list of candidates and/or propositions showing the order and the exact manner in which the candidate names and/or proposition(s) are to appear on the official ballot (including titles and text in each language in which the authority's ballot is to be printed). Said list must be in a Word document, the information must be in an upper and lower case format, be in an Arial 10 point font, and contain candidate information for the purposes of verifying the pronunciation of each candidate's name. Each participating authority shall be responsible for proofreading and approving the ballot and the audio recording of the ballot, insofar as it pertains to that authority's candidates and/or propositions.

The joint election ballots that contain ballot content for more than one joint participant because of overlapping territory shall be arranged in the following order: Independent School District, City, Water District(s), and other political subdivisions.

Early Voting by Personal Appearance and voting on Election Day shall be conducted exclusively on Denton County's eSlate electronic voting system.

The Elections Administrator shall be responsible for the preparation, testing, and delivery of the voting equipment for the election as required by the Election Code.

The Elections Administrator shall conduct criminal background checks on relevant employees upon hiring as required by Election Code Section 129.051(g).

VI. EARLY VOTING

The participating authorities agree to conduct joint early voting and to appoint the Election Administrator as the Early Voting Clerk in accordance with Sections 31.097 and 271.006 of the Texas Election Code. Each participating authority agrees to appoint the Elections Administrator's permanent county employees as deputy early voting clerks. The participating authorities further agree that the Elections Administrator may appoint other deputy early voting clerks to assist in the conduct of early voting as necessary, and that these additional deputy early voting clerks shall be compensated at an hourly rate set by Denton County pursuant to Section 83.052 of the Texas Election Code. Deputy

early voting clerks who are permanent employees of the Denton County Elections Administrator or any participating authority shall serve in that capacity without additional compensation.

Early Voting by personal appearance will be held at the locations, dates, and times listed in Attachment "B" of this document. Any qualified voter of the Joint Election may vote early by personal appearance at any of the joint early voting locations.

As Early Voting Clerk, the Elections Administrator shall receive applications for early voting ballots to be voted by mail in accordance with Chapters 31 and 86 of the Texas Election Code. Any requests for early voting ballots to be voted by mail received by the participating authorities shall be forwarded immediately by fax or courier to the Elections Administrator for processing. The address for the Denton County Early Voting Clerk is:

Lannie Noble, Early Voting Clerk
Denton County Elections
PO Box 1720
Denton, TX 76202

Any requests for early voting ballots to be voted by mail, and the subsequent actual voted ballots, that are sent by a contract carrier (ie. UPS, FedEx, etc.) should be delivered to the Early Voting Clerk at the Denton County Elections Department physical address as follows:

Lannie Noble, Early Voting Clerk
Denton County Elections
701 Kimberly Drive, Suite A101
Denton, TX 76208

The Elections Administrator shall post on the county website each participating authority's early voting report on a daily basis and a cumulative final early voting report following the close of early voting. In accordance with Section 87.121(g) of the Election Code, the daily reports showing the previous day's early voting activity will be posted to the county website no later than 8:00 a.m. each business day.

VII. EARLY VOTING BALLOT BOARD

Denton County shall appoint an Early Voting Ballot Board (EVBB) to process early voting results from the Joint Election. The Presiding Judge, with the assistance of the Elections Administrator, shall appoint two or more additional members to constitute the EVBB. The Elections Administrator shall determine the number of EVBB members required to efficiently process the early voting ballots.

VIII. CENTRAL COUNTING STATION AND ELECTION RETURNS

The Elections Administrator shall be responsible for establishing and operating the central counting station to receive and tabulate the voted ballots in accordance with the provisions of the Texas Election Code and of this agreement.

The participating authorities hereby, in accordance with Sections 127.002, 127.003, and 127.005 of the Texas Election Code, appoint the following central counting station officials:

Counting Station Manager:	Lannie Noble, Denton County Elections Administrator
Tabulation Supervisor:	Brandy Grimes, Denton County Technical Operations Manager
Presiding Judge:	Kerry Martin, Deputy Elections Administrator
Alternate Judge:	Paula Paschal, Contract Manager

The counting station manager or his representative shall deliver timely cumulative reports of the election results as precincts report to the central and remote counting stations and are tabulated by posting on the Elections website. The manager shall be responsible for releasing unofficial cumulative totals and precinct returns from the election to the joint

participants, candidates, press, and general public by distribution of hard copies at the central counting station (if requested) and by posting to the Denton County web site. To ensure the accuracy of reported election returns, results printed on the tapes produced by Denton County's voting equipment will not be released to the participating authorities at the remote collection sites or by phone from individual polling locations.

The Elections Administrator will prepare the unofficial canvass reports after all precincts have been counted, and will deliver a copy of the unofficial canvass to each participating authority as soon as possible after all returns have been tabulated. The Elections Administrator will include the tabulation and precinct-by-precinct results that are required by Texas Election Code Section 67.004 for the participating entities to conduct their respective canvasses. Each participating authority shall be responsible for the official canvass of its respective election(s), and shall notify the Elections Administrator, or his designee, no later than three days after Election Day of the date of the canvass.

The Elections Administrator shall prepare and deliver by email to each participating entity, the electronic precinct-by-precinct results reports for uploading to the Secretary of State as required by Section 67.017 of the Election Code.

The Elections Administrator shall be responsible for conducting the post-election manual recount required by Section 127.201 of the Texas Election Code unless a waiver is granted by the Secretary of State. Notification and copies of the recount, if waiver is denied, will be provided to each participating authority and the Secretary of State's Office.

IX. PARTICIPATING AUTHORITIES WITH TERRITORY OUTSIDE DENTON COUNTY

Each participating authority with territory containing population outside Denton County agrees that the Elections Administrator shall administer only the Denton County portion of those elections.

X. RUNOFF ELECTIONS

Each participating authority shall have the option of extending the terms of this agreement through its runoff election, if applicable. In the event of such runoff election, the terms of this agreement shall automatically extend unless the participating authority notifies the Elections Administrator in writing within 3 business days of the original election.

Each participating authority shall reserve the right to reduce the number of early voting locations and/or Election Day voting locations in a runoff election.

Each participating authority agrees to order any runoff election(s) at its meeting for canvassing the votes from the May 7, 2016 election and to conduct its drawing for ballot positions at or immediately following such meeting in order to expedite preparations for its runoff election.

Each participating authority eligible to hold runoff elections agrees that the date of the runoff election, if necessary, shall be Saturday, June 18, 2016. This date may be negotiable based on the Secretary of State's calendar for elections in 2015.

XI. ELECTION EXPENSES AND ALLOCATION OF COSTS

The participating authorities agree to share the costs of administering the Joint Election. Allocation of costs, unless specifically stated otherwise, is mutually agreed to be shared according to a formula which is based on the average cost per election day polling place (unit cost) as determined by adding together the overall expenses and dividing the expenses equally among the total number of polling places. Costs for polling places shared by more than one participating authority shall be pro-rated equally among the participants utilizing that polling place.

It is agreed that charges for Election Day judges and clerks and Election Day polling place rental fees shall be directly charged to the appropriate participating authority rather than averaging those costs among all participants.

If a participating authority's election is conducted at more than one election day polling place, there shall be no charges or fees allocated to the participating authority for the cost of election day polling places in which the authority has fewer than 50% of the total registered voters served by that polling place, except that if the number of registered voters in

all of the authority's polling places is less than the 50% threshold, the participating authority shall pay a pro-rata share of the costs associated with the polling place where it has the greatest number of registered voters.

Costs for Early Voting by Personal Appearance shall be allocated based upon the actual costs associated with each early voting site. Each participating authority shall be responsible for a pro-rata portion of the actual costs associated with the early voting sites located within their jurisdiction. Participating authorities that do not have a regular (non-temporary) early voting site within their jurisdiction shall pay a pro-rata portion of the nearest regular early voting site.

Costs for Early Voting by mail shall be allocated according to the actual number of ballots mailed to each participating authority's voters.

Each participating authority agrees to pay the Denton County Elections Administrator an administrative fee equal to ten percent (10%) of its total billable costs in accordance with Section 31.100(d) of the Texas Election Code.

The Denton County Elections Administrator shall deposit all funds payable under this contract into the appropriate fund(s) within the county treasury in accordance with Election Code Section 31.100.

The Denton County Elections Administrator reserves the right to adjust the above formulas in agreement with any individual jurisdiction if the above formula results in a cost allocation that is inequitable.

If any participating authority makes a special request for extra Temporary Branch Early Voting by Personal Appearance locations as provided for by the Texas Election Code, that entity agrees to pay the entire cost for that request.

XII. WITHDRAWAL FROM CONTRACT DUE TO CANCELLATION OF ELECTION

Any participating authority may withdraw from this agreement and the Joint Election should it cancel its election in accordance with Sections 2.051 - 2.053 of the Texas Election Code.

The withdrawing authority is fully liable for any expenses incurred by the Denton County Elections Administrator on behalf of the authority plus an administrative fee of ten percent (10%) of such expenses. Any monies deposited with the Elections Administrator by the withdrawing authority shall be refunded, minus the aforementioned expenses and administrative fee, if applicable.

It is agreed that any of the joint election early voting sites that are not within the boundaries of one or more of the remaining participating authorities, with the exception of the early voting site located at the Denton County Elections Building, may be dropped from the joint election unless one or more of the remaining participating authorities agreed to fully fund such site(s). In the event that any early voting site is eliminated under this section, an addendum to the contract shall be provided to the remaining participants within five days after notification of all intents to withdraw have been received by the Elections Administrator.

XIII. RECORDS OF THE ELECTION

The Elections Administrator is hereby appointed general custodian of the voted ballots and all records of the Joint Election as authorized by Section 271.010 of the Texas Election Code.

Access to the election records shall be available to each participating authority as well as to the public in accordance with applicable provisions of the Texas Election Code and the Texas Public Information Act. The election records shall be stored at the offices of the Elections Administrator or at an alternate facility used for storage of county records. The Elections Administrator shall ensure that the records are maintained in an orderly manner so that the records are clearly identifiable and retrievable.

Records of the election shall be retained and disposed of in accordance with the provisions of Section 66.058 of the Texas Election Code. If records of the election are involved in any pending election contest, investigation, litigation, or open records request, the Elections Administrator shall maintain the records until final resolution or until final judgment, whichever is applicable. It is the responsibility of each participating authority to bring to the attention of the Elections

Administrator any notice of pending election contest, investigation, litigation or open records request which may be filed with the participating authority.

