



**\* \* \* \* PUBLIC NOTICE \* \* \* \***

**NOTICE OF A CITY COUNCIL REGULAR SESSION IMMEDIATELY FOLLOWING  
A WORKSHOP SESSION  
OF THE CITY OF CORINTH  
Thursday, February 7, 2019, 5:30 P.M.  
CITY HALL - 3300 CORINTH PARKWAY**

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**CALL TO ORDER:**

**WORKSHOP BUSINESS AGENDA**

1. Receive a presentation, hold a discussion, and provide staff direction on the 2019 Bond Sell.
2. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.

**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:

**7:00 P.M. CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE & TEXAS PLEDGE:  
"Honor the Texas Flag: I pledge allegiance to thee, Texas, one state under God, one and indivisible".**

**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 minutes from the January 10, 2019 Workshop Session.
2. Consider and act on minutes from the January 10, 2019 Special Session.
3. Consider and act on approval for the purchase of a new backhoe through the BuyBoard Cooperative purchasing agreement for the Public Works Department.

4. Consider approval of an ordinance of the City of Corinth, Texas, amending Chapter 33 of the Corinth Code of Ordinances, establishing the Finance Audit Committee, merging the duties, responsibilities, and membership of the Investment Committee with those of the Audit Committee; establishing its membership, procedures and terms of office; and providing an effective date.
5. Review and approve the Investment Policy for the City of Corinth, Economic Development Corporation and Crime Control & Prevention District.
6. Consider and act on an ordinance approving an amendment to the fiscal year 2018-2019 Budget and Annual Program of Services to provide for expenditures of additional funds from the Lake Cities Vehicle & Equipment Replacement Fund.
7. Consider and Act on the purchase of a 2019 Spartan Pumper on a Metro Star Chassis from Metro Fire Apparatus Specialists, Inc.
8. Consider and act on a Resolution approving a Public Property Finance Act Contract for the purpose of purchasing a pumper truck.

#### **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**

9. Consider and act on a Resolution ordering a Joint General Election with Denton County to be held on May 4, 2019 to fill the offices of the Mayor and Councilmember Places 2 and 5; establishing procedures for that election and providing an effective date.
10. Consider and act on the creation of a Citizens Ambassador Program
11. Consider and act on the approval of a city-wide Communication Strategic Plan.

#### **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 SESSION**

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code. **Closed Session may happen at any time during the Workshop Session and before the start of a City Council Regular or Special Session.**

**Section 551.071.** (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) 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.

**a. MCM Contract for Lake Sharon Roadway Extension.**

**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.

**a. City Manager evaluation.**

**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 closed 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 Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

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

12. Consider and take action regarding the contract between the City and MCM for construction of the Lake Sharon Project, the termination and /or assignment of the contract and other related documents.

**ADJOURN:**

Posted this 1st day of February, 2018 at 11:30 a.m. on the bulletin board at Corinth City Hall.

Kimberly Pence  
Kimberly Pence, City Secretary  
City of Corinth, Texas

**WORKSHOP BUSINESS ITEM 1.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** 2019 Bond  
**Submitted By:** Kim Pence, City Secretary  
**Finance Review:** Yes **Legal Review:** N/A  
**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Land Development  
Infrastructure Development  
Economic Development

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**AGENDA ITEM**

Receive a presentation, hold a discussion, and provide staff direction on the 2019 Bond Sell.

**AGENDA ITEM SUMMARY/BACKGROUND**

On January 24th, the City Council issued a Notice of Intention to Issue City of Corinth Certificates of Obligation, Series 2019, as required by state law. The notice was published on January 29, 2019 and February 5, 2019. The certificates are being sold for an amount not to exceed \$21 million in bond proceeds for 1) Constructing and improving streets and roads and associated water, wastewater and drainage costs associated with the street improvements 2) drainage mitigation 3) Improvements to the water and sanitary sewer systems 4) water storage tank and will include the costs of issuance.

The specific projects include: Lynchburg Creek Flood Mitigation (\$1,000,000), Lake Sharon FM2499 (\$2,000,000), Lake Sharon/Dobbs Realignment (\$3,500,000), Quail Run Realignment (\$2,000,000), Parkridge (\$3,500,000), 1.0 MG Quail Run Water Tank (\$5,000,000), Quail Run Water Line (\$3,000,000).

The workshop is to discuss the funding impact to the general fund property tax rate and the water/wastewater utility rates.

**RECOMMENDATION**

N/A

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**CONSENT ITEM 1.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** January 10, 2019 Workshop  
**Submitted For:** Kim Pence, City Secretary **Submitted By:** Kim Pence, City Secretary  
**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Citizen Engagement & Proactive Government

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**AGENDA ITEM**

Consider and act on minutes from the January 10, 2019 Workshop Session.

**AGENDA ITEM SUMMARY/BACKGROUND**

Attached are minutes from the January 10, 2019 Workshop Session. The minutes are in draft form and are not considered official until formally approved by the City Council.

**RECOMMENDATION**

Staff recommends approval of the January 10, 2019 Workshop Minutes.

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**Attachments**

Minutes

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**STATE OF TEXAS  
COUNTY OF DENTON  
CITY OF CORINTH**

On this the 10<sup>th</sup> day of January 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:30 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

**Members Present:**

Bill Heidemann, Mayor  
Sam Burke, Mayor Pro-Tem  
Scott Garber, Council Member  
Don Glockel, Council Member

**Members Absent:**

Lowell Johnson, Council Member  
Tina Henderson, Council Member

**Others Present**

None

**Staff Members Present**

Bob Hart, City Manager  
Kimberly Pence, City Secretary  
Brenton Copeland, Technology Services Assistant Manager  
Patricia Adams, Messer, Rockefeller, & Fort  
Helen-Eve Liebman, Planning and Development Director  
Ben Rodriguez, Planning and Development Manager  
Michael Ross, Fire Chief  
Lee Ann Bunselmeyer, Finance Director  
Cody Collier, Public Works Director  
Jason Alexander, Economic Development Director  
George Marshall, City Engineer  
Brett Cast, Engineering Service Coordinator  
Cindy Troyar, Purchasing Agent

**CALL TO ORDER:**

Mayor Heidemann called the meeting to order at 5:30 p.m.

**WORKSHOP BUSINESS AGENDA:**

**1. Fire Department Overview.**

**Bob Hart, City Manager** – introduced Fire Chief Michael Ross and informed Council the same presentation will be given to the other three Lake Cities municipalities in the near future.

**Michael Ross, Fire Chief** – presented an overview of the Fire Department. He announced the department is growing and expanding. The department's guiding principles are to be there and ready to respond with passion in their care and safe in their words. The department is utilizing creativity and innovation within their service lines, program developments, and in how they are

applied to the citizens; such as, are they efficient, meeting the mission, vision and values.

Currently the department is housed out of two fire stations with a third one in progress. This requires a growth in personnel and with this growth the department accepted a SAFER grant for 9 new personnel. Last year, the department received an ISO rating designation of two. This designation is based on the NFPA 1710, which looks at dispatch times and response times; is the department able to arrive on scene in under 4 minutes. LCFD is not there yet but expects to meet this goal with the new fire station and staffing. The call volume is up 3.6% overall and the City of Corinth volume increased to 5%. A map was presented showing the current and proposed districts divided by station responsibility and response times; moving forward there will be 3 fire trucks and 2 ambulances. After compiling the data for the stations and the proposed service area for the new station, the department was able to determine and solidify a division of responsibility for each station along with a station backup plan. Stations 1 & 2 will house an engine and a medic truck. Station 3 will house an engine and the Quint. This decision was made because the fire truck is a fire vehicle and a medic vehicle allowing more time for the ambulance to arrive and transport. It takes approximately 6-8 minutes before the patient is ready for transport. This will allow for better coverage and increased response times for the citizens.

Chief Ross provided an update on personnel stating there were 5 firefighters that began Monday and 5 more job offers were extended contingent upon their medical and psychological exams this week. The first five firefighters are in orientation preparing them for their shift assignment. The opening of Station 3 is anticipated for February 18<sup>th</sup> with a badge pinning and 60<sup>th</sup> year celebration on March 1<sup>st</sup>.

**Scott Garber, Council Member** – inquired if there was success in the staffing efforts or if LCFD is losing some applicants to other cities.

**Michael Ross, Fire Chief** – stated it was a combination. There have been a couple that have taken other offers due to timing issues and some that have rescinded their offer. They continue to actively recruit and reassess their process into a more customer service based philosophy.

## 2. **Discuss the Corinth Crime Control & Prevention District Sales Tax.**

**Bob Hart, City Manager** – informed Council the Crime Control District is for five years and if they are interested in continuing there will need to be an election to do so. This item will come back to Council on the February 7<sup>th</sup> agenda.

**Lee Ann Bunselmeyer, Finance Director** – briefly discussed the sales tax history, the requirements and the decisions Council will need to make in order to reauthorize this tax later this year. The state sales tax is set at 6.25% and the city can tax up to two percent on sales tax. Currently, one percent of the sales tax goes to the General Fund, half a percent goes to the Economic Development Fund, a quarter percent goes to the Street Improvement Fund and a quarter percent goes to the Crime Control District. The Crime Control District was established in 2004 and the last re-authorization was done in May 2014, another re-authorization is needed in 2019. In order to re-authorize Council will need to decide if they want to continue the District for 5 years, 10 years, 15 years or 20 years. This decision is solely up to Council. Once this decision is made the date will be placed on the ballot for citizens to vote on. In 2014, Council elected to authorize for 10 years but the ballot was misprinted and read 5 years. Some of the expenditures for this tax are some police officer positions, police equipment, system improvements, and enterprise leases for police vehicles. The ending fund balance is healthy with an average revenue of \$365,000 and average expenses of \$300,000. Due to the vehicle replacements being funded through this tax the average expenses is

expected to be a consistent at \$350,000. This will be slated on the February 7<sup>th</sup> agenda to call the special election and it must be on the ballot for 2019 for its continuation without interruption of collections. Council must decide the length of time for continuation.