XIV. RECOUNTS

A recount may be obtained as provided by Title 13 of the Texas Election Code. By signing this document, the presiding officer of the contracting participating authority agrees that any recount shall take place at the offices of the Elections Administrator, and that the Elections Administrator shall serve as Recount Supervisor and the participating authority's official or employee who performs the duties of a secretary under the Texas Election Code shall serve as Recount Coordinator.

The Elections Administrator agrees to provide advisory services to each participating authority as necessary to conduct a proper recount.

XV. MISCELLANEOUS PROVISIONS

1. It is understood that to the extent space is available, other districts and political subdivisions may wish to participate in the use of the County's election equipment and voting places, and it is agreed that the Elections Administrator may contract with such other districts or political subdivisions for such purposes and that in such event there may be an adjustment of the pro-rata share to be paid to the County by the participating authorities.
2. The Elections Administrator shall file copies of this document with the Denton County Judge and the Denton County Auditor in accordance with Section 31.099 of the Texas Election Code.
3. Nothing in this contract prevents any party from taking appropriate legal action against any other party and/or other election personnel for a breach of this contract or a violation of the Texas Election Code.
4. This agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Denton County, Texas.
5. In the event that one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
6. All parties shall comply with all applicable laws, ordinances, and codes of the State of Texas, all local governments, and any other entities with local jurisdiction.
7. The waiver by any party of a breach of any provision of this agreement shall not operate as or be construed as a waiver of any subsequent breach.
8. Any amendments of this agreement shall be of no effect unless in writing and signed by all parties hereto.
9. Failure for a participating authority to meet the deadlines as outlined in this contract or on the calendar (Attachment C) may result in additional charges, including but not limited to, overtime charges, etc.

XVI. COST ESTIMATES AND DEPOSIT OF FUNDS

The total estimated obligation for each participating authority under the terms of this agreement is listed below. The exact amount of each participating authority's obligation under the terms of this agreement shall be calculated after

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Resolution Ordering a Joint General Election

Submitted By: Kim Pence, City Secretary

Finance Review: N/A

Legal Review: Yes

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a Resolution ordering a Joint General Election with Denton County to be held on May 7, 2016 to fill the offices of Councilmember Places, 1, 3, and 4; and establishing procedures for that election and providing an effective date.

AGENDA ITEM SUMMARY/BACKGROUND

The General Election for City Councilmembers is set forth by the Home Rule Charter and by the Texas Election Code and is required to be held on May 7, 2016 at which time the voters will elect persons to fill City Council Places 1, 3 and 4.

The Texas Election Code authorizes the governing bodies of political subdivisions to hold joint elections and this Resolution orders a joint election and establishes and sets forth procedures for conducting the election.

RECOMMENDATION

Staff recommends approval of Resolution No. 16-04-02-02 Ordering a Joint General Election to be held on May 7, 2016

Attachments

Resolution

RESOLUTION NO. 16-02-04-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS, ORDERING A JOINT GENERAL ELECTION WITH DENTON COUNTY TO BE HELD ON MAY 7, 2016 TO FILL THE OFFICES OF COUNCILMEMBER PLACES 1, 3 AND 4; AND ESTABLISHING PROCEDURES FOR THAT ELECTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Corinth, Texas, (the “City”) is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the general election for City Council members of the City of Corinth, as set forth by Charter and by the Texas Election Code, is required to be held on May 7, 2016, at which time the voters will elect persons to fill the offices of City Council Places 1, 3 and 4; and

WHEREAS, the Texas Election Code authorizes the governing bodies of political subdivisions to hold joint elections; and

WHEREAS, by this Resolution, it is the intention of the City Council to hold a joint election, and to establish and set forth procedures for conducting the election. **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS, THAT:

Section 1. Joint General Election Called. An election is hereby called to elect the offices of City Council Places 1, 3 and 4 to serve from May, 2016 until the canvass of the general election in May of 2018 or until their successors are duly elected and qualified; the election shall be held at the Corinth City Hall, 3300 Corinth Parkway, Corinth, Texas, on the 7th day of May, 2016, from 7:00 a.m. until 7:00 p.m.

Section 2. Application for Place on Ballot. Qualified persons may file as candidates by filing applications in the office of the City Secretary from 7:30 a.m. to 5:00 p.m., from January 20, 2016 through February 19, 2016.

Section 3. Dates and Hours of Early Voting. Lannie Noble shall serve as the early voting clerk of the main early voting place located at 701 Kimberly Drive, Denton, Texas. This is the official mailing address of the Early Voting Clerk. Early Voting at Corinth City Hall, 3300 Corinth Parkway shall occur on the same dates and times listed below. Early Voting hours are Monday, April 25, 2016 through Saturday, April 30, 2016 from 8:00 a.m. to 5:00 p.m. Additional Early Voting hours are Monday, May 2, 2016 and Tuesday, May 3, 2016 from 7:00 a.m. until 7:00 p.m.

Section 4. Governing Law and Qualified Voters. The election shall be held in accordance with the Constitution of the State of Texas and the Code, and all resident qualified voters of the City shall be eligible to vote at the election.

Section 5. Publication and Posting of Notice of Election. Notice of the election shall be given as required by Chapter 4 of the Code, and the Charter of the City of Corinth. The notice shall contain information as provided by the Election Administrator regarding polling places and early voting and such other matters as required by law.

Section 6. Denton County to Conduct Election. By contract approved by the City Council in February, 2016, the Council has agreed that Denton County shall conduct the general election. In the event that no election is necessary, the City Secretary shall notify the County and shall present the City Council an Ordinance cancelling the election. Voting shall be by electronic method.

Section 7. Submissions to the United States Justice Department.

- (a) The Denton County Election Administrator shall prepare a submission, on behalf of all participating authorities, to the United States Department of Justice for preclearance of the Joint election procedures and polling places, pursuant to the Voting Rights Act of 1965, as amended. The Elections Administrator will provide to each participating authority a photocopy of the joint submission and any correspondence from the Department of Justice.
- (b) The Elections Administrator will file an amended submission to the United States Department of Justice in the event that any polling places are changed after the original submission is filed, including changes resulting from the withdrawal of one or more participating authorities pursuant to Section XI of the Joint Election Agreement.

Section 8. Necessary Actions. The Mayor and the City Secretary of the City, in consultation with the City Attorney, are hereby authorized and directed to take any and all actions necessary to comply with the provisions of the Code in carrying out and conducting the election, whether or not expressly authorized herein.

Section 9. Effective Date. This resolution shall be effective upon its adoption.

PASSED AND APPROVED this _____ day of _____, 2016.

CITY OF CORINTH

Bill Heidemann Mayor

ATTEST:

Kimberly Pence, City Secretary

APPROVED AS TO FORM:

Debra A. Drayovitch, City Attorney

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: 1/4 Cent Sales Tax - Street Maintenance

Submitted For: Cody Collier, Acting Director

Submitted By: Cody Collier, Acting Director

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on an Ordinance for the City of Corinth ordering a Special Election to be held on May 7, 2016 allowing voters to determine the reauthorization and levy of a sales and use tax for street maintenance; as well as designating a polling place, providing for notice, providing for early voting, and providing an effective date.

AGENDA ITEM SUMMARY/BACKGROUND

The City of Corinth voted and passed the first election for the Street Maintenance 1/4 Cent Sales Tax on July 1, 2004.

Section 327.007 of the Tax Code provides that cities must reauthorize the tax every four years through the election process in the same manner the tax was originally adopted.

Since 2008, The Operations and Maintenance Budget for the Street Department was reduced by over \$300,000 to correct a decrease in revenues and to prevent an increase in the Ad Valorem Tax Rate. The sole resource to fund street maintenance resides on the 1/4 Cent Sales and Use Tax Assessment and Collections.

City Council approved the Joint Election Agreement/Contract on February 4, 2016 for the May 7, 2016 election.

RECOMMENDATION

Staff recommends the City Council approve the ordinance ordering a Special Election to be held on May 7, 2016 to determine whether the voters of the City of Corinth desire to reauthorize the levy of a Sales and Use Tax for the purpose of financing maintenance and repair of municipal streets in the City of Corinth.

Attachments

Ordinance

Tax Code

ORDINANCE NO. 16-02-04-02

AN ORDINANCE OF THE CITY OF CORINTH, TEXAS ORDERING A SPECIAL ELECTION TO BE HELD ON MAY 7, 2016, TO DETERMINE WHETHER THE VOTERS OF THE CITY OF CORINTH DESIRE TO REAUTHORIZE THE LEVY OF A SALES AND USE TAX FOR STREET MAINTENANCE IN THE CITY; PROVIDING FOR NOTICE; PROVIDING FOR EARLY VOTING; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Corinth is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code, and which has adopted a sales tax for street maintenance; and

WHEREAS, the Tax Code, V.T.C.A., Chapter 327.001 et seq, (the "Act"), provides that certain eligible cities may reauthorize a sales and use tax to provide for street maintenance, if the tax is authorized by a majority of the qualified voters; and

WHEREAS, the Act provides that such an election shall be held in accordance with Chapter 321 of the Tax Code; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS:

SECTION 1. ORDER

A special election shall be held on Saturday, May 7, 2016, to submit to the voters a proposition to determine whether to reauthorize the adoption of a one-quarter (1/4) of one percent (1%) sales and use tax for street maintenance purposes.

SECTION 2. BALLOT

The official ballots for the election shall be prepared in accordance with the Texas Election Code so as to permit the electors to vote "FOR" or "AGAINST" the proposition, with the ballots to contain such provisions, markings and language as required by law, and with such proposition to be expressed substantially as follows:

PROPOSITION

FOR	()	THE REAUTHORIZATION OF THE LOCAL SALES AND USE TAX IN CORINTH AT THE RATE OF ONE-FOURTH OF ONE PERCENT TO CONTINUE PROVIDING REVENUE FOR MAINTENANCE AND REPAIR OF
AGAINST	()	MUNICIPAL STREETS.

SECTION 3. JOINT ELECTION

By contract with Denton County, the City Council has agreed that Denton County shall conduct the special election.

SECTION 4. GOVERNING LAW

The election shall be held in accordance with the Constitution of the State of Texas and the Texas Election Code.

SECTION 5. EARLY VOTING

Early voting hours for the election shall be Monday, April 25, 2016 through Saturday, April 30, 2016 from 8:00 a.m. to 5:00 p.m. Additional Early Voting hours are Monday, May 2, 2016 and Tuesday, May 3, 2016 from 7:00 a.m. until 7:00 p.m.

SECTION 6. NOTICE

Notice of this election shall be given in accordance with the Election Code. Returns of the election shall be made to the City Council as soon as practicable after the closing of the polls.

SECTION 7. NOTIFICATIONS

Upon adoption of this Ordinance, the City Secretary is directed to immediately give notice of the election to the Texas Comptroller of Public Accounts, by delivering to him a copy of this Ordinance.

SECTION 8. SUBMISSION TO THE UNITED STATES JUSTICE DEPARTMENT

The City Attorney is authorized to make such submissions as are necessary to the United States Justice Department to seek pre-clearance as to the extent required by law.

SECTION 9. NECESSARY ACTIONS

The Mayor and the City Secretary, in consultation with the City Attorney, are authorized and directed to take all actions necessary to comply with the provisions of the Election Code, the City Code and City Charter, and Chapter 327 of the Tax Code in carrying out and conducting the election, whether or not expressly authorized by this Ordinance. In accordance with the Code, immediately after the closing of the polls on the day of the election, the election officers shall make and deliver the returns of the election in accordance with the provisions of the Election Code.

SECTION 10. EFFECTIVE DATE

This Ordinance shall be effective upon its adoption.

PASSED AND APPROVED THIS 4th DAY OF FEBRUARY, 2016.

Bill Heidemann, Mayor

ATTEST:

Kim Pence, City Secretary

APPROVED AS TO FORM:

Debra Drayovitch, City Attorney

TAX CODE

TITLE 3. LOCAL TAXATION

SUBTITLE C. LOCAL SALES AND USE TAXES

CHAPTER 327. MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

Sec. 327.001. DEFINITION. In this chapter, "municipal street" means the entire width of a way held by a municipality in fee or by easement or dedication that has a part open for public use for vehicular travel. The term does not include a designated state or federal highway or road or a designated county road.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Sec. 327.002. MUNICIPAL SALES AND USE TAX ACT APPLICABLE. Except to the extent that a provision of this chapter applies, Chapter 321 applies to the tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Sec. 327.003. TAX AUTHORIZED. (a) A municipality may adopt the sales and use tax authorized by this chapter at an election held in the municipality.

(b) A municipality may not adopt a tax under this chapter or increase the rate of the tax if as a result of the adoption of the tax or the increase in the rate of the tax the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed two percent at any location in the municipality.

(c) If the voters of a municipality approve the adoption of the tax or the increase in the rate of the tax at an election held on the same election date on which another political subdivision adopts a sales and use tax or approves the increase in the rate of its sales and use tax and as a result the combined rate of all sales

and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed two percent at any location in the municipality, the election to adopt a sales and use tax under this chapter has no effect.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 1, eff. June 20, 2003.

Sec. 327.004. TAX RATE. The tax authorized by this chapter may be imposed at any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 327.003(b).

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 2, eff. June 20, 2003.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 1971), Sec. 18, eff. September 1, 2015.

Sec. 327.005. SALES AND USE TAX EFFECTIVE DATE. (a) The adoption of the tax or the change in the rate of the tax takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller receives notice of the results of the election.

(b) If the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax, the effective date may be extended by the comptroller until the first day of the next succeeding calendar quarter.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 3, eff. June 20, 2003.

Sec. 327.006. ELECTION PROCEDURE. (a) An election to adopt the tax authorized by this chapter is called by the adoption of an ordinance by the governing body of the municipality.

(b) At an election to adopt the tax, the ballot shall be prepared to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to provide revenue for maintenance and repair of municipal streets."

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 4, eff. June 20, 2003.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 157), Sec. 19, eff. September 1, 2015.

Sec. 327.0065. RATE CHANGE. (a) A municipality that has adopted a sales and use tax under this chapter may by ordinance decrease the rate of the tax in increments of one-eighth of one percent.

(b) A municipality that has adopted a sales and use tax under this chapter may by ordinance increase the rate of the tax to any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 327.003(b) if the increase is authorized at an election held in the municipality.

(c) The ballot for an election to increase the tax shall be printed to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to provide revenue for maintenance and repair of municipal streets."

Added by Acts 2003, 78th Leg., ch. 403, Sec. 5, eff. June 20, 2003.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1246 (H.B. 157), Sec. 20, eff. September 1, 2015.

Sec 327.007. REAUTHORIZATION OF TAX. (a) Unless imposition of the sales and use tax authorized by this chapter is reauthorized as provided by this section, the tax expires on:

(1) the fourth anniversary of the date the tax originally took effect under Section 327.005;

(2) the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary;

(2-a) if the tax is imposed in a municipality that is intersected by two interstate highways, that has a population of 150,000 or more, and in which at least 66 percent of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of the tax favored adoption or reauthorization, and that tax has not expired as provided by Subdivision (1) or (2) since the first of those two consecutive elections, the last day of the first calendar quarter occurring after the eighth anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary instead of the period described by Subdivision (2); or

(3) if the tax is imposed in a general-law municipality with a population of 10,000 or more surrounded entirely by a municipality with a population of 1.3 million or more, the last day of the first calendar quarter occurring after the 10th anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary instead of the period described by Subdivision (2).

(b) An election to reauthorize the tax is called and held in the same manner as an election to adopt the tax under Section 327.006, except the ballot proposition shall be prepared to permit voting for or against the proposition: "The reauthorization of the local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to continue providing revenue for

maintenance and repair of municipal streets. The tax expires on the (insert fourth, eighth, or 10th) anniversary of the date of this election unless the imposition of the tax is reauthorized."

(c) If an election to reauthorize the tax is not held before the tax expires as provided by Subsection (a), or if a majority of the votes cast in an election to reauthorize the tax do not favor reauthorization, the municipality may not call an election on the question of authorizing a new tax under this chapter before the first anniversary of the date on which the tax expired.

(d) Not later than the 10th day after the date the municipality determines that the tax will expire as provided by Subsection (a), the municipality shall notify the comptroller of the scheduled expiration. The comptroller may delay the scheduled expiration date if the comptroller notifies the municipality that more time is required. The comptroller must provide a new expiration date that is not later than the last day of the first calendar quarter occurring after the notification to the comptroller.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 6, eff. June 20, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1322 (S.B. 475), Sec. 1, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 385 (H.B. 2853), Sec. 1, eff. June 10, 2015.

Sec. 327.008. USE OF TAX REVENUE. Revenue from the tax imposed under this chapter may be used only to maintain and repair municipal streets or sidewalks existing on the date of the election to adopt the tax.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 385 (H.B. 2853), Sec. 2, eff. June 10, 2015.

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Elm Fork Trail Lease Renewal

Submitted For: Cody Collier, Acting Director

Submitted By: Cody Collier, Acting Director

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on the Elm Fork Trail Lease Agreement (Lease No. DACW63-1-10-0523) between the City of Corinth and the Lake Lewisville Army Corps of Engineers.

AGENDA ITEM SUMMARY/BACKGROUND

The City of Corinth entered into a Lease Agreement with the Lake Lewisville Army Corps of Engineers for the use of the Elm Fork Trail on February 8, 2010 (Lease No. DACW63-1-10-0523). The Lease was set to be renewable for a term of four (4), five (5) year option periods (totaling 20 years). The lease expired and was not renewed in December of 2014. In late 2015, staff began working for the renewal of the lease and met with representatives from the Army Corps to discuss concerns and terms within the lease pertaining to maintenance and projects outlined within the scope of the lease. The Lewisville Lake Army Corps representatives agreed the lease was far more than was actually needed for use of a trail and agreed to work on a new lease over the course of the 2016 year with Corinth staff.

The renewal of the current lease is with the terms of Executive Order 13658 pertaining to paying the applicable minimum wage for contractors or employees who may be hired to work on the trail, and changing the renewable terms of the lease which is now set to expire on December 31, 2016. This has been done to grant Corinth legal access to utilize the Elm Fork Trail for the remainder of this calendar year while a new and more appropriate lease is created granting a structural easement for the equestrian bridge (located near Oak Bluff Drive) and the limits of the actual trail. The Lease being created this year, appropriately represents the needs of the trail, and removes the work and maintenance requirements on Army Corps property and is scheduled to be ready by December 2016 to continue uninterrupted continuity and use of the trail in the future.

RECOMMENDATION

Staff recommends approval of the Elm Fork Trail Lease Agreement (Lease No. DACW63-1-10-0523) between the City of Corinth and the Lewisville Lake Army Corps of Engineers for the remainder of the 2016 calendar year.

Attachments

Trail Lease Renewal

Elm Fork Trail

SUPPLEMENTAL AGREEMENT NO. 1

TO

LEASE NO. DACW63-1-10-0523

LOW DENSITY RECREATION

LEWISVILLE LAKE, TEXAS

This Supplemental Agreement No. 1 is made and entered into between the Secretary of the Army, party of the first part, hereinafter referred to as the Government, and The City of Corinth, Attention: Community Services Department, 3300 Corinth Parkway, Corinth, Texas 76208, party of the second part, hereinafter referred to as the Lessee;

WITNESSETH:

WHEREAS, on 12 May 2010, the Government granted to The City of Corinth, the above numbered lease for low density recreation within a wildlife management area, for a period of five (5) years beginning 1 January 2010 and ending 31 December 2014 with four (4), five (5) year options periods at Lewisville Lake, Denton County, Texas, as more specifically described in said lease; and

WHEREAS, Lessee has requested that the term of the lease be extended for an additional five (5) years; and

WHEREAS, the Government is agreeable to amending said lease for an additional two (2) years beginning 1 January 2015 and ending 31 December 2016.

NOW THEREFORE, Lease No. DACW63-1-10-0523 is hereby amended in the following respects only:

1. Delete from the first condition, **TERM** paragraph of the original lease the following words, "term of five (5) years, beginning 1 January 2010 and ending 31 December 2014, with four (4), five (5) year option periods available, (25 years total)." and substitute in lieu thereof, "term of two (2) years, beginning 1 January 2015 and ending 31 December 2016, with three (3), five (5) year option periods available, (17 years total)."

2. Add the following as Condition 37,

37. DETERMINATION REGARDING EXECUTIVE ORDER 13658

Any reference in this section to "prime contractor" or "contractor" shall mean the

Lessee and any reference to "contract" shall refer to the Lease.

The parties expressly stipulate this contract is subject to Executive Order 13658, the regulations issued by the Secretary of labor in 29 CFR Part 10 pursuant to the Executive Order, and the following provisions.

a. Minimum Wages.