**Scott Garber, Council Member-** inquired if Council decided not to continue could the tax be reallocated to another fund.

**Lee Ann Bunselmeyer, Finance Director** – explained the tax could be reallocated to the Street Maintenance Sales Tax or create a Fire District. If Council does away with it, then the expenditures will be absorbed by the General Fund. She confirmed the tax cannot be taken away and the money deposited into the General Fund.

**Scott Garber, Council Member** – if this is placed on the ballot for 10 years and the Council decides to change this in the 9<sup>th</sup> year, can we change this allocation?

**Patricia Adams, Town Attorney** – informed Council they must have an election for any changes once it is passed via an election.

### 3. **Discussion on Inflatable Signs.**

**Ben Rodriguez, Planning & Development Manager** – There have been a few inquiries to staff regarding inflatable signs for temporary sales events. Staff would like Council's opinion regarding the inflatable signs. At this time they are allowed for a limited period of time for grand openings or a major remodel. Staff has reviewed other cities regulations for these signs. The majority of cities allow them for small periods of time throughout the year. Staff would suggest limiting the signs to two or three weeks at a time twice a year, requiring them to be anchored to the ground, and not allow the ones that move.

**Bill Heidemann, Mayor** – how are the inflatable signs handled during a wind storm, are they allowed?

**Ben Rodriguez, Planning & Development Manager** – they could be required to be anchored to the ground, but that would be up to Council's discretion and could be included. We are looking for direction on moving forward with research or not moving forward at all.

**Scott Garber, Council Member**– has any other businesses been interested outside of the car companies?

**Ben Rodriguez, Planning & Development Manager** – not to our knowledge. Typically the requestor is told they are not allowed.

**Scott Garber, Council Member**– who is the person responsible for allowing them and is there an approval process?

**Ben Rodriguez, Planning & Development Manager** – we would need to look at that moving forward. Most cities have a limit on height and square footage. This would be something researched and presented to Council at a future meeting.

**Sam Burke, Council Member**– can we limit it to locations?

**Ben Rodriguez, Planning & Development Manager** – yes

**Scott Garber, Council Member-** can it be the same standard week instead of sporadic weeks.

**Ben Rodriguez, Planning & Development Manager** – Yes that would be the city’s purview and can be reviewed after the city has set its limitations.

**Bill Heidemann, Mayor** – confirmed there was a consensus for staff to proceed with this item adding two weeks twice a year.

#### **4. Updating City Council on the Lynchburg Creek Flood Mitigation Project.**

**George Marshall, City Engineer** – gave a presentation on the Lynchburg Creek Flood Mitigation project and informed Council the NCTCOG and FEMA worked together to publish a new Flood Risk Report for the entire Lynchburg Creek Watershed, including Shady Shores and the City of Corinth. New maps have been developed and submitted to the Federal Registry with a 90 day comment period that began in December 2018. Once the comment period is complete the maps become effective, this may be affected by the government shut down. He compared the previous maps and information with the new maps and information and explained how this report and maps will affect the homeowners flood insurance rates. Some homes were removed from the flood zone or placed in a lower category zone and other area homes were added to the flood zone. The new map adds 60 homes to the flood plain that are not currently in the flood plain. He explained the difference in the previous maps and the new maps by explaining the different zones and the requirements used to create the zones, which now include areas of the creek. The most impacted area is the Red Oak area. The affect this report and maps will have on homeowners will come through their flood insurance requirements and amount charged per month. There is a large difference in cost within the different zones. The importance of the 90 day comment period is that now is the time for homeowners to submit comments on this information to FEMA and to obtain flood insurance, if they do not already have it, to secure their rate under a grandfather clause that is in place. If outside of the flood plain today they can obtain a lower rate with an increase over time to the higher rates instead of an instant increase after the 90 day period. Also, a homeowner who has been removed from the flood plain can obtain an elevation certificate to prove they are now above the flood plain and have their insurance rates reduced.

George Marshall discussed options the city can take to help the citizens with being located within the flood plain. He discuss possible grant options with a 75/25 match. Staff suggested a 2 foot berm within an existing easement north of some of the properties and/or adding a 3 acre retention pond 4-5 feet deep to capture the water before it enters the Lynchburg Creek. Along the south end, staff suggested replacing the culverts and adding a 42 foot wide ditch and tying into the Lynchburg Creek. These projects would reduce the flood plain area and remove 70 homes from the flood plain. Other options were given for the Amity Village area, which consists of vacant land that could provide opportunities for development in the future and for city owned property that falls in one of the flood plain zones; such as, creating benching or a by-pass channel and creating more sport fields. This will remove 5 house from the flood plain.

**Sam Burke, Council Member** - inquired on the maintenance of the benching.

**George Marshall, City Engineer** – generally not a lot of sediment deposit will be here but all the changes were created as if trees and bushes would be allowed back to help establish erosion control measures. As far as grant opportunities FEMA will do a cost benefit analysis and only look at insurance aspects; such as current flood insured homes. Overall 100 homes are affected by this change. These projects will help 75 of the 100 affected homes. The cost is anticipated to be \$3.3

million. The city has already set aside \$1 million for these projects. The earliest opportunity to receive and use grant money will be December 2019. FEMA has to have a greater than 1% benefit-cost analysis, currently the city is at 2.75%, adding the 100 homes we increase to 11.22%. The grant application was submitted in early December 2018 to the Water Development Board and anticipate the Water Development Board to submit to FEMA later this month. The government shut down may affect this timeline. Staff anticipates acceptance around May and move into the design contract and preparations after that.

**Bob Hart, City Manager** – in a normal year this would be a competitive grant, but dealing with the aftermath of Harvey the competition on this will be severe. I suggest a visit with Congressmen and Senators to line up support on this and anticipate March being a good time for this.

**George Marshall, City Engineer** – The application was sent to the Water Development Board to help ensure a complete application and the State of Texas gets the most money from the Federal Government. Due to the timeline of the 90 day comment period, letters will be sent to the homeowners to invite them to a public meeting to discuss this presentation and what it means to obtain flood insurance.

**Scott Garber, Council Member** - Is this grant something we can continually apply for?

**Bob Hart, City Manager** – yes, it is a once a year thing. The city could also do a \$1 million worth of work and then re-apply a year later. The numbers here are better than I have dealt with in the past.

**Scott Garber, Council Member** – is the project tied to the specific improvements outlined tonight?

**George Marshall, City Engineer** – yes, we had to submit 10% plans and detailed cost estimates with the application. There can be changes but the grant only allots so much money for the project. The detention pond near the Polo Field will need more attention and could be an issue. This is a 3-acre region pond allowing any undeveloped property to benefit from it. The third party review looked at the fully developed flow for the retention pond.

**Bill Heidemann, Mayor** – expressed Council's gratitude for staff work on this project.

**5. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.**

**Consent Item #5 Discussion:**

**5. Review and approve the Investment Policy for the City of Corinth, Economic Development Corporation and Crime Control & Prevention District.**

**Bob Hart, City Manager** – explained there was a question regarding the Finance audit committee and what constitutes a quorum. Under Roberts Rules a quorum is a majority of voting members. Councilmember Glockel raised the question on this. Mr. Hart suggested making a change to page 235 of the Bylaws Section 5. The problem is it states one member can request a special meeting and the issue is what constitutes a quorum in that setting. He suggested defining a quorum as a majority of the voting members constitutes a quorum and come back at the next meeting or two and change the ordinance.

**Bill Heidemann, Mayor** – inquired if the item needs to be tabled until the ordinance is brought before Council.

**Lee Ann Bunselmeyer, Finance Director** – stated Council could put in place voting members if they wanted to tonight and then follow up with the change to the ordinance. They are not tied together by statutes, but the changes need to be made to reflect each other.

**Bill Heidemann, Mayor** – verified Council needs to pull it off the consent agenda tonight and discuss this in the regular session.

**Lee Ann Bunselmeyer, Finance Director** – agreed.

**Don Glockel, Council Member** – explained the ordinance allows any 2 members to call a special meeting and a quorum being any three, leaving any two being citizens and not voting members.

**Consent Item #6 Discussion:**

6. **Consider approval for the purchase of rubber mulch fall zone material to install at all City maintained playground structures.**

**Cody Collier, Public Works Director** – informed Council they did not obtain bids due to the selected company is a member of the Buy Board State contract.

**Consent Item #7 Discussion:**

7. **Consider and act on award of a bid for High Performance Epoxy Flooring for the Public Safety Complex & Fire House #3 to Chemical Coatings International, LLC in the amount of \$64,032.00 plus a ten percent contingency for unforeseen additional materials or labor that may arise during the installation; and authorize the City Manager to execute the contract.**

**Bob Hart, City Manager** – explained questions came up earlier in the week from some councilmembers on this item and inquired if they wanted to open this up for discussion or request an opinion of the attorney in executive session.

**Patricia Adams, City Attorney** – clarified the agenda has a general posting to a closed session under Section 551.071 and a reference to the MCM contract, but would like to make it clear Council is going in executive session under Section 551.071 for item number 7 as well as the MCM contract discussion.

Mayor Heidemann recessed the Work Session at 6:30 p.m.

Mayor Heidemann convened into executive session at 6:30 p.m.

**CLOSED SESSION**

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

**Section 551.071.** (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

Council met in closed session from 6:30 p.m. to 6:55 p.m.

**A.MCM Contract for Lake Sharon Roadway Extension.**

After discussion of any matters in closed 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 Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

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

- 15. Consider and act on MCM Agreed Termination and Release for Lake Sharon Project.

**There was no action taken.**

**ADJOURN:**

Mayor Heidemann adjourned the meeting at 6:56 P.M.

**AYES:** All

Meeting adjourned.

Approved by Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Kimberly Pence, City Secretary  
City of Corinth, Texas



**CONSENT ITEM 2.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** January 10, 2019 Special Session  
**Submitted For:** Kim Pence, City Secretary  
**City Manager Review:**  
**Strategic Goals:** Citizen Engagement & Proactive Government

**Submitted By:** Kim Pence, City Secretary

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**AGENDA ITEM**

Consider and act on minutes from the January 10, 2019 Special Session.

**AGENDA ITEM SUMMARY/BACKGROUND**

Attached are minutes from the January 10, 2019 Special Session. The minutes are in draft form and are not considered official until formally approved by the City Council.

**RECOMMENDATION**

Staff recommends approval of the January 10, 2019 Special Session minutes.

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**Attachments**

Minutes

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**STATE OF TEXAS  
COUNTY OF DENTON  
CITY OF CORINTH**

On this the 10<sup>th</sup> day of January 2019 the City Council of the City of Corinth, Texas met in Special Session at the Corinth City Hall at 7:00 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

**Members Present:**

Bill Heidemann, Mayor  
Sam Burke, Mayor Pro-Tem  
Scott Garber, Council Member  
Don Glockel, Council Member

**Members Absent:**

Lowell Johnson, Council Member  
Tina Henderson, Council Member

**Staff Members Present**

Bob Hart, City Manager  
Kimberly Pence, City Secretary  
Brenton Copeland, Technology Services Assistant Manager  
Helen-Eve Liebman, Planning and Development Director  
Cody Collier, Public Works Director  
Lee Ann Bunselmeyer, Finance and Administrative Services Director  
Cindy Troyer, Purchasing agent  
George Marshall, City Engineer  
Ben Rodriguez, Planning and Development Manager  
Brett Cast, Engineering Services Coordinator  
Patricia Adams, Messer, Rockefeller, & Fort

**CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE & TEXAS PLEDGE:**

**"Honor the Texas Flag: I pledge allegiance to thee, Texas, one state under God, one and indivisible".**

**Mayor Heidemann called the meeting to order at 7:05 p.m. Councilmember Garber delivered the invocation and led in the 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 minutes from the November 15, 2018 Workshop Session.
2. Consider and act on minutes from the November 15, 2018 Regular Session.
3. Consider and act on minutes from the December 6, 2018 Regular Session.
4. Consider and act on minutes from the December 6, 2018 Workshop Session.

5. Review and approve the Investment Policy for the City of Corinth, Economic Development Corporation and Crime Control & Prevention District.

**Item #5 was pulled from the Consent Agenda.**

6. Consider approval for the purchase of rubber mulch fall zone material to install at all City maintained playground structures.
7. Consider and act on award of a bid for High Performance Epoxy Flooring for the Public Safety Complex & Fire House #3 to Chemical Coatings International, LLC in the amount of \$64,032.00 plus a ten percent contingency for unforeseen additional materials or labor that may arise during the installation; and authorize the City Manager to execute the contract.
8. Consider approval of Lake Sharon Drive and Dobbs Road Realignment Contract Amendment No. 1 with Birkhoff, Hendricks & Carter, L.L.P. in the amount not to exceed \$263,510.00 and authorize the City Manager to execute any necessary documents.
9. Consider and act on the Ratification of the Interlocal Agreement with Upper Trinity Regional Water District for the construction of the Lake Sharon Waterline.

**MOTION** made by Councilmember Glockel to approve the Consent Agenda as presented. Seconded by Councilmember Burke.

**AYES:** Burke, Garber, Glockel  
**NOES:** None  
**ABSENT:** Johnson, Henderson

**MOTION CARRIED**

**CITIZEN'S 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.

There were no Citizens Comments.

**PUBLIC HEARING/BUSINESS:**

10. **Conduct a Public Hearing to hear public opinion regarding the establishment of the Corinth PACE Program.**

**Bob Hart, City Manager** - the PACE Program is a program set up by the state and allows local governments to establish a PACE Program that enables commercial, industrial, agricultural, nonprofit, and multi-family property owners to voluntarily tie the obligation to repay the cost of energy and water efficiency improvements to their property with a property assessment. The PACE program is a voluntary tool that enables business

owners to use its land value as part of the equity to pay for eligible water and/or energy conservation improvements with the savings generated by taking advantage of affordable, long-term financing provided by private capital providers. The property assessment eliminates the current barriers to investment in maintaining property and allows the obligation to stay with the property and transfer to subsequent owners. There is no exposure or liability to the city but provides a tool for economic development improvements to existing buildings. This is a water conservation and an energy efficiency measure.

The state created this program about 2 years ago and a lot of communities are using this to encourage economic development and re-investment within the community.

**Mayor Heidemann opened the Public Hearing at 7:15 p.m. No one spoke. Mayor Heidemann closed the Public Hearing at 7:15 p.m.**

**BUSINESS AGENDA:**

11. Consider and act on a Resolution establishing the City of Corinth Property Assessed Clean Energy Program (“City of Corinth PACE”) and providing for an effective date.

**Bob Hart, City Manager** - this is the Resolution adopting the PACE Program with the effective date for tonight.

**Councilmember Glockel** - I don't know enough about this. I read it and it is confusing and there are several places where it talks about the City getting involved if the lender defaults. It also talks about the City will maintain and continue the assessment for the benefit of such lenders and re-enforce the assessment, lien or the benefit of the lender in the event of a default by the owner so I would think we would be involved a little bit.

**Bob Hart, City Manager** - there will be some things that will come back but it will be more of an administrative function.

**MOTION** made by Councilmember Garber to approve the Resolution establishing the City of Corinth Property Assessed Clean Energy Program (“City of Corinth PACE”) effective this evening. Seconded by Councilmember Burke.

**AYES:** Burke, Garber, Glockel  
**NOES:** None  
**ABSENT:** Johnson, Henderson

**MOTION CARRIED**

12. Consider and act on a Resolution allowing the City Manager to enter into a Professional Services Agreement By and Between the City of Corinth, Texas and the Texas Property Assessed Clean Energy Authority (PACE) and providing for an effective date.

**MOTION** made by Councilmember Burke to approve a Resolution allowing the City Manager to enter into a Professional Services Agreement By and Between the City of Corinth, Texas and the Texas Property Assessed Clean Energy Authority (PACE) and providing for an effective date. Seconded by Councilmember Glockel.

**AYES:** Burke, Garber, Glockel

**NOES:** None  
**ABSENT:** Johnson, Henderson

**MOTION CARRIED**

13. Consider and act on an Ordinance establishing and implementing a program to charge mitigation rates for the deployment of emergency and non-emergency services by the Fire Department for services provided/rendered by the Lake Cities Fire Department.

**Bob Hart, City Manager** - The City has used Fire Recovery, a California based company, to bill insurance companies for services rendered during emergency responses. Most insurance policies contain language specifying coverage for automobile accident and emergency incident services. By not billing, the individual is essentially paying for the service twice, once in their taxes and again in their premiums. They are simply leaving it to the local level government to determine if it is something they want to pursue. If a local government decides to bill to recover costs, they can pass an ordinance and it effectively becomes legal in that area.

Fire Recovery has been billing in Texas for over 10 years and have over 150 Texas clients. Texas state law supports department billing if they are part of: an emergency district, a home rule city, or a type A general law city.

**MOTION** made by Councilmember Garber to approve the Ordinance establishing and implementing a program to charge mitigation rates for the deployment of emergency and non-emergency services by the Fire Department for services provided/rendered by the Lake Cities Fire Department. Seconded by Councilmember Glockel.

**AYES:** Burke, Garber, Glockel  
**NOES:** None  
**ABSENT:** Johnson, Henderson

**MOTION CARRIED**

14. Consider and act on a Resolution approving a Chapter 380 Economic Development Incentive Agreement between the City of Corinth, Texas and Corinth Economic Development Corporation and B.M.A.J., Inc. to locate and operate a hotel within the City.

**Jason Alexander, Economic Development Corporation Director** - The Corinth Economic Development Corporation (the "CEDC") Board of Directors met in Special Session on December 10, 2019 to consider and provide a recommendation to the City Council on a request from B.M.A.J., Inc. (the "Applicant") for economic development incentives pursuant to Chapter 380 of the Texas Local Government Code.

As proposed, the Chapter 380 Economic Development Incentive Agreement would incentivize the location and operation of the hotel, Motel 6 by rebating 50 percent of the City of Corinth's (the "City") and the CEDC's portion of sales and use tax revenues generated from the addition of personal property (e.g., construction materials, equipment, fixtures, furniture and other personal property used in connection with the operation of the hotel that is not for resale). Said rebate would be provided to the Applicant at the end of every calendar quarter, with the first quarter commencing on April 1, 2019 and ending on June 30, 2019 in exchange for compliance with the following, among other terms and conditions in the agreement:

•To operate the hotel as a Motel 6 franchise or a brand of equal or superior quality subject to the advance written approval of the City and the CEDC.

•To create and retain at least five (5) persons in Jobs (as defined in the economic development incentive agreement) on or before January 31, 2021. In addition, the Applicant will endeavor to give hiring preference to residents of the City and the surrounding communities.

Representing a collaborative effort among the City, the CEDC and the Applicant, the proposed agreement would introduce another revenue stream for the City, the CEDC and special sales and use tax funds if approved.

The term of the proposed agreement would last for approximately ten (10) years, and provide the Applicant with an opportunity to earn rebated sales and uses tax revenues generated from the addition of personal property on the site for a maximum of 39 calendar quarters.

The proposed economic development incentive agreement was presented to the CEDC Board of Directors during a Special Session on December 10, 2018. Staff recommended that the Board of Directors make a positive recommendation to the City Council. The Board of Directors voted with four (4) in favor and one (1) against of providing an affirmative recommendation to the City Council.

**MOTION** made by Councilmember Garber a Resolution approving a Chapter 380 Economic Development Incentive Agreement between the City of Corinth, Texas and Corinth Economic Development Corporation and B.M.A.J., Inc. to locate and operate a hotel within the City. Seconded by Councilmember Glockel.