(1) Each worker (as defined in 29 CFR 10.2) engaged in the performance of this contract by the prime contractor or any subcontractor, regardless of any contractual relationship which may be alleged to exist between the contractor and worker, shall be paid not less than the applicable minimum wage under Executive Order 13658.

(2) The minimum wage required to be paid to each worker performing work on or in connection with this contract between January 1, 2015 and December 31, 2015 shall be \$10.10 per hour. The minimum wage shall be adjusted each time the Secretary of Labor's annual determination of the applicable minimum wage under section 2(a)(ii) of Executive Order 13658 results in a higher minimum wage. Adjustments to the Executive Order minimum wage under section 2(a)(ii) of Executive Order 13658 will be effective for all workers subject to the Executive Orders beginning January 1 of the following year. If appropriate, the contracting officer, or other agency official overseeing this contract shall ensure the contractor is compensated only for the increase in labor costs resulting from the annual inflation increases in the Executive Order 13658 minimum wage beginning on January 1, 2016. The Secretary of Labor will publish annual determinations in the Federal Register no later than 90 days before such new wage is to take effect. The Secretary will also publish the applicable minimum wage on www.wdol.gov (or any successor Web site). The applicable published minimum wage is incorporated by reference into this contract.

(3) The contractor shall pay unconditionally to each worker all wages due free and clear and without subsequent deduction (except as otherwise provided by 29 CFR 10.23), rebate, or kickback on any account. Such payments shall be made no later than one pay period following the end of the regular pay period in which such wages were earned or accrued. A pay period under this Executive Order may not be of any duration longer than semi-monthly.

(4) The prime contractor and any upper-tier subcontractor shall be responsible for the compliance by any subcontractor or lower-tier subcontractor with the Executive Order minimum wage requirements. In the event of any violation of the minimum wage obligation of this clause, the contractor and any subcontractor(s) responsible therefore shall be liable for the unpaid wages.

(5) If the commensurate wage rate paid to a worker on a covered contract whose wages are calculated pursuant to a special certificate issued under 29 U.S.C. 214(c), whether hourly or piece rate, is less than the Executive Order minimum wage,

the contractor must pay the Executive Order minimum wage rate to achieve compliance with the Order. If the commensurate wage due under the certificate is greater than the Executive Order minimum wage, the contractor must pay the 14(c) worker the greater commensurate wage.

b. Withholding. The agency head shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the prime contractor under this or any other Federal contract with the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay workers the full amount of wages required by Executive Order 13658.

c. Contract Suspension/Contract Termination/Contractor Debarment. In the event of a failure to pay any worker all or part of the wages due under Executive Order 13658 or 29 CFR Part 10, or a failure to comply with any other term or condition of Executive Order 13658 or 29 CFR Part 10, the contracting agency may on its own action or after authorization or by direction of the Department of Labor and written notification to the contractor, take action to cause suspension of any further payment, advance or guarantee of funds until such violations have ceased. Additionally, any failure to comply with the requirements of this clause may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the contractor in default with any additional cost. A breach of the contract clause may be grounds for debarment as a contractor and subcontractor as provided in 29 CFR 10.52.

d. The contractor may not discharge any part of its minimum wage obligation under Executive Order 13658 by furnishing fringe benefits or, with respect to workers whose wages are governed by the Service Contract Act, the cash equivalent thereof.

e. Nothing herein shall relieve the contractor of any obligation under Federal, State or local law, or under contract, for the payment of a higher wage to any worker, nor shall a lower prevailing wage under any such Federal, State, or local law, or under contract, entitle a contractor to pay less than \$10.10 (or the minimum wage as established each January thereafter) to any worker.

f. Payroll Records.

(1) The contractor shall make and maintain for three years of records containing the information specified in paragraphs f(1)(i) through (vi) of this section for each worker and shall make the records available for inspection and transcription by authorized representative of the Wage and Hour Division of the U.S. Department of Labor:

- (i) Name, address, and social security number.

- (ii) The worker's occupation(s) or classification(s).
- (iii) The rate or rates of wages paid.
- (iv) The number of daily and weekly hours worked by each worker.
- (v) Any deductions made; and
- (vi) Total wages paid.

(2) The contractor shall also make available a copy of the contract, as applicable, for inspection or transcription by authorized representatives of the Wage and Hour Division.

(3) Failure to make and maintain or to make available such records for inspection and transcription shall be a violation of 29 CFR Part 10 and this contract, and in the cause of failure to produce such records, the contracting officer, upon direction of an authorized representative of the Department of Labor, or under its own action, shall take such action as may be necessary to cause suspension of any further payment or advance of funds until such time as the violations are discontinued.

(4) The contractor shall permit authorized representative of the Wage and Hour Division to conduct investigation, including interviewing workers at the worksite during normal working hours.

(5) Nothing in this clause limits or otherwise modifies the contractor's payroll and recordkeeping obligations, if any, under the Davis-Bacon Act, as amended, and its implementing regulation; the Service Contract Act, as amended, and its implementing regulations; the Fair Labor Standards Act, as amended, and its implementing regulations; or any other applicable law.

g. The contractor (as defined in 29 CFR 10.2) shall insert this clause in all of its covered subcontracts and shall require its subcontractors to include this clause in any covered lower-tier subcontracts. The prime contractor and any upper-tier subcontractor shall be responsible for the compliance by any subcontractor or lower-tier subcontractor with this contract clause.

h. Certification of Eligibility.

(1) By entering into this contract, the contractor (an officials thereof) certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of the sanctions imposed pursuant to section 5 of the Service Contract Act, section 3(a) of the Davis-Bacon Act, or 29 CFR 5.12(a)(1).

(2) No part of this contract shall be subcontracted to any person or firm whose name appears on the list of persons or firms ineligible to receive Federal contracts.

(3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

i. Tipped employees. In paying wages to a tipped employee as defined in section 3(t) of the Fair Labor Standards Act, 29 U.S.C 203(t), the contractor may take a partial credit against the wage payment obligation (tip credit) to the extent permitted under section 3(a) of Executive Order 13658. In order to take such a tip credit, the employee must receive an amount of tips at least equal to the amount of the credit taken; where the tipped employee does not receive sufficient tips to equal the amount of the tip credit the contractor must increase the cash wage paid for the workweek so that the amount of cash wage paid and the tips received by the employee equal the applicable minimum wage under Executive Order 13658. To utilize this proviso:

(1) The employer must inform the tipped employee in advance of the use of the tip credit;

(2) The employer must inform the topped employee of the amount of cash wage that will be paid and the additional amount by which the employee's wages will be considered increased on account of the tip credit;

(3) The employees must be allowed to retain all tips (individually or through a pooling arrangement and regardless of whether the employer elects to take a credit for tips received); and

(4) The employer must be able to show by records that the tipped employee received at least the applicable Executive Order minimum wage through the combination of direct wages and tip credit.

j. Antiretaliation. It shall be unlawful for any person to discharge or in any other manner discriminate against any worker because such worker has filed any complaint or instituted or caused to be instituted any proceeding under or related to Executive Order 13658 or 29 CFR Part 10, or has testified or is about to testify in any such proceeding.

k. Disputes concerning labor standards. Disputes related to the application of Executive Order 13658 to this contract shall not be subject to the general disputes clause of the contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Part 10. Disputes within the meaning of this contract clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the workers or their representatives.

I. Notice. The contractor must notify all workers performing work on or in connection with a covered contract of the applicable minimum wage rate under the Executive Order. With respect to service employees on contracts covered by the Service Contract Act and laborers and mechanics on contracts covered by the Davis-Bacon Act, the contractor may meet this requirement by posting, in a prominent and accessible place at the worksite, the applicable wage determination under those statutes. With respect to workers performing work on or in connection with a covered contract whose wages are governed by the FLSA, the contractor must post a notice provided by the Department of Labor in a prominent and accessible place at the worksite so it may be readily seen by workers. Contractors that customarily post notices to workers electronically may post the notice electronically provided such electronic posting is displayed prominently on any Web site that is maintained by the contractor, whether external or internal, and customarily used for notices to workers about terms and conditions of employment.

EXCEPT for the revisions above, the terms and conditions of the lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand by authority of the Secretary of the Army, this _____ day of _____, 2015.

Lee A. Flannery
Chief, Management and Disposal Branch
Real Estate Contracting Officer

The above instrument, together with all the conditions thereof, is hereby accepted this _____ day of _____, 2015

The City of Corinth

By: _____

Title: _____

CERTIFICATE OF AUTHORITY

I _____, certify that I am the _____ of The City of Corinth, named as the grantee herein; and that _____, who signed the foregoing instrument on behalf of The City of Corinth, was then _____ of The City of Corinth. I further certify that the said officer was acting within the scope of powers delegated to this officer by the governing body of The City of Corinth, in executing said instrument.

Date _____

Authorized Representative

(Title)