**AYES:** Burke, Garber, Glockel

**NOES:** None

**ABSENT:** Johnson, Henderson

### **MOTION CARRIED**

#### **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.**

**Councilmember Burke** - appreciate the work that has been done on Lynchburg Creek and the speed in which it is coming together. If the grant is not approved this year, it has always been my thought that we might try to combine some water control with some kind of public feature park or something that could enhance our development potential especially along the 35 Corridor. My thoughts are if we can combine those things we might have dollars available through the Economic Development Corporation and other resources.

**Councilmember Garber** - would like to echo Councilman Burke's thoughts. Especially the way Lynchburg Creek was handled. Mr. Marshall did a great job and I saw a lot of smiles and happy people and did not expect to see that this early in the project so thank you.

**Councilmember Glockel** - I do appreciate the staff and their effort on that and it looks like we are going to get Lake Sharon going again and that is great. Thank you.

**Mayor Heidemann** - I would like to thank staff, you work so well together and it is a team effort and

everybody is accomplishing a lot.

**There was no Closed Session during the Special Session meeting.**

**CLOSED SESSION**

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

**Section 551.071**, (1) Private consultation with its attorney to see advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

**Council met in Closed Session from 6:30 p.m. until 6:55 p.m. during the Workshop meeting.**

**A. MCM Contract for Lake Sharon Roadway Extension.**

**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.

After discussion of any matters in closed 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 Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not, pursuant to Section 551.071 of the Texas Government Code, Consultation with City Attorney.

**RECONVENE IN OPEN SESSION** - In accordance with Texas Government Code, Chapter 551 the City Council will reconvene into Special Session to consider action, if any, on matters discussed in Executive Session.

15. Consider and act on an MCM Agreed Termination and Release for Lake Sharon Project.

**No Action Taken.**

**ADJOURN:**

Mayor Heidemann adjourned the meeting at 7:30 P.M.

**AYES:** All

Meeting adjourned.

Approved by Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

---

Kimberly Pence, City Secretary  
City of Corinth, Texas

**CONSENT ITEM 3.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** New Backhoe Purchase for Public Works  
**Submitted For:** Cody Collier, Director **Submitted By:** Cody Collier, Director  
**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Infrastructure Development

---

**AGENDA ITEM**

Consider and act on approval for the purchase of a new backhoe through the BuyBoard Cooperative purchasing agreement for the Public Works Department.

**AGENDA ITEM SUMMARY/BACKGROUND**

In the 2018-2019 budget, \$110,000 was approved for the purchase of a new backhoe for Public Works. Staff has received a BuyBoard contract (#515-16) quote for \$108,891.02. The quote is for a Case 580SN 4WD T4 which includes a rear bucket "thumb" option for grabbing and lifting debris for removal. The quote also includes a 3 year/3,000 hour warranty on the equipment.

This new backhoe will replace two backhoes which will be auctioned:

1. 201-24 Case 580 Super L- 19 years in service with multiple mechanical issues requiring constant repair and maintenance for operation.
2. 201-03 Case 590 Super M- 17 years in service with multiple mechanical issues including a need for a complete front differential rebuild.

**RECOMMENDATION**

Staff recommends approval of the purchase from BuyBoard Contract #515-16 for the Case 580SN backhoe for Public Works.

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**Attachments**

Case 580 SN Spec Sheet  
BuyBoard Contract Quote

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**CASE**  
CONSTRUCTION

# 580 Super N

BACKHOE LOADER



# 580 Super N Backhoe Loader

## MORE OF WHAT MAKES IT SUPER.

"Super" is a title that has to be earned. The Tier 4 Final 580 Super N does just that. Expanding on the rock-solid reputation of previous generations, the Super N offers more of what makes the 580 great. More horsepower. More torque. More bucket strength. More lifting power. More attachment versatility.

And now with an SCR (Selective Catalytic Reduction) engine and new ECD mode, power and efficiency are better than ever. All that and an impressive list of other performance-enhancing features, are why the 580 Super N runs that little bit up to "super."



# 580SN Highlights

- 1 **PowerLift™** channels additional hydraulic power to the backhoe to deliver improved lifting strength and breakout forces.
- 2 **Exclusive ProControl swing dampening system** comes standard and minimizes backhoe rebound to provide precise control.
- 3 **Over-center backhoe design** provides better balance for smoother roading and also creates a better departure angle.
- 4 **Heavy-duty loader** designed with long arms for easier truck loading and in-line, parallel linkage for better balance with uneven loads.
- 5 **Auto-Ride Control™** (optional on 4WD models) helps with load retention by cushioning loader arm bounce at elevated speeds.
- 6 Exclusive to CASE, the **Comfort Steer™** option saves time during repetitive loader tasks by cutting lock-to-lock turns in half.
- 7 **New fuel efficiency options** include auto-idle, auto-shutdown and ECO-mode, which provides full power to the backhoe while in neutral.
- 8 **The industry's most maneuverable controls** with infinitely adjustable pilot control towers, a control pattern selector and adjustable wrist rests.
- 9 Floor-to-ceiling windows and a low-profile hood provide **maximum visibility** all around the machine.
- 10 Rear-quarter window opens 180° for an unobstructed view, enhanced airflow and easy communication with spotters around the machine.
- 11 **Adjustable SmartClutch** lets operators customize the feel of forward-to-reverse transitions (aggressive, moderate or soft) to suit their preference.
- 12 **Integrated hydraulic quick-coupler** lets operators switch out backhoe attachments from the convenience of their seat and comes factory-built into the machine – a CASE exclusive.
- 13 **New universal backhoe coupler** (optional) fits Cat® and John Deere attachments for expanded versatility.
- 14 N Series buckets come standard with the innovative **SmartFit™ bucket tooth system**, which has heavy-duty, self-sharpening teeth and a hammerless fastener system for easy installation.
- 15 **Exclusive "Easy Flex" side lights** are adjustable to provide overlapping fields of coverage for greater illumination at night.

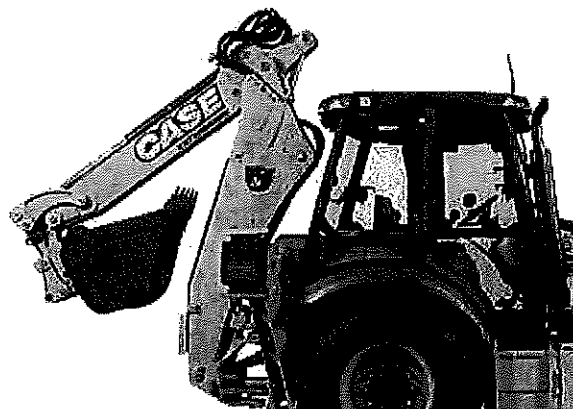
## SCR – A Strong Tier 4 Final Solution.

CASE chose an SCR (Selective Catalytic Reduction) Tier 4 Final solution to meet emissions regulations without sacrificing strength. That's because SCR is an after-treatment system. It lets the engine breathe easier and run at peak performance, which translates to maximum power. Plus, SCR is simple. No regeneration. No new filters. Just pour a little DEF (Diesel Exhaust Fluid) and go.



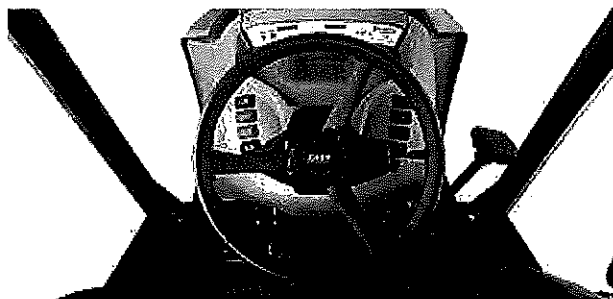
## Over-Center Backhoe Design.

Our revolutionary over-center backhoe design locks the boom in toward the machine, transferring at least 15% of its weight to the front axle, which drastically improves stability to minimize "porpoising" during roading. You'll retain more material and comfortably travel up to an industry-leading 24 mph to, from and around the site.



## Cut Turns In Half With Comfort Steer™.

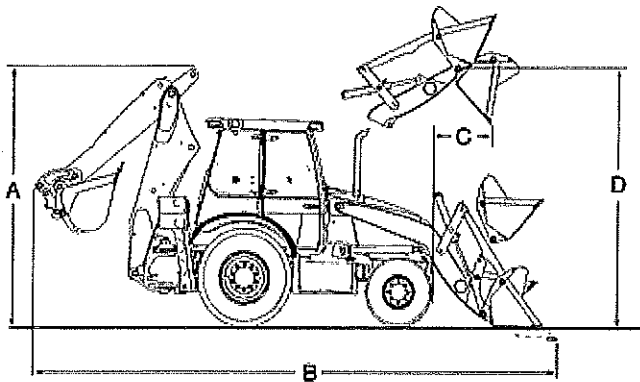
Exclusive to CASE, the Comfort Steer option reduces lock-to-lock rotations when moving from full right to full left (and vice versa). You can load, stockpile and backfill considerably faster and more easily navigate tight material yards with less operator discomfort throughout the day.





# 580SN BACKHOE LOADER

580SN



Line drawings are for illustrative purpose only and may not be exact representation of unit.

DIMENSIONS	580SN
A. Transport Height	133 in. (3 368 mm)
B. Overall Transport Length	280 in. (7 103 mm)
C. Dump reach at full height, 45° dump	31.5 in. (801 mm)
D. Hight To Bucket Hinge Pin Fully Raised	135 in. (3 441 mm)
Maximum Digging Depth, Standard/Extendahoe®	14 ft. 6 in. (4 411 mm)/17 ft. 11 in. (5 465 mm)

NOTE: Dimensions taken with 4WD, 19.5 L x 24.0 rear tires, and Long Lip bucket.

SPECIFICATIONS	580SN
Engine Make/Model	FPT F5BFL413B
Emissions Certification	Tier 4 Final
Gross HP – hp (kW)	97 (72)
Peak Torque – lb-ft (N·m)	334 (453)
Displacement/Cylinders – in. <sup>3</sup> (L)	207 (3.4)/4
Auxiliary Hydraulic Flow – gpm (L/min)	41 (156.2)
Loader Lift Capacity – lb. (kg)	7,044 (3 195)
Loader Bucket Breakout Force – lb. (daN)	10,947 (4 965)
Backhoe Lift Capacity at Ground Level – lb. (kg)	3,513 (1 594)
Backhoe Bucket Breakout Force – lb. (N)	14,452 (64 240)
Operating Weight – lb. (kg)	19,067 (8 649)

## SiteWatch™

Standard on all N Series backhoe loaders, CASE SiteWatch telematics breaks the boundaries of fleet management by allowing you to monitor and manage multiple machines from your office, wherever that may be. No more manually tracking down engine hours and fuel levels. Get real-time performance metrics, idle-time analytics, scheduled maintenance intervals and programmable security alerts sent to any computer, anywhere.

## Maintenance Made Easy.

When you buy a CASE, you want it to last. We make it simple. The N Series is no exception. From swing-out coolers and outboard-mounted disc brakes to ground-level site gauges and grouped service points under the flip-up hood, you can do daily maintenance in a matter of minutes. Plus, with the new SCR engine, there's no new maintenance needs.



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**SAFETY™**  
**NEVER HURTS**

Always read the Operator's Manual before operating any equipment. Inspect equipment before using it, and be sure it is operating properly. Follow the product safety signs and use any safety features provided.

NOTE: All engines meet current EPA emissions regulations.  
NOTE: All specifications are stated in accordance with SAE Standards or Recommended Practices, where applicable.



Contains 10% post-consumer fiber



CASE construction equipment is biodiesel-friendly.

**BuyBoard Quote**

**ASSOCIATED SUPPLY COMPANY, INC.**

THE FOLLOWING DETAILS SHALL BE PROVIDED WITH ANY BUYBOARD PURCHASE ORDER (FAX PURCHASE ORDER TO 800-211-5454)

Associated Supply Company, Inc.  
2019 Airport Freeway, Euless, TX 76040

Phone: 817-283-2844  
Fax: 817-283-7836

Prepared By: Jason Alda

Mobile: 682-219-2053

Email: jalda@ascoeq.com

Government Agency: City of Corinth

Date Prepared: 1/16/2019

Ship To: City of Corinth

3300 Corinth Parkway  
Corinth, TX 76208

Bill To: City of Corinth

3300 Corinth Parkway  
Corinth, TX 76208

Contact Name: Jason Cao

Email: jason.cao@cityofcorinth.com

Phone: 940-498-7530

Fax: \_\_\_\_\_

Product Description: Case 580SN 4WD T4 Final, Backhoe

BuyBoard Contract: 515-16

I. Price List Dated: 5/15/2017

Base Price: \$121,794.00

II: Base Bid Options (Itemized Below)

4WD Power Shuttle Transmission	Included
Front Wheels: 12x16.5, 10PR Lug Tread	Included
Rear Wheels: 19.5Lx24, 10PR STD	Included
Extendahoe	\$ 6,386.00
Heavy Front Counterweight	\$ 500.00
Dual Lever Controls	\$ 425.00
Power Lift	\$ 1,275.00
1-way/2-way w/ Manual Controls	\$ 3,656.00
Mechanical Quick Coupler	Included
24" Universal Bucket	\$ 1,325.00
Flip Over/Stabilizer Pads Comb	\$ 816.00
Thumb Option	\$ 3,911.00
Aux Hyd Loader w/ Manual Controls	\$ 1,309.00
<b>SUB-TOTAL:</b>	<b>\$ 19,603.00</b>

82" 4x1 Bucket w/ Cutting Edge	\$ 5,800.00
Cab, 2 Door w/ Heat and A/C	\$ 9,500.00
Deluxe Cab Package	\$ 1,500.00
Bluetooth Radio	\$ 467.00
Comfort Steer	\$ 724.00
Premium Air Susp Heated Seat	\$ 848.00
Standard Lights	Included
Locking DEF/Fuel Cover	\$ 132.00
Auto Ride Control	\$ 1,357.00
Rotating Beacon	\$ 237.00
Cold Start Dual Battery	\$ 847.00
CASE Sitewatch Telematics	Included
3 Year Advanced Telematics Subscription	Included
<b>SUB-TOTAL:</b>	<b>\$ 21,412.00</b>

Options List Price Total: \$ 41,015.00

III. SUB-TOTAL OF I & II

\$ 162,809.00

IV. BuyBoard Discount: 22.00% \$ 35,817.98

BUYBOARD CONTRACT PRICE: \$ 126,991.02

V: NON-BASE OPTIONS

Non-Base Options (%) = \_\_\_\_\_

3yr/3000hr EPG Premier Warranty	Included
<b>SUB-TOTAL:</b>	<b>\$ -</b>

SUB-TOTAL: \$ -

VI: UNPUBLISHED OPTIONS ADDED TO CONTRACT PRICE (SUBTOTAL OF COL1 & COL 2)

\$ -

VII: TOTAL IV + VI

\$ 126,991.02

VIII: QUANTITY ORDERED UNITS: 1

\$ 126,991.02

IX: TRADE-IN OR OTHER CREDIT(S):

\$ 18,100.00 (Q1 Discount)

\$ 18,100.00

TOTAL: \$ 108,891.02

FAX ALL PURCHASE ORDERS TO BUYBOARD AT 800-211-5454

**CONSENT ITEM 4.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** Finance Audit Committee  
**Submitted For:** Bob Hart, City Manager

**Submitted By:** Lee Ann Bunselmeyer,  
Director

**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Citizen Engagement & Proactive  
Government

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**AGENDA ITEM**

Consider approval of an ordinance of the City of Corinth, Texas, amending Chapter 33 of the Corinth Code of Ordinances, establishing the Finance Audit Committee, merging the duties, responsibilities, and membership of the Investment Committee with those of the Audit Committee; establishing its membership, procedures and terms of office; and providing an effective date.

**AGENDA ITEM SUMMARY/BACKGROUND**

On April 16, 2015, the Council established a citizen Finance Audit Committee. The new committee merged the duties, responsibilities, and membership of the Investment Committee with the Audit Committee and added representation from the community. The committee consisted of six members: Two Councilmembers, City Manager, Director of Finance, and Two community representatives.

On October 4, 2018, the committee structure was modified to replace the City Manager and Director of Finance as permanent members with the Mayor. This would allow the audit committee to fulfill its responsibilities of providing an independent review and oversight of the government's financial reporting processes, internal controls, and financial statements.

During the review of the Investment Policies in January 2019, the recommendation was made to clarify Section 33.104 Quorum: Rules (A) as follows.

A majority of the voting members of the Committee shall constitute a quorum for the conduct of business. The members of the Committee shall regularly attend meetings and shall serve without compensation except for reimbursement of authorized expenses attendant to the performance of their duties.

**RECOMMENDATION**

Staff recommends approval of the Ordinance amending Chapter 33 of the Corinth Code of Ordinances.

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**Attachments**

Ordinance

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ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF CORINTH, TEXAS, AMENDING CHAPTER 33 OF THE CORINTH CODE OF ORDINANCES, ESTABLISHING THE FINANCE AUDIT COMMITTEE, MERGING THE DUTIES, RESPONSIBILITIES, AND MEMBERSHIP OF THE INVESTMENT COMMITTEE WITH THOSE OF THE AUDIT COMMITTEE; ESTABLISHING ITS MEMBERSHIP, PROCEDURES AND TERMS OF OFFICE; AND 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

**WHEREAS**, the City Council has determined it is in the best interest of the citizens of Corinth to merge the Investment Committee and the Audit Committee and to include members of the community in furtherance of its goal of providing transparency;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORINTH:**

**SECTION I.**

That Title III of Chapter 33 of the Code of Ordinances of the City of Corinth, Texas, is amended to add a new article, to be entitled "Finance Audit Committee", which article shall hereafter be and read as follows:

***"FINANCE AUDIT COMMITTEE"***

**§ 33.100 CREATION**

There is hereby created the Finance Audit Committee as an advisory committee of the City.

**"§ 33.101 PURPOSE AND DUTIES**

The purpose of the Committee is to assist the City Council in fulfilling its oversight responsibilities for the annual audit process, the development of financial policies and procedures, Investment transactions and reports, and the system of internal controls. The Committee shall have the following responsibilities:

- 1) Advise the City Council and management on the selection of the independent auditor.
- 2) Serve as an independent and objective party to monitor the City's financial and compliance reporting process and internal control system.
- 3) Review and appraise the audit efforts of the City's independent auditor.
- 4) Provide an avenue of communication among the independent auditor, financial and senior management, and the City Council.



- 5) Review and provide recommendations on the City's financial, investment, and budgetary policies, reports, and procedures.
- 6) Recommend general investment strategies and monitor results.
- 7) Review investment 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.
- 8) Adopt the list of authorized brokers and dealers of government securities.

### **§ 33.102 MEMBERSHIP; TERM OF OFFICE**

(A) The Committee shall be comprised of five members. The Mayor shall serve on the Committee as a permanent member. The other four members shall be nominated and approved by the City Council. Two members shall be members of the City Council and two members shall be representatives from the community. The committee members from the community must be registered voters of the City, who, to the extent possible, shall be finance professionals such as accountants, Certified Public Accountants, auditors or shall have equivalent experience.

(B) The term of each Committee member shall be two (2) years. The Committee members from the community shall serve no more than two (2) successive terms, provided, however, that a Committee member appointed to complete the term of another Committee member shall, at the completion of such term, be eligible for appointment for another full term.

### **§ 33.103 MEETINGS; OFFICERS**

The Committee shall hold an organizational meeting in June of each year and shall elect a Chairman and Vice-Chairman from among its members before proceeding to any other matters of business. The officers shall serve for one year. The Committee shall meet not less than once per calendar quarter and shall designate the time and place of its meetings.