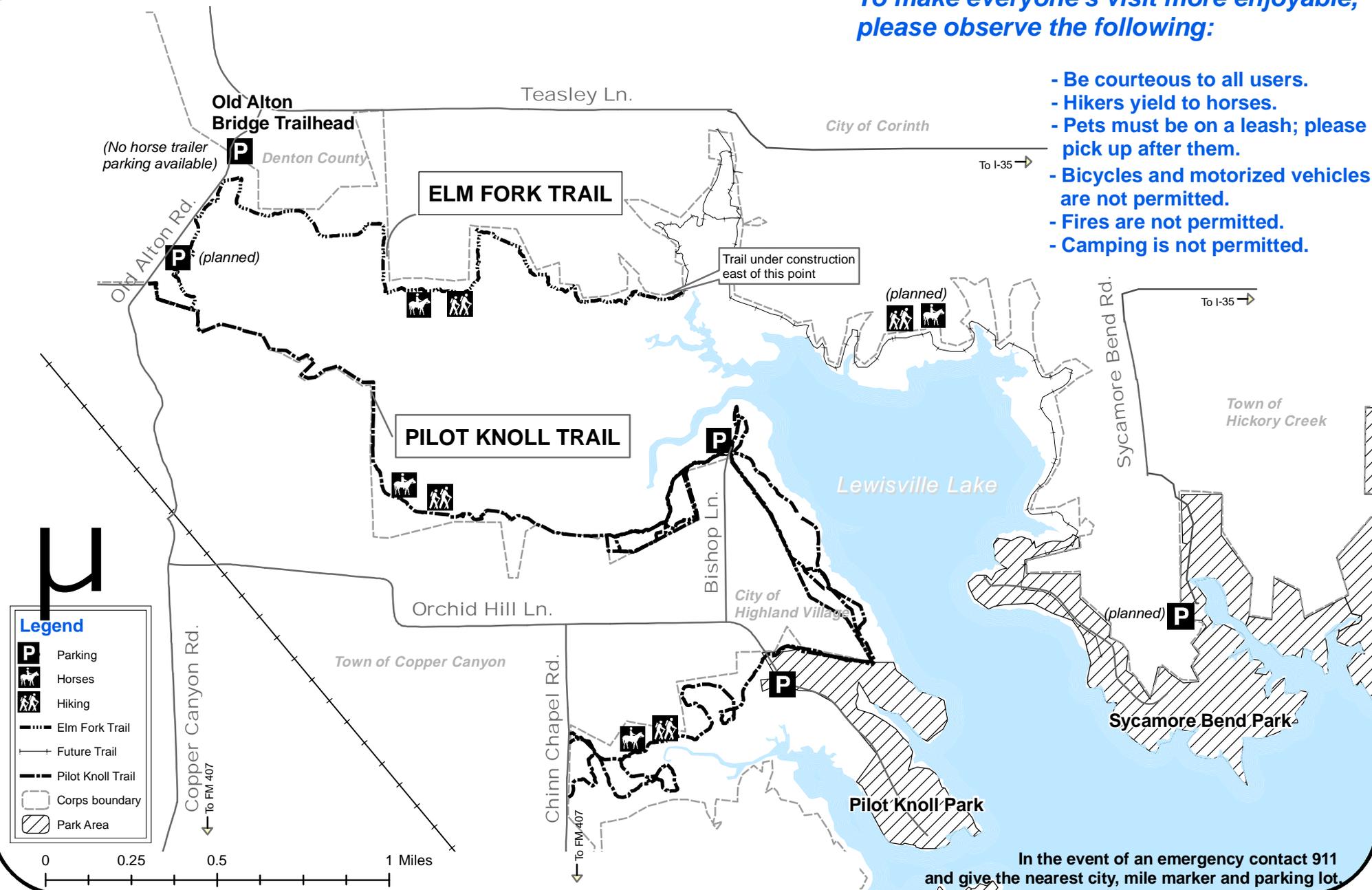
AFFIX COMPANY SEAL

NOTE: This form certifies that the person signing the attached instrument has the authority to do so. The signature of the Secretary/Attesting Officer and the individual signing the attached instrument cannot be the same person.

Elm Fork and Pilot Knoll Horse and Hiking Trails

To make everyone's visit more enjoyable, please observe the following:

- Be courteous to all users.
- Hikers yield to horses.
- Pets must be on a leash; please pick up after them.
- Bicycles and motorized vehicles are not permitted.
- Fires are not permitted.
- Camping is not permitted.



Legend

- P** Parking
- Horses
- Hiking
- Elm Fork Trail
- Future Trail
- Pilot Knoll Trail
- Corps boundary
- Park Area

In the event of an emergency contact 911 and give the nearest city, mile marker and parking lot.

These trails are made possible through a Challenge Partnership Agreement between the Town of Copper Canyon, City of Corinth, Town of Hickory Creek, the U.S. Army Corps of Engineers and the diligent work of many volunteers.

The U.S. Army Corps of Engineers has depicted this spatial data as a representation of the various geographic information gathered from multiple sources. This data should be viewed only as a representation of the data and should not be used for any other purpose. No guarantee is made by the U.S. Army Corps of Engineers regarding the accuracy or completeness of the data or their suitability for a particular use.

Thanks to Denton County Public Works - GIS Department for their kind assistance in developing this map4-08 ECT

Meeting Date: 02/04/2016

Title: Texas Coalition For Affordable Power Resolution

Submitted For: Lee Ann Bunselmeyer, Acting City Manager

Submitted By: Lee Ann Bunselmeyer, Acting City Manager

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a Resolution authorizing the Texas Coalition for Affordable Power, Inc (TCAP) to negotiate an electric supply agreement for five years for deliveries of electricity effective January 1, 2018; Authorizing TCAP to act as an agent on behalf of the City to enter into a contract for electricity authorizing the City Manager, City Manager's Designated Representative, or Mayor to execute an electric supply agreement for deliveries of electricity effective January 1, 2018 and committing to budget for energy purchases in 2018 through 2022 and to honor the City's commitments to purchase power for its electrical needs in 2018 through 2022 through TCAP.

AGENDA ITEM SUMMARY/BACKGROUND

This resolution is designed to support the second of several opportunities for TCAP members to contract for electricity for the post-2017 time period. If interested in contracting for a five-year term (2018-2022) during 2016, the authorizing resolution must be passed by the governing body of the interested TCAP member by February 25, 2016. The deadline will allow definition of the load to be served under each of three different electric supply options, which must be at least a minimum of 50 megawatts. Also, the deadline will give the wholesale provider ample opportunity to lock a fixed-price, equal to or less than a specific benchmark for each ERCOT zone, before June 30, 2016. When that supply scenario is locked, each member that passed the authorizing resolution must immediately sign a contract for that power. Please Note: The draft resolution is in Word and blanks must be filled in to identify the member, the preferred supply option and several individuals by name or position who will sign the contract when the appropriate price point is reached.

Explanation of Whereas Clauses:

1) **What is TCAP?** As reflected in the fourth and seventh Whereas clauses, TCAP is a non-profit, political subdivision corporation, owned and controlled by its 171 political subdivision members, the vast majority of whom are cities. TCAP was formed in 2011 from the merger of Cities Aggregation Power Project ("CAPP") and South Texas Aggregation Project ("STAP"), both of which were created in 2001, shortly before retail deregulation became effective on January 1, 2002. TCAP is governed by a 15 member board of directors, all of whom must be city employees or elected city officials. Typically, board members have been mayors, city managers, assistant city managers, finance directors or city attorneys.

2) **Market Benefits of TCAP:** An individual city, citizen or commercial customer can only purchase power directly from a Retail Electric Provider ("REP") which under Texas law exists to give the impression of a competitive market. REPs cannot generate electricity, nor can they own wires. REPs are unnecessary middlemen between the wholesale and retail markets. As reflected in the second and fourth Whereas clauses, TCAP, as a political subdivision corporation, uniquely can go directly to the wholesale market. CAPP and STAP, prior to their merger into TCAP, separated contracts between a wholesale supplier and an independent REP, providing TCAP consultants with greater insight into the margins of various market participants than would be possible for most consumers. A broker or a REP would hand a form contract to an individual consumer. In the case of TCAP, no form contract is acceptable and, because of the size of TCAP's load, both wholesale suppliers and REPs are willing to negotiate contract terms that are beneficial to TCAP members, enabling the refunds members have consistently received, special terms for adds and deletes, including an ability to add new loads at current market prices even if the market price is lower than the price of the master agreement.

3) **TCAP's benefits regarding pricing:** TCAP's membership consumes approximately 1.4 billion kWh annually

which amounts to approximately \$100 million in revenue for the wholesale provider at current contract prices. The value of the aggregated load is extremely appealing to wholesale market participants, enabling TCAP to get the market competitive pricing at any particular moment. As reflected in the third Whereas clause, in addition to the size of its load, TCAP derives benefit from geographic diversity. TCAP members reside in all four ERCOT zones and are spread between the entire length and breadth of Texas, from Wichita Falls to Harlingen and Fort Stockton to Palestine. Since consumption is influenced by weather and since weather conditions are seldom the same across all of Texas, it is unlikely that all TCAP members are reaching peak consumption simultaneously. If the peaks of all TCAP members were totaled, the sum would equal 313.1 MW. But a wholesale supplier looks at the peak consumption of TCAP as an aggregated load rather than the sum of the peaks of all members. TCAP's peak demand is 246.9 MW. That reduction in peak is a specific and unique benefit of aggregation. And unlike other aggregation groups that accept counties and school districts as members, TCAP has focused its membership on cities and other political subdivisions that have a relationship with cities to maintain the very favorable load factor of cities with high off peak consumption from street lights which provides favorable pricing terms.

4) History of CAPP, STAP, TCAP pricing: As reflected in the fifth and eighth Whereas clauses, aggregated cities have historically been interested in flat, fixed-price, full-requirements contracts and price stability. The resolution under consideration maintains that goal for a five-year period at a price much lower than the current contract price. In 2002, CAPP and STAP were able to obtain prices for energy at 4 cents per kWh. Very quickly after retail deregulation was implemented, natural gas prices started to rise, and they continued on an upward trend until late 2008. In late 2008, CAPP cities were paying approximately 13.5 cents per kWh. Fear that natural gas price volatility would continue to result in high electricity rates, CAPP cities were excited to lock-in long term rates beginning in 2009 that were significantly lower than prices experienced in the 2007-2008 time frame. STAP cities experienced their highest rate in 2006 at slightly more than 9 cents per kWh. STAP cities saw prices drop to around 7.8 cents per kWh in 2008 and were happy to find a contract that would stabilize prices in the 7 to 8 cent range for an extended period. When CAPP and STAP members signed new contracts in late 2008, no one could have predicted that the economy was about to enter a multi-year recession and that fracking would bring a glut of natural gas to a market with reduced demand, putting natural gas and electricity prices into a downward trend. Fortunately, gas prices have continued to drop and now TCAP members have an opportunity to again capture rates in the range of, and hopefully below, 4 cents per kWh.

5) Contract Requirements: As explained in the tenth Whereas clause, there is no legal requirement that a city engage in a competitive bidding process prior to contracting for electricity. The primary expectation of contracting for wholesale energy in a deregulated energy market is that a purchaser sign a contract accepting a particular offered price within 24 hours of receipt of the offer. NYMEX gas futures prices change daily, and since gas prices drive electricity prices, it is unlikely that any given price quote for wholesale electricity during a given period will remain open for more than a day. As explained in the ninth Whereas clause, TCAP members are expected to immediately execute a contract once TCAP's supplier is able to lock in a price at or below the benchmark prices specified in the resolutions for a five-year period commencing January 1, 2018. That is why Section 2 of the resolution requires the naming of specific individuals with whom TCAP can correspond and provide a contract for signing when appropriate.

6) Resolution's Objective: As explained in the eleventh thru fourteenth Whereas clauses, after the size of the load for the 2015 contract opportunity is defined by February 25, 2016, TCAP's supplier will look for an opportunity to lock prices for the five-year term at or below specified benchmarks (4.1 – 4.25 cents per kWh). That may happen by the second week of March, but if it appears that prices are trending downward, TCAP will direct its designated supplier, NextEra, to daily monitor the market to hopefully capture a price under lower than benchmarked prices. The window of opportunity for capturing a reasonable price at or below the benchmarks will expire by June 30, 2016. TCAP will develop another supply opportunity in the Fall of 2016 for any members not contracting in this offering.

7) TCAP benefits to the consuming public: Whereas clause six references TCAP becoming a forceful voice for consumer protections and market reform to benefit the public as well as political subdivisions. When CAPP and STAP merged in 2011, one of the guiding principles established in meetings with members and through subsequent board priority-setting meetings was that TCAP should advocate for reforms in the market that would enhance competition and benefit the general public. TCAP has become the closest thing to a consumer advocate that exists

in the deregulated marketplace on both the wholesale and retail sides of the business. TCAP membership not only provides political subdivisions with resources to monitor markets, capture reasonable prices and best available terms, stabilize budgets, address problems with invoices and help with governmental reports, provide best of class portals to understand consumption patterns, membership also affords an opportunity to represent to constituents that they have an advocate on their behalf.

Choice of Supply Option

Whereas Clause 13 identifies three different supply options that TCAP has arranged as choices for each member. Option 1 is a fixed price for all consumption regardless of time of day. The price will not exceed 4.1 cents per kWh in the North and West ERCOT zones. It will not exceed 4.25 cents per kWh in the Houston and South zones. The actual price is likely to be less than the benchmark prices. The prices will become effective January 1, 2018. Given that these prices are to be locked in 2016 and will not expire until December 31, 2022, they are reflective of the lowest prices for electricity experienced since the retail market was deregulated January 1, 2002. Generally speaking, there ought to be an expectation that the price of energy will climb marginally for each year of the contract term beyond two years. The possibility of locking-in energy prices at or below 4 cents per kWh for a period that terminates in seven years is truly remarkable based upon the history of deregulation.

In the Spring of 2015, TCAP consultants received indicative fixed-prices around 4.5 cents per kWh. They then developed two supply options to the fixed price full requirements contract that offered attractive savings opportunities. Both Options 2 and 3 have variable components related to the energy spot market. While the average spot price in the past three years has been \$32.14/Mwh (2013), \$38.50/Mwh (2014), \$25.53/Mwh (2015), respectively, it is important to note that spot market prices can change every 15 minutes, therefore it is impossible to provide members a precise price for Options 2 and 3. While they provide an opportunity for savings off of the benchmarked prices for Option 1, savings cannot be guaranteed, and thus Option 2 and 3 involve risk to that does not exist with Option 1. A TCAP member that is completely risk adverse should select Option 1.

Option 2 fixes a price for the peak usage period and then turns to the spot market for all off-peak usage. When TCAP was developing these products in 2014, there was a large enough gap between fixed price options and spot prices that this option looked very attractive. Now, with market prices at historic recent term lows, both spot prices and fixed prices have fallen and their price differential has shrunk to the point that future savings from the spot market may not be as great as the risk of future price increases.

Option 2 was developed with the anticipation that spot prices during the off peak period would be in the range of \$10/MWh to \$40/MWh (\$0.01-\$0.04/kWh) over time for spot purchases. Our latest quotes for fully fixed priced products (Option 1) includes off peak pricing fixed at under \$20/MWh. These low Option 1 fixed prices for off peak usage may make it harder for future off peak spot prices to create additional savings under Option 2 over time even though the customer will be incurring market price risk.

Option 3 begins with the purchase of a block of power to cover the base use of all members who commit to this option. Block power, since it is a firm commitment 24 hours a day, is the cheapest form of energy available in the wholesale market. Daytime peak consumption will be partly covered by a fixed price for solar power with all other consumption supplied by the spot market.

In considering Option 2, TCAP consultants would tell you that with current prices about a half cent less than the price that existed when Option 2 was conceptualized last Spring, it will be difficult for Option 2 to generate savings sufficient to justify its selection. Option 3 with its majority reliance on the cheapest form of energy has a greater probability than Option 2 of producing savings over Option 1. But again, with such low Option 1 fixed priced products now available to TCAP members, and since there are no guarantees that Options 2 or 3, which utilize spot market pricing, will remain as attractive as they were even a few months ago.

Explanation of "Be It Resolved" Sections

Section 1. Authorizes TCAP to submit the members load, along with the load of other authorizing members, to be

aggregated into a pool by TCAP's wholesale supplier for a contract commencing January 1, 2018 and terminating December 31, 2022 with the understanding that the fixed, full-requirements price under Option 1 must not exceed 4.1 cents per kWh in the North and West zones and must not exceed 4.25 cents in the Houston and South zones.

Section 2. Sets conditions precedent that the aggregated load exceed 50 MW, that the resolution be passed before February 25, 2016, and that NextEra has until June 3, 2016 to lock in a fixed price for the aggregated load that does not exceed benchmark prices. It also requires the designation of a specific individual, by name or title, who are authorized to sign a contract within 24 hours of submittal, assuming the conditions have been met.

Section 3. Consistent with the last two Whereas clauses, this section commits the member to budget for and approve funds necessary to pay for the member's proportionate share of the aggregated load that TCAP commits to with NextEra. TCAP will contract with NextEra based upon representations of authorizing members, each of whom will be provided with a Commercial Electric Service Agreement ("CESA") with GEXA, the current REP, that extends current retail service terms with the lower wholesale price arranged with NextEra for the 2018-2020 time period.

Section 4. In order for TCAP to be informed of the passage of the resolution so that the member's load can be aggregated by NextEra, this section specifies that a copy of the resolution should be sent to TCAP's Executive Director and General Counsel.

RECOMMENDATION

Staff recommends approval of the Resolution authorizing the Texas Coalition for Affordable Power, Inc to negotiate an electric supply agreement and the City Manager, City Manager's Designated Representative, or Mayor to execute an electric supply agreement for five years for delivery of electricity effective January 1, 2018 and participating in supply Option 1.

Attachments

Resolution

RESOLUTION _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS, AUTHORIZING THE TEXAS COALITION FOR AFFORDABLE POWER, INC. (TCAP) TO NEGOTIATE AN ELECTRIC SUPPLY AGREEMENT FOR FIVE YEARS FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2018; AUTHORIZING TCAP TO ACT AS AN AGENT ON BEHALF OF THE CITY TO ENTER INTO A CONTRACT FOR ELECTRICITY; AUTHORIZING THE CITY MANAGER, CITY MANAGER'S DESIGNATED REPRESENTATIVE, OR MAYOR EXECUTE AN ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2018 AND COMMITTING TO BUDGET FOR ENERGY PURCHASES IN 2018 THROUGH 2022 AND TO HONOR THE CITY'S COMMITMENTS TO PURCHASE POWER FOR ITS ELECTRICAL NEEDS IN 2018 THROUGH 2022 THROUGH TCAP

1. **WHEREAS**, the City of Corinth, Texas (City) is a member of Texas Coalition For Affordable Power, Inc. (TCAP), a non-profit, political subdivision corporation dedicated to securing electric power for its more than 170 members in the competitive retail market; and

2. **WHEREAS**, TCAP has unique rights under Texas law to negotiate directly in the wholesale market and arrange separate contracts for power supply and retail services which provides TCAP leverage to achieve contract provisions that single city negotiations with a Retail Electric Provider (REP) would be unlikely to produce; and

3. **WHEREAS**, TCAP's geographic diversity across all four ERCOT zones produces an aggregated peak load that is lower than the total of individual peak loads of the individual TCAP members, allowing price benefits in the wholesale market that are not likely to be available to any given TCAP member alone; and

4. **WHEREAS**, TCAP and its predecessor organizations, Cities Aggregation Power Project, Inc. (CAPP) and South Texas Aggregation Project, Inc. (STAP), negotiated favorable

contract terms that resulted in rebates from the wholesale supplier and reasonable commodity prices for delivered electricity since 2002 resulting in stable budgets for electricity for members; and

5. **WHEREAS**, commodity prices for electricity experienced significant volatility between 2002 and 2009, with prices ranging from 4 cents to over 13 cents per kWh, causing CAPP and STAP members to welcome a five year contractual commitment that came close to cutting the 2008 prices in half, with that contract being extended until December 31, 2017, with a negotiated price reduction of about 1 cent per kWh; and

6. **WHEREAS**, TCAP has become a forceful voice for consumer protections and market reform to benefit the public and well as cities and other political subdivisions; and

7. **WHEREAS**, TCAP is owned by its members and distributes monetary and other resources according to relative load size of members and is controlled by a 15 member Board of Directors, all of whom must be city employees of members who represent diversity in size and geography; and

8. **WHEREAS**, wholesale power prices within the deregulated Texas market are largely determined by the NYMEX gas futures prices for natural gas which are currently low and relatively stable, but which change daily; and

9. **WHEREAS**, daily price changes require retail customers to execute a contract immediately upon receipt of a favorable offer; and

10. **WHEREAS**, pursuant to Texas Local Government Code Section 252.022(a)(15) expenditures for electricity are exempt from competitive bidding requirements; and

11. **WHEREAS**, on any given day, TCAP is able to capture a favorable wholesale price for any period of time, comparable to or better than any given REP or broker; and

12. **WHEREAS**, TCAP intends to continue to contract with its current wholesale supplier, NextEra, because the relationship with NextEra is such that NextEra is willing, after it knows the size of a given load, to execute a contract at or below prescribed price and terms; and

13. **WHEREAS**, the City desires to execute a contract for electricity for the period beyond the expiration of its current contract on December 31, 2017, that locks-in favorable wholesale prices under one of three different supply options:

Option 1 - fixed-price, full-requirements at a price not to exceed 4.1 cents per kWh for the North and West zones or 4.25 cents per kWh for the South and Houston zones;

Option 2 - fixed price for on-peak hours and variable spot market prices for off-peak hours;

Option 3 - block energy at a fixed price to cover the base load hours, a fixed price for solar energy to cover mid-day peak hours (approximately 10% of total load) and variable spot market prices for all remaining consumption; and

14. **WHEREAS**, TCAP will allow members six weeks from receipt of this resolution to consider whether to participate in this second opportunity to contract for post-2017 electrical supply, and thereafter allow NextEra until June 30, 2016 to contact for power for five years at a price not to exceed 4.1 cents per kWh in the North and West zones and a price not to exceed 4.25 cents per kWh in the South and Houston zones for Option 1 , so long as the aggregated load for any of the three supply options reaches at least 50 megawatts; and

15. **WHEREAS**, wholesale suppliers demand assurance that TCAP will pay for all contracted load; and

16. **WHEREAS**, the City needs to assure TCAP that it will sign a Commercial Electric Supply Agreement (CESA) reflecting the contract extension and budget for energy

purchases for the post-2017 period and honor its commitment to purchase power for its electrical needs for 2018 through 2022 through TCAP,

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF

Corinth, TEXAS:

Section 1:

That the TCAP Board of Directors and its consultants and advisors are agents authorized to negotiate for the City's electricity needs as a member of TCAP for the period 2018 through 2022 at a price not to exceed 4.1 cents per kWh for the North and West zones and a price not to exceed 4.25 cents per kWh in the Houston and South zones for supply Option 1;

Section 2:

The City prefers to participate in supply Option 1 with the following understanding: a) while supply Option 1 is a full-requirements, fixed-price option, Options 2 (fixed price on-peak, variable spot prices for off-peak usage) and 3 (fixed price for base load, fixed price for a portion of peak load, and variable spot market for remainder) have variable price components and savings over Option 1 cannot be guaranteed, and b) if there is insufficient desire among members to achieve a 50 MW threshold for either Option 2 or 3, the member selecting the inadequately subscribed option will be placed in the Option 1 category. If no option is selected, TCAP will assume that a passed Resolution approves of Option 1.