### **§ 33.104 QUORUM; RULES**

(A) A majority of the voting members of the Committee shall constitute a quorum for the conduct of business. The members of the Committee shall regularly attend meetings and shall serve without compensation except for reimbursement of authorized expenses attendant to the performance of their duties.

(B) The Committee shall utilize and abide by the Rules of Procedure and Policies as set forth in Resolution 09-05-01-11, as amended, and the Charter of the City of Corinth. Newly appointed members shall be installed at the first meeting after their appointments. Minutes shall be kept of the Committee's meetings.

(C) The City Councilmembers and the Mayor shall be voting members of the Committee.

The Community Representative members shall be non-voting members of the Committee.

**SECTION II.**

Section V of the City of Corinth Investment Policy, is amended to read as follows:

**V. INVESTMENT COMMITTEE**

There shall be an Investment Committee appointed by the City Council with the duties and responsibilities as set forth in Chapter 30 of the City of Corinth Code of Ordinances.

**SECTION III.**

This Ordinance shall be cumulative of all provisions of all existing ordinances and resolutions and of the Code of Ordinances of the City of Corinth, Texas, as amended, except where the provisions of this ordinance are in direct conflict with the provisions of such existing ordinances, resolutions, and code, in which event the conflicting provisions of such ordinances and Code are hereby repealed.

**SECTION IV.**

This Ordinance shall take effect on the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2018.**

\_\_\_\_\_  
Bill Heidemann, Mayor

ATTEST:

\_\_\_\_\_  
Kimberly Pence, City Secretary

APPROVED AS TO LEGAL FORM:

\_\_\_\_\_  
City Attorney

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** FY 2018-2019 Investment Policies  
**Submitted By:** Chris Rodriguez, Financial Services Manager  
**Finance Review:** N/A **Legal Review:** N/A  
**City Manager Review:** Bob Hart, City Manager

**AGENDA ITEM**

Review and approve the Investment Policy for the City of Corinth, Economic Development Corporation and 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 annually 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 process, staff reviews the policy and may recommend revisions to the existing policy, if needed. The recommended revisions to the investment policies reflect the changes that the City Council made to the structure of the Finance Audit Committee in September of 2018. the recommended revisions are summarized below.

Section V. finance Audit Committee (A) Members:

There is hereby created a Finance Audit Committee consisting of the ~~City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance,~~ Mayor, two members of the City Council and two citizens appointed by the City Council ~~by majority vote.~~ The Mayor will be a permanent member of the Committee. The other four members of the Committee will be appointed by the City Council to serve a two-year term and shall not exceed two successive terms. The Mayor and the two members of the City Council shall be voting members of the Committee. The Community Representative members shall be non-voting member of the Committee.

Section V. Finance Audit Committee (B) Scope:

The Finance Audit Committee shall meet at least once per calendar quarter ~~annually~~ to determine general strategies and to monitor results.

Section V. Finance Audit Committee (C) Procedures:

The Finance Audit Committee shall provide minutes of its meetings. Any two members of the Finance Audit Committee may request a special meeting, and a majority of the voting members shall constitute a quorum. ~~The Finance Audit Committee shall establish its own rules of procedure.~~ The Finance Audit Committee shall abide by the Rules of Procedure and Policies as set forth in Resolution 09-05-01-11, as amended, and the Charter of the City of Corinth.

**RECOMMENDATION**

The Citizen Finance Audit Committee met on Thursday, December 13, 2018 and recommends approval of the Investment Policies for the City of Corinth, Economic Development Corporation, and Crime Control & Prevention District.

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**Attachments**

Corinth Resolution  
Corinth Investment Policy  
EDC Resolution  
EDC Investment Policy  
CCD Resolution  
CCD Investment Policy

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**RESOLUTION NO. 19-02-07-\_\_\_\_\_**

**A RESOLUTION REVIEWING AND APPROVING INVESTMENT POLICY 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 Policy 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

**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 and is hereby authorized to perform the functions required of the primary investment officer under the Investment Policy 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 7th day of February 2019.

\_\_\_\_\_  
Bill Heidemann, Mayor

ATTEST:

\_\_\_\_\_  
Kim Pence, City Secretary

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Wm. Andrew Messer, City Attorney

**EXHIBIT A- INVESTMENT POLICY**  
**Pages 1 through 20**

# **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):

- A. 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.
- B. 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.
- C. 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.
- D. 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.

- E. Public Trust - The Investment Officer(s) 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(s). 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. FINANCE AUDIT COMMITTEE**

- A. Members** - There is hereby created a Finance Audit Committee consisting of the ~~City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance~~ Mayor, two members of the City Council and two citizens appointed by the City Council ~~by majority vote~~. The Mayor will be a permanent member of the Committee. The other four members of the Committee will be appointed by the City Council to serve a two-year term and shall not exceed two successive terms. The Mayor and the two members of the City Council shall be voting members of the Committee. The Community Representative members shall be non-voting members of the Committee.
- B. Scope** - The Finance Audit Committee shall meet at least once per calendar quarter ~~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.
- C. Procedures** - The Finance Audit Committee shall provide minutes of its meetings. Any

two members of the Finance Audit Committee may request a special meeting, and a majority of the voting members shall constitute a quorum. ~~The Finance Audit Committee shall establish its own rules of procedures.~~ The Finance Audit Committee shall abide by the Rules of Procedure and Policies as set forth in Resolution 09-05-01-11, as amended, and the Charter of the City of Corinth.

## VI. RESPONSIBILITY AND STANDARD OF CARE

- A. The responsibility for the daily operation and management of the City's investments shall be outlined within this section.
1. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance, 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 Officers." No persons may engage in investment transactions, except as provided under the terms of this policy and the procedures established by the Director of Finance.
  2. 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 Officers. 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:
    - a. The cost of control should not exceed the benefits likely to be derived; and,
    - b. The valuation of costs and benefits requires estimates and judgments by management.
  3. 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. 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.
- B. 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 prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and 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 City.
- C. 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.
- D. Ethical Standards and Conflicts of Interest**
1. 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.
  2. 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.
  3. An Investment Officer has a personal business relationship with a business organization if:
    - a. 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;
    - b. 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
    - c. 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.
    - d. 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.
- E. 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 the Public Funds Investment Act (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 PFIA within 12 months after assuming duties, and thereafter shall attend 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

- A. 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.
- B. Authorized and Acceptable Investments - The authorized list of investment instruments is as follows:
1. 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*.
  2. 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.
- C. 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:
1. 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;

2. 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.
  3. 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
  4. 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.
- D. 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.
- E. 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*.
- F. 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.
- G. 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.A. 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.).

**H. Unauthorized Securities** - State law specifically prohibits investment in the following securities:

1. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
2. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
4. 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**

**A. 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.

**B. 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.



- C. 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 to 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

- A. The Director of Finance 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.
- B. 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.
- C. The 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 Finance Audit Committee shall base its evaluation of security dealers and financial institutions upon:
1. Financial conditions, strength and capability to fulfill commitments;
  2. Overall reputation with other dealers or investors;

3. Regulatory status of the dealer;
  4. Background and expertise of the individual representatives.
- D.** Investment Officers shall only conduct business with securities dealers approved by the 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.
- E.** 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 forty percent (40%) 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.
- F.** All investments (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The 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.
- G.** An annual review of the financial condition and registrations of qualified financial organizations will be conducted by the Director of Finance.
- H.** A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.
- I.** 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.

- J. 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

- A. 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 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.
- B. 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.
1. The City may accept the following to insure or collateralize bank deposits:
    - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
    - b. United States Treasuries & Agencies
    - c. Other securities as approved by the Finance Audit Committee
  2. 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.
  3. 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.

**C. 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:

1. Agreement must be in writing;
2. Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
3. 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
4. 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**

**A. Quarterly** - The Director of Finance shall prepare and submit a signed quarterly investment report to the 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.

- B. 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.
- C. 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:
1. 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;
  2. 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;
  3. Additions and changes to the market value during the period;
  4. Fully accrued interest for the reporting period;
  5. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
  6. Listing of investments by maturity date;
  7. The percentage of the total portfolio which each type of investment represents; and
  8. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
  9. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.
  10. 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: \_\_\_\_\_

**RESOLUTION NO. 19-02-07-\_\_\_\_\_**

**A RESOLUTION REVIEWING AND APPROVING THE INVESTMENT POLICY FOR FUNDS FOR THE CORINTH ECONOMIC DEVELOPMENT CORPORATION.**

**WHEREAS**, in accordance with Section 2256.005(e) of Chapter 2256 of the Texas Government Code, the Board of Directors of the Corinth Economic Development Corporation has reviewed and approved the Investment Policy 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 Policy 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 Economic Development Corporation 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 and the Corinth Economic Development Corporation's primary investment officer and is hereby authorized to perform the functions required of the primary investment officer under the Investment Policy 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 7<sup>th</sup> day of February 2019.

\_\_\_\_\_  
Bill Heidemann, Mayor

ATTEST:

\_\_\_\_\_  
Kim Pence, City Secretary

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Wm. Andrew Messer, City Attorney

**EXHIBIT A- INVESTMENT POLICY**  
**Pages 1 through 18**

**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):

- A. 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.
- B. 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.
- C. 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.
- D. 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.
- E. Public Trust - The Investment Officer(s) 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. FINANCE AUDIT COMMITTEE**

- A. Members** – There is hereby created a Finance Audit Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance Mayor, two members of the City Council and two citizens appointed by the City Council by majority vote. The Mayor will be a permanent member of the Committee. The other four members of the Committee will be appointed by the City Council to serve a two-year term and shall not exceed two successive terms. The Mayor and the two members of the City Council shall be voting members of the Committee. The Community Representative members shall be non-voting members of the Committee.
- B. Scope** – The Finance Audit Committee shall meet at least once per calendar quarter 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.
- 1. Procedures** – The Finance Audit Committee shall provide minutes of its meetings. Any two members of the Finance Audit Committee may request a special meeting and a majority of the voting members shall constitute a quorum. The Finance Audit Committee shall establish its own rules of procedures. The Finance Audit Committee shall abide by the Rules of Procedure and Policies as set forth in Resolution 09-05-01-11, as amended, and the Charter of the City of Corinth.