Section 3:

Assuming this resolution is passed before February 25, 2016 and the combined load of TCAP members passing this resolution exceeds 50 megawatts for the preferred Option and NextEra is able to provide TCAP an opportunity prior to June 30, 2016 to contract for power to be delivered to members at a price not to exceed 4.1 cents per kWh for the North and West zones and not to exceed 4.25 cents per kWh in the Houston and South zones for supply Option 1 for the period January 1, 2018 through December 31, 2022, any one of the following individuals is hereby authorized to sign an electric supply agreement for the City within 24 hours of receipt of a contract that has been approved and recommended by the TCAP Board of Directors: City Manager, City Manager's Designated Representative, or Mayor

Section 4:

That the City will commit to purchase power to meet all of its electricity needs eligible for competition pursuant to the TCAP approved supply agreement and approve funds necessary to pay electricity costs proportionate to the City's load under the supply agreement (whether wholesale or retail) arranged by TCAP and signed by TCAP's Executive Director or President or other TCAP representatives authorized by the TCAP Board.

Section 5:

That a copy of this resolution shall be sent to Jay Doegey, Executive Director, TCAP, 15455 Dallas Parkway, Suite 600, Addison, Texas 75001 and Geoffrey M. Gay, legal counsel to TCAP at 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PRESENTED AND PASSED on this the ____ day of _____, 2016, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of _____, Texas.

Mayor

ATTEST:

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Notice of intention to issue combination tax and revenue certificates of obligation

Submitted For: Lee Ann Bunselmeyer, Acting City Manager

Submitted By: Chris Rodriguez, Financial Services Manager

Finance Review: Yes

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on a resolution directing publication of notice of intention to issue combination tax and revenue certificates of obligation.

AGENDA ITEM SUMMARY/BACKGROUND

This provides the Notice of Intention to Issue City of Corinth Certificates of Obligation, Series 2016, as required by state law. To issue the certificates for the Capital Improvement Program for the current fiscal year, the City Council must adopt the attached "Intent to Sell" resolution at least 30 days prior to the sale. The notice will be published on February 11 and February 18, 2016. The certificates are being sold for 1) Constructing and improving streets and roads, 2) City Hall facilities and equipment, and 3) Public Safety facilities, equipment and furniture and will include the costs of issuance.

The timeline for the issue is:

February 4, 2016	Council adopts "Intent to Sell" resolution
February 11, 2016	1st Notice of Intent Published
February 18, 2016	2nd Notice of Intent Published
February 19-March 11, 2016	Draft Official Statements Circulated
March 18, 2016	Distribute Draft Documents to Rating Agencies & Insurance
March 21-25, 2016	Rating Conference Call/Meetings
April 6, 2016	Receive Ratings & Insurance Bids
April 7, 2016	Electronically Post Official Statement to Potential Purchasers
April 21, 2016	Receive Pricing
April 21, 2016	Council Passes Ordinance Authorizing Issuance of Certificate of Obligation's
May 19, 2016	Certificate Closing & Delivery of Funds to the City

RECOMMENDATION

Staff recommends approval of the resolution for the "Intent to Sell" certificates of obligation.

Fiscal Impact

Source of Funding: 2016 COs

FINANCIAL SUMMARY:

2016 Certificates of Obligation

Attachments

Intent to Sell Resolution

RESOLUTION NO. 16-02-04-

**RESOLUTION DIRECTING PUBLICATION OF NOTICE
OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION**

WHEREAS, this City Council deems it advisable to give notice of intention to issue combination tax and revenue certificates of obligation of the City of Corinth, Texas, as hereinafter provided;

WHEREAS, this City Council finds and determines that such projects are necessary and in the public interest of the City to provide public facilities and equipment for authorized needs and purposes; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed, was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS:

Section 1. Attached hereto is a form of Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation, the form and substance of which is hereby adopted and approved.

Section 2. The City Secretary shall cause said notice to be published in substantially the form attached hereto, in a newspaper, as defined by Subchapter C, Chapter 2051, Texas Government Code, of general circulation in the area of said City, once a week for two consecutive weeks, the date of the first publication thereof to be at least 30 days prior to the date tentatively set for the adoption of the ordinance authorizing the issuance of such certificates of obligation as shown in said notice.

Section 3. This Resolution shall become effective immediately upon adoption.

PASSED, APPROVED AND EFFECTIVE this the 4th day of February 2016.

BILL HEIDEMANN, MAYOR

ATTEST:

KIM PENCE, CITY SECRETARY

[CITY

SEAL]

CITY OF CORINTH, TEXAS
NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Corinth, Texas, at its meeting to commence at 7:00 P.M. on April 21, 2016, at its regular meeting place in the City Hall, 3300 Corinth Parkway, Corinth, Texas, tentatively proposes to adopt an ordinance authorizing the issuance of interest bearing certificates of obligation, in one or more series, in an amount not to exceed \$15,310,000, for paying all or a portion of the City's contractual obligations incurred in connection with:

- (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage;
- (ii) constructing and equipping improvements and renovations to City Hall;
- (iii) acquiring, improving and equipping a public safety facility for the police and fire departments;
- (iv) constructing and equipping a new fire station and improvements to existing fire stations;
- (v) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; and
- (vi) paying legal, fiscal and engineering fees in connection with such projects.

The City proposes to provide for the payment of such combination tax and revenue certificates of obligation from the levy and collection of ad valorem taxes in the City as provided by law, and from a limited pledge of surplus revenues of the City's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the City's waterworks and sewer system. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of V.T.C.A., Local Government Code, Subchapter C of Chapter 271.

CITY OF CORINTH, TEXAS

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Lake Cities Fire Department Overview

Submitted For: Lee Ann Bunselmeyer, Acting City Manager

Submitted By: Lee Ann Bunselmeyer, Acting City Manager

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Hold a discussion and give staff direction regarding the Lake Cities Fire Department future projects.

AGENDA ITEM SUMMARY/BACKGROUND

The Lake Cities Fire Department is a progressive organization that provides fire, rescue, and emergency medical services. The Department consists of a combination of 41 full-time firefighters, paramedics, and administrative personnel. The department currently operates out of two fire stations and a fire headquarters.

In 2012, the three cities (Hickory Creek, Lake Dallas, and Shady Shores) renewed a five-year inter-local agreement with the City of Corinth for fire services. The fire district is approximately 30 square miles with a combined population of approximately 30,000.

Staff is seeking direction on key issues/projects facing the Fire Department within the coming months.

RECOMMENDATION

City Council Regular and Workshop Session

Meeting Date: 02/04/2016

Title: Planning and Zoning Commission

Submitted By: Kim Pence, City Secretary

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on nominations, appointments, resignations of Place 2 and Alternate 2 of the Planning and Zoning Commission.

AGENDA ITEM SUMMARY/BACKGROUND

The purpose of the Planning and Zoning Commission (P&Z) is to act as an advisory board on all matters relating to zoning, city planning, and development applications. The Board's primary function is to prepare and keep updated the City's master plan to ensure orderly growth, and preserve the unique character of the community. A quorum is required to conduct business. A super-majority vote by the Council is required to overturn a majority recommendation by the P&Z Commission on zoning-related matters.

Duties / Responsibilities

- Initiate and conduct planning sessions to proactively address needed changes within the community relating to the master plan including but not limited to: thoroughfare plan, property zoning/rezoning, and future development
- Recommend boundaries for initial zoning districts and appropriate zoning regulations.
- Take a proactive role in drafting, reviewing and making recommendations to the City Council relating to new zoning ordinances, amendments to existing zoning ordinances, and thoroughfare planning.
- Make preliminary reports and hold public hearings prior to submitting proposals to the City Council as they relate to zoning and environmental quality issues.
- Receive, review and take appropriate action on all platting and subdivision proposals.

Qualifications / Composition / Tenure

Must be qualified voters of the City and shall remain eligible to vote during their tenure on the Commission.

Five regular members plus two alternates nominated by the Mayor and appointed by the City Council.

The Chairman and Vice-chairman are appointed by the City Council and shall serve one-year terms. They may serve no more than two (2) consecutive one-year term.

One two-year term with no term limits

Members serve at the pleasure of the City Council.

On January 22, 2016 Breien Velde submitted his resignation resigning his appointed commissioners seat on the Planning and Zoning board and seeking an appointment or consideration as an alternate member.

Planning and Zoning Commission

Place 1	Bruce Hanson, V. Chair	Sept 2017
Place 2	Breien Velde	Resigned

Place 3	Brian Rush, Chair	Sept 2017
Place 4	Dwayne Zinn	Sept 2016
Place 5	Marc Powell	Sept 2016
Place 6	Bill Morgan, Alt 1	Sept 2016
Place 7	Haven Hendrik, Alt 2	Sept 2017

RECOMMENDATION

Recommendation/Appointment is at Council's discretion.