## **VI. RESPONSIBILITY AND STANDARD OF CARE**

- A.** The responsibility for the daily operation and management of the EDC's investments shall be outlined within this section.
- 1. Delegation of Authority** - Management responsibility for the investment program is hereby delegated to the Director of Finance, 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 Officers." 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.
- 2.** 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:

- a. The cost of control should not exceed the benefits likely to be derived; and,
  - b. The valuation of costs and benefits requires estimates and judgments by management.
3. 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. 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.
- B. 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 prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and 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 EDC.
- C. 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.
- D. Ethical Standards and Conflicts of Interest**
1. All EDC Investment Officers 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.
  2. 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.
  3. An Investment Officer has a personal business relationship with a business

organization if:

- a. 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;
  - b. 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 Officer's gross income for the prior year; or
  - c. The Investment Officer 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.
  - d. 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.
- E. 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 Public Funds Investment Act (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 PFIA within 12 months after assuming duties, and thereafter shall attend 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

- A. 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.
- B. Authorized and Acceptable Investments - The authorized list of investment

instruments is as follows:

1. 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*.
  2. 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.
- C. 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:
1. 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;
  2. 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.
  3. 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;
  4. 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.
- D. 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.
- E. 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*.

- F. 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.
- G. 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.A 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.).
- H. Unauthorized Securities - State law specifically prohibits investment in the following securities:
  - 1. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
  - 2. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
  - 3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
  - 4. 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

- A. 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.
- B. 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.

- C. 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**

- A. The Director of Finance 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.
- B. 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.

- C.** The 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 Finance Audit Committee shall base its evaluation of security dealers and financial institutions upon:
1. Financial conditions, strength and capability to fulfill commitments;
  2. Overall reputation with other dealers or investors;
  3. Regulatory status of the dealer;
  4. Background and expertise of the individual representatives.
- D.** Investment Officers shall only conduct business with securities dealers approved by the 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.
- E.** 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 forty percent (40%) of the total portfolio at any point in time. In this way, bankruptcy, receivership or legal action would not immobilize the EDC's ability to meet payroll or other expenses.
- F.** All investments (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The 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.
- G.** An annual review of the financial condition and registrations of qualified financial organizations will be conducted by the Director of Finance.
- H.** A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the EDC invests.
- I.** 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.

- J. 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**

- A. 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 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.
- B. 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**

- A. Quarterly - The Director of Finance shall prepare and submit a signed quarterly investment report to the Economic Development Board and the 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.

- B. 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.
- C. 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:
1. 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;
  2. 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;
  3. Additions and changes to the market value during the period;
  4. Fully accrued interest for the reporting period;
  5. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
  6. Listing of investments by maturity date;
  7. The percentage of the total portfolio which each type of investment represents; and
  8. Statement of compliance of the EDC's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
  9. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.
  10. 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**

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 EDC. 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 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.

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 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.
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 a bond issue, if any, 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 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.

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: \_\_\_\_\_

**RESOLUTION NO. 19-02-07-\_\_\_\_\_**

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

**WHEREAS**, in accordance with Section 2256.005€ of Chapter 2256 of the Texas Government Code, the Board of Directors of the Corinth Crime Control and Prevention District have reviewed and approved the Investment Policy 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 Policy 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 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 and the Corinth Crime Control and Prevention District's primary investment officer and is hereby authorized to perform the functions required of the primary investment officer under the Investment Policy 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 7th day of February, 2019.

\_\_\_\_\_  
Bill Heidemann, Mayor

ATTEST:

\_\_\_\_\_  
Kim Pence, City Secretary

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Wm. Andrew Messer, City Attorney

**EXHIBIT A- INVESTMENT POLICY**  
**Pages 1 through 20**



**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):

- A. 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
- B. 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.
- C. 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.
- D. 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.

- E. Public Trust - The Investment Officer(s) 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. FINANCE AUDIT COMMITTEE**

- A. Members** - There is hereby created a Finance Audit Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance, Mayor, two members of the City Council and two citizens appointed by the City Council by majority vote. The Mayor will be a permanent member of the Committee. The other four members of the Committee will be appointed by the City Council to serve a two-year term and shall not exceed two successive terms. The Mayor and the two members of the City Council shall be voting members of the committee. The Community Representative members shall be non-voting members of the Committee
- B. Scope** - The Finance Audit Committee shall meet at least once per calendar quarter 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 Finance Audit Committee shall provide minutes of its meetings. Any two members of the Finance Audit Committee may request a special meeting, and a majority of the voting members shall constitute a quorum. The Finance Audit Committee shall establish its own rules of procedures. The Finance Audit Committee shall abide by the Rules of Procedure and Policies as set forth in Resolution 09-05-01-11, as amended, and the Charter of the City of Corinth.

## VI. RESPONSIBILITY AND STANDARD OF CARE

- A. The responsibility for the daily operation and management of the DISTRICT's investments shall be outlined within this section.
1. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance, 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 Officers." No persons may engage in investment transactions, except as provided under the terms of this policy and the procedures established by the Director of Finance.
  2. 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 Officers. 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:
    - a. The cost of control should not exceed the benefits likely to be derived; and,
    - b. The valuation of costs and benefits requires estimates and judgments by management.
  3. 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. 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.
- B. Prudence - The standard of prudence to be applied by the Investment Official shall be the "prudent investor" rule, which states, "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and 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.
- C. 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.

**D. Ethical Standards and Conflicts of Interest**

1. All DISTRICT Investment Officers 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.
2. 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.
3. An Investment Officer has a personal business relationship with a business organization if:
  - a. 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;
  - b. 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 Official's gross income for the prior year; or
  - c. 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.
  - d. 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.

- E. 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 the Public Funds Investment Act (PFIA). The Investment Officials 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 PFIA within 12

months after assuming duties, and thereafter shall attend 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

- A. 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.
- B. Authorized and Acceptable Investments - The authorized list of investment instruments is as follows:
1. 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*.
  2. 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.
- C. 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:
1. 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;
  2. 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.



3. 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
  4. 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.
- D. 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 by 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.
- E. 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*.
- F. 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.
- G. 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.A 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.) of the Investment Company Act of 1990 (15 USC Section 80a-1 et. Seq.).
- H. Unauthorized Securities – State law specifically prohibits investment in the following securities:

1. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pays no principal.
2. An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
4. 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**

**A. 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.

**B. 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.

**C. 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.**

- A.** The Director of Finance 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.
- B.** 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.
- C.** The 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 Finance Audit Committee shall base its evaluation of security dealers and financial institutions upon:
  1. Financial conditions, strength and capability to fulfill commitments;
  2. Overall reputation with other dealers or investors;
  3. Regulatory status of the dealer;
  4. Background and expertise of the individual representatives.
- D.** Investment Officers shall only conduct business with securities dealers approved by the 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.

- E. 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 forty percent (40%) of the total portfolio at any point in time. In this way, bankruptcy, receivership or legal action would not immobilize the DISTRICT's ability to meet payroll or other expenses.
- F. All investment (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The 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.
- G. An annual review of the financial condition and registration of qualified financial organizations will be conducted by the Director of Finance.
- H. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the DISTRICT invests.
- I. 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.
- J. 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.
  - 1. Financial conditions, strength and capability to fulfill commitments;
  - 2. Overall reputation with other dealers or investors;

3. Regulatory status of the dealer;
4. Background and expertise of the individual representatives.

## **XI. SAFEKEEPING AND COLLATERALIZATION**

- A. 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 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.
- B. 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.
1. The City may accept the following to insure or collateralize bank deposits:
    - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
    - b. United States Treasuries & Agencies
    - c. Other securities as approved by the Finance Audit Committee
  2. 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.
  3. 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.

**C. 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:

1. Agreement must be in writing;
2. Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
3. 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
4. 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**

**A. 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 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.

- B. 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.
- C. 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:
1. 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;
  2. 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;
  3. Additions and changes to the market value during the period;
  4. Fully accrued interest for the reporting period;
  5. Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
  6. Listing of investments by maturity date;
  7. The percentage of the total portfolio which each type of investment represents; and
  8. Statement of compliance of the DISTRICT's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
  9. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.
  10. 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 DISTRICT'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:** 02/07/2019

**Title:** LCFD Vehicle & Equipment Budget Amendment

**Submitted For:** Michael Ross, Fire Chief

**Submitted By:** Lee Ann Bunselmeyer,  
Director

**City Manager Review: Approval:** Bob Hart, City Manager

**Strategic Goals:** Infrastructure Development

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**AGENDA ITEM**

Consider and act on an ordinance approving an amendment to the fiscal year 2018-2019 Budget and Annual Program of Services to provide for expenditures of additional funds from the Lake Cities Vehicle & Equipment Replacement Fund.

**AGENDA ITEM SUMMARY/BACKGROUND**

The Lake Cities Fire Department is purchasing a 2019 Pumper needed to provide fire services to three fully operational fire stations. The Department is proposing a financing contract for the apparatus only. Funds for the equipment to be placed on the apparatus is to be funded through the Lake Cities Vehicle & Equipment Replacement Fund. Funds in the amount of \$172,630 were budgeted in fiscal year 2017-2018 in anticipation of the opening of the new fire house. The funds were reserved in the LCFD vehicle and equipment replacement fund balance until the equipment was needed.

The proposed budget amendment is for \$172,630. \$121,745.87 is for equipment and modifications to the new 2019 Spartan Pumper. The remaining \$50,884.13 is for additional rescue equipment.