Attachments

Haven Hendrik (Reappointment)

Breien Velde

Kim Pence

From: noreply@civicplus.com
Sent: Wednesday, September 09, 2015 12:11 PM
To: Kim Pence
Subject: Online Form Submittal: Board Application Form

Board Application Form

Please complete the online form below.

Personal Information

Select the Board,
Commission, or
Committee applying for: Planning & Zoning Commission

Name: Haven Hendrik

Home Address: 1804 Twin Brook Turn Corinth, TX 76210

Home Phone Number: 214-649-7744

Business Address: 6021 Morriss Rd Ste 113 Flower Mound TX 75028

Business Phone Number: 972-355-6605

Occupation: Receptionist

Email Address: hendrikhaven@gmail.com

Residency Information

Length of Residency in
Corinth: 20 years

Are you a registered
voter: Yes

Education and Hobbies

High School: Guyer High School

College: TWU-NCTC

Trade or Business School: *Field not completed.*

Hobbies: *Field not completed.*

Organization Membership Information

Are you currently serving on other Boards, Commissions, or Committees? Yes

If yes, which: P&Z, KCB

Have you served on a Board, Commission, or Committee before? Yes

If yes, which: *Field not completed.*

Please list organization memberships and positions held: *Field not completed.*

Please List Areas of Special Interest *Field not completed.*

Please Enter Basic Resume Information Below I am submitting this application to re-apply for my position as commissioner of the planning and zoning committee for the city of Corinth.

Email not displaying correctly? [View it in your browser.](#)



VOLUNTEER OPPORTUNITIES

Citizens interested in being considered for appointment to a City Board, Commission or Committee may utilize this form or download the form as well as the associated duties and responsibilities from the City website at www.cityofcorinth.com. Departments, City Secretary, Volunteer forms. All those wishing to serve must be registered to vote in Corinth as well as have completed the six month residency requirement. All information provided to the City is subject to the Open Records Act / Texas Public Information Act.

Applicant's name will be placed on the agenda for consideration, so forms must be submitted by the Friday prior to the next regularly scheduled council meeting in order to be considered for appointment. Please sign and return this form to City Hall in a sealed envelope ATTN: Kim Pence

City of Corinth, 3300 Corinth Parkway, Corinth, TX 76208
940-498-3200 Main Line 940-498-7505 Fax Line

Name (Please print): Breien Velde Phone (h): 940 - 498 -1997

Address: 1900 Wickersham Lane Phone (work or cell): 214 - 882 - 2196

Address: _____ E-Mail Address: breienv@charter.net

Resident of Corinth since: 05/05 (mm/yy) FAX (h/w): _____

Voter Registration ID#: _____ DOB: 4/29/63

Occupation or area of expertise: (Attach copy of resume or expertise summary): See Attached

Previous public service and entity served: _____

Have you ever attended any public meeting of the City? No

Previous Civic involvement; position held, if any: See Attached

On which of the following Boards, Commissions, or Committees do you have an interest in serving? If you have areas of multiple interests, please rate your preference for appointment consideration. All Committee appointments are at the discretion of the City Council.

- Board of Construction Appeals
- Corinth Economic Development Corporation
- Keep Corinth Beautiful (Trails and Parks)

- Zoning Board of Adjustment
- Planning and Zoning Commission
- Ethics Committee
- Other _____

Please use this space as well as the back to reply to the following:

1. State the reason for your interest and explain the expertise you would be able to offer to further the purpose of the group: See Attached
2. What is your vision for Corinth? See Attached
3. Explain your approach to economic development in Corinth: See Attached
4. What businesses would you like to see in Corinth, how would you attract them, and why? _____
5. What are your views on Parks and Recreational facilities? See Attached

As a registered voter in the City of Corinth, I am interested in being considered for appointment to City Boards, Commissions or Committees when a vacancy occurs.

Signature of Applicant

6/19/2015
Date

The information provided in this Application is true, correct and complete. If chosen for an appointment, any misstatements, omission of fact, or failure to comply with attendance requirements may result in termination of the appointment.

BREIEN VELDE

Dallas, Ft. Worth, TX – Available to Travel
1900 Wickersham Lane, Corinth, TX 76210

Six-Month Business Certificate Program, Cornell University, expected completion 2015

Phone: 214.882.2196 Email: breienv@charter.net
www.linkedin.com/in/breienvelde

INDUSTRIAL FACILITIES MANAGEMENT – MULTIPLE SITES **Planning – Building Management & Maintenance – Safety**

Customer-centric executive with a genuine passion for taking on issues and driving resolution. A natural problem solver who is always thinking about ways to improve relationships and processes that makes business easier and work more productive. Deciphers root causes clearly and determines ownership quickly, develops actionable items, and creates accountability for results. Known as an excellent rapport builder and mediator who can align diverse views, bridge organizations, and bring calm to a hostile environment. Motivator who gets the job done.

Building Systems Automation/BMS – Facility Structure – Preventative Maintenance – Occupant Services – Compliance
Cost Analysis – SLA & OLA/Contracts – Vendor Oversight – Manuals/Materials

Cross-Functional Team Leader – Analytical – Detail Oriented – Rapport Builder – Culturally Sensitive

VTS SERVICES, Lewisville, TX

2014 – Present

Provides industrial equipment repair under contract with major corporations

Managing, Operations Director & Founder

Assumed line of business from Metro Environmental Corporation. Oversee all services provided on a contract to refurbish commercial aging refrigeration units in 9,000 retail locations.

- Developed production flow that improved that production process from 3 refrigeration units under a prior vendor a week to 30 units a week, a 10X improvement
- Increased revenue to VTS by 500% as compared with revenue generated by Metro Environmental

SCHNEIDER ELECTRIC, Carrollton, TX (SU:PA)

www.schneiderelectric.com

1997 – 2013

With revenue of £24 billion and 150,000 employees, provides integrated, customized building solutions for HVAC, access control, video security management, lighting control, and energy efficiency

Regional Director Product Support – Americas (2011 – 2013)

With a budget of \$5.7 million, supported 7 building automation software platforms and 3000 customers globally.

Directed Customer Support for the Americas Region (Canada, North America, Central America and South America), Global Product Support, and CS&Q business analytics reporting. Responsible for 5 regional locations (California, Illinois, Massachusetts, Texas, and Brazil) as well as business analytics for the UK, Sweden, and Australia. With 4 direct reports, oversaw 51 product support engineers, 4 business analysts and 3 administrative coordinators.

- Reduced critical issue resolution average days open from 210 to 35 and reduced customer critical issues from 30 to 5 in 6 months
- Instrumental in increasing customer satisfaction rating from 64% to 78%
- Reduced overall Americas Product Support labor and travel budget by 31% while increasing customer support levels
- Increased acumen of managers and engineers by sponsoring 4 managers through green belt certification and 8 engineers through Cisco network certification
- Introduced resolution “swarming” bringing together global engineers and customers with matched skill sets to swarm technical issues
- Created the BMS Professional Services Group comprised of engineers to provide technical expertise to customers for a fee, based on a pilot program in which 1 engineer generated \$500,000 in 42 man days

Senior Manger Professional Services, Buildings Business Division, Global Products Support (2010 – 2011)

Managed Video Security global professional services, R&D development and Integration team, Business Analytics group, and the Technical Advisory Group (TAG)

- Established internal “customer critical issues escalation” team that reduced 300 cases to 150 cases
- Created a business model for BMS Professional Services, launched the organization, and restructured service delivery to include internal OLA’s and external SLA’s that improved transparency, collaboration and ability to address customer product issues
- Managed the R&D special project that integrated access control for MTRC, Hong Kong rail system, and successfully completed the project 2 months ahead of schedule
- Achieved R&D ISO 9001 certification for all technical team members on the Hong Kong rail system
- Integrated Video Security and BMS business analytics and led the team in developing on-demand web-based automated reporting that provided real-time analytics, improved case load management, and reduced case resolution times

Manager Product Support (2005 – 2010)

Managed global Level 4 product support for 3 Automation Building Management System platforms

- Led the team that implemented a Knowledge Centered Support (KCS) philosophy, creating an open self-help web data base providing 24/7 issue resolution eliminating after hour support
- Key participant in integrating 6 global product support centers
- Created SWAT team for customer critical issue escalation creating bridges between R&D, Sales, Product Support and Customers. Reduced average resolution time from 9 days to 30 days
- Instrumental in creating the company’s 1st Customer Service Level Agreement (SLA) resulting in a 64% overall customer satisfaction score as compared with the industry average of 50%
- Key participant in gaining executive management support to purchase “Jive Community” software that provided a social media platform to customers based on annual projected cost avoidance of \$2 million
- Received Leadership Excellence Achievement Program “LEAP” Award and selected to participate in 6 month advanced leadership development program

Application Engineer (2003 – 2005)

Responsible for high profile customer accounts in providing direct technical product support, system management and system upgrades. Managed system expansion projects and technical sales support. Key accounts included Amgen Pharmaceutical, Cedar Sinai Hospital in Los Angeles, May Company (now part of Federated Department Stores), and Rockefeller Center,

Test Engineer Product Quality (2001 – 2003)

Project Manager (1999 – 2001)

Field Support Engineer (1997 – 1999)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Assistant Energy Manager

1996 – 1997

UNITED STATES NAVY, Aviation Ordinance, Retired

1981 – 1996

EDUCATION

Six-Month Business Certificate Program, Cornell University, expected completion 2015

COMMUNITY ACTIVITIES

**Oakmont Homeowners Association, Habitat for Humanity Volunteer, Board of Trustees Chair Chinns Chapel
United Methodist Church**

Attached – Resume

Previous Civic involvement – Board of Trustees Chair Chins Chapel United Methodist Church, Board Member Oak Mont Home Owners Association, Volunteer Habitat for Humanity.

Questions 1-5

I have over 30 years of work experience; Retired Navy, Executive Director level for large Corporation and currently a Business Owner.

My Vision for Corinth – A community that attracts responsible citizens, while providing a safe environment to live in.

Economic development – Responsible and measured growth, having processes in place to ensure development accountability standards. Working together to create a city where people want to come live.

What Businesses would you like to see – I am not sure what opportunities short or long term are available (land development etc...). Encouraging city leaders to develop - adopt architectural standards and appeal, which will attract business and home owners.

Parks Recreational Facilities – I lived in Reston Virginia (Fairfax County, VA) who placed a high value on creating parks and recreational facilities ensuring they were all connected by sidewalks and bike paths – a wonderful experience for all ages to enjoy outdoor activities. Even the police departments are involved using bicycle patrols for safety while creating a closer working relationship with citizens.