**RECOMMENDATION**

Staff recommends the approval of the ordinance approving the budget amendment for fire equipment.

---

**Attachments**

Ordinance

---

**ORDINANCE NO. 19-02-07-\_\_\_**

**AN ORDINANCE OF THE CITY OF CORINTH, TEXAS APPROVING AN AMENDMENT TO ORDINANCE NO. 18-09-20-26 REGARDING THE FISCAL YEAR 2018-2019 CITY OF CORINTH BUDGET AND ANNUAL PROGRAM OF SERVICES TO PROVIDE FOR EXPENDITURES OF FUNDS TO PAY FOR FIRE EQUIPMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Corinth is a home-rule municipality 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 City Council adopted a budget and appropriated resources for the budget year beginning October 1, 2018, and ending September 30, 2019 by Ordinance No. 18-09-20-26; and

**WHEREAS**, the current adopted budget for fiscal year 2018-2019 does not have adequate funding to pay \$172,620 for Fire equipment; and

**WHEREAS**, the City Council deems it appropriate and necessary to amend the budget to reflect expenditures to pay an additional \$172,620 for Fire equipment;

**WHEREAS**, the Council finds that this budget amendment is consistent with § 9.05 of the City Charter and the proposed change in the budget is for a municipal purpose;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CORINTH HEREBY ORDAINS:**

**SECTION I**

The findings set forth in the above preamble to this Ordinance are true and correct.

**SECTION II**

Ordinance No. 18-09-20-26, the budget for the fiscal year beginning October 1, 2018, and ending September 30, 2019, shall be amended as follows:

**One hundred, seventy-two thousand, six hundred and twenty dollars (\$172,620)** shall be appropriated into the Expenditures Line Items for the Lake Cities Vehicle & Equipment Replacement Fund.

Ordinance No. 18-10-04-\_\_\_\_

The City of Corinth Budget and Annual Program of Services is hereby amended to appropriate the sum of **\$172,620** from the unappropriated Fund balance of the Lake Cities Vehicle & Equipment Replacement Fund for Fire equipment. Further, the City Council affirms its approval of the expenditure of funds for the aforementioned purposes.

**SECTION IV**

The City Secretary is hereby directed to attach a copy of this Ordinance to Ordinance No. 18-09-20-26.

**SECTION V**

Pursuant to Section 102.009(d) of the Texas Local Government Code, the municipal budget officer is directed to file a true copy of this amendment with the Denton County Clerk. If the mayor objects to this ordinance, it shall be adopted by a majority of the entire City Council.

**SECTION VI**

This Ordinance shall be in full force and effect after its passage, and it is so ordained.

**PASSED AND APPROVED ON THIS THE 7th DAY OF FEBRUARY 2019.**

**SEAL**

\_\_\_\_\_  
**Bill Heidemann, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Kimberly Pence, City Secretary**

**APPROVED AS TO FORM AND LEGALITY:**

\_\_\_\_\_  
**Wm. Andrew Messer, City Attorney**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** Purchase of 2018 Pumper  
**Submitted For:** Michael Ross, Fire Chief

**Submitted By:** Lee Ann Bunselmeyer,  
Director

**City Manager Review:** Bob Hart, City Manager

---

**AGENDA ITEM**

Consider and Act on the purchase of a 2019 Spartan Pumper on a Metro Star Chassis from Metro Fire Apparatus Specialists, Inc.

**AGENDA ITEM SUMMARY/BACKGROUND**

Due to the expansion of operations from two to three fire stations, this purchase is needed to sufficiently provide response apparatus and equipment for the fire district. Instead of the typical "custom" order which takes from eight to twelve months to build, staff is recommending the purchase of the 2019 Spartan Pumper which is scheduled to be rolled out of production in 120 days. With moving the quint from fire house no.2 to fire house no. 3, this engine will be located at fire house no.2.

The annual lease for the new apparatus was included in the Fiscal Year 2018-2019 annual budget in the Lake Cities Fire Department Vehicle and Equipment Replacement Program. The full purchase price of the apparatus is \$608,350 which includes \$476,122.13 for the pumper and \$121,745.87 for equipment and modifications.

This purchase is through a H-GAC Cooperative purchase. #FS12-17.

**RECOMMENDATION**

Staff recommends the approval of the purchase of response apparatus and equipment for Fire House No. 2.

---

**Attachments**

Quote

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**Apparatus Specialists, Inc.**

514 Michigan / South Houston, Texas 77587 / (713) 692-0911 / (713) 692-1591 fax

**PROPOSAL**

Thursday, January 31, 2019

Lake Cities Fire Department  
Chief Ross  
3501 FM218  
Lake Cities, TX 76210

The undersigned is prepared to furnish for you, upon an order being placed by you, for final acceptance by Metro Fire Apparatus Specialists, Inc at its office in Houston, Texas the apparatus and equipment herein named and for the following prices:

**One (1) Spartan Pumper on a Metro Star Chassis and equipment as specified:**

**TOTAL \$608,350.00**

No State, Federal or local taxes included

The apparatus and equipment are to be supplied and shipped in accordance with the specifications and approvals by the Lake Cities Fire Department. The completed apparatus will be delivered to you on or about May 30<sup>th</sup> 2019 at:

*Lake Cities Fire Department  
Lake Cities, Texas*

The specifications herein contained shall form a part of the final contract, and are subject to changes desired by the Lake Cities Fire Department. The proposal specifications are supplied for construction purposes. Any additions and/or changes to the enclosed specifications shall be generated and/or approved by the Lake Cities Fire Department, and accepted by Metro Fire Apparatus Specialists, Inc.

Unless accepted within 45 days from this date, Metro Fire Apparatus Specialists, Inc. reserves the right to withdraw this proposal.

TERMS:

By Brian Cudaback  
Brian Cudaback – Apparatus Manager

**Payment due upon delivery and acceptance of completed apparatus.**

*“The Apparatus Specialists”*

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019

**Title:** Resolution with Government Capital for purchase of Fire Engine

**Submitted For:** Michael Ross, Fire Chief

**Submitted By:** Lee Ann Bunselmeyer,  
Director

**City Manager Review:** Bob Hart, City Manager

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**AGENDA ITEM**

Consider and act on a Resolution approving a Public Property Finance Act Contract for the purpose of purchasing a pumper truck.

**AGENDA ITEM SUMMARY/BACKGROUND**

The Resolution approves a Public Property Finance Act Contract with Government Capital Corporation for the purchase of a 2019 Spartan Pumper on a Metro Star Chassis from Metro Fire Apparatus Specialists.

The lease terms are for \$480,000 to be paid in seven annual payments of \$77,484,.89 at 3.395% interest. The annual lease for the new apparatus was included in the Fiscal Year 2018-2019 annual budget for \$80,000 in the Lake Cities Fire Department Vehicle and Equipment Replacement Program.

The resolution and financing contract will be forwarded to the Council early next week.

**RECOMMENDATION**

Staff recommends approval of the resolution approving the financial contract with Government Capital Corporation.

---

**Attachments**

Financing Options

---



**GOVERNMENT CAPITAL CORPORATION**

345 Miron Drive Southlake Texas 76092 (800) 883-1199

Thursday, January 31, 2019

Chief Michael Ross  
Lake Cities Fire Dept  
P.O. Box 968  
Lake Dallas, TX 75065

Chief Ross

Thank you for the opportunity to present proposed financing for Lake Cities Fire Department. I understand your Fire Department operates under the City of Corinth and is considering the Tax Exempt Financing of a new Fire Apparatus. I am submitting for your review and consideration the following proposed financing structures.

BOROWER:	The City of Corinth, TX		
FINANCING STRUCTURE:	Tax Exempt Public Property Finance Act Contract		
PROPOSED EQUIPMENT COST:	<b>\$ 480,000.00</b>		
PAYMENT TERM:	<b><u>5 Annual Pmts</u></b>	<b><u>7 Annual Pmts</u></b>	<b><u>10 Annual Pmts</u></b>
INTEREST RATE:	3.245%	3.395%	3.695%
PAYMENT AMOUNT:	\$104,673.42	\$ 77,484.89	\$ 57,661.24

The Above calculated annual payments assume a loan/borrow date of **May 1, 2019** and a first payment due date of **October 1, 2019**, with subsequent payments due annually thereafter.

The above proposal provides for a Cost of Issuance of .01% to be charged for all associated documentation fees. This fee has been incorporated in the financed amount and is reflected in the above calculated payments.

The above proposal is an expression of interest, subject to audit analysis and mutually acceptable documentation and is not a binding commitment. The terms outlined herein are subject to change and rates are valid for fourteen (14) days from the date of this proposal. If funding does not occur within this time period, rates and terms may be indexed to current market at that time.

Our finance programs are extremely flexible and our goal is total customer satisfaction. If you have any questions or wish to consider other payment terms, frequencies or conditions, please contact me toll free at (800) 883-1199 x116.

With Best Regards,  
*Kevin D. Lerner*  
Kevin D. Lerner  
Vice President, Public Finance

**BUSINESS ITEM 9.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** Resolution Ordering a Joint General Election  
**Submitted For:** Bob Hart, City Manager **Submitted By:** Kim Pence, City Secretary  
**Finance Review:** N/A **Legal Review:** Yes  
**City Manager Review:** Bob Hart, City Manager

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**AGENDA ITEM**

Consider and act on a Resolution ordering a Joint General Election with Denton County to be held on May 4, 2019 to fill the offices of the Mayor and Councilmember Places 2 and 5; establishing procedures for that election and providing an effective date.

**AGENDA ITEM SUMMARY/BACKGROUND**

The General Election for the Mayor and City Councilmembers is set forth by the Home Rule Charter and by the Texas Election Code and is required to be held on May 4, 2019 at which time the voters will elect persons to fill the Mayor and City Council Places 2 and 5.

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. 19-02-07-05 Ordering a Joint General Election to be held on May 6, 2017.

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**Attachments**

Resolution

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**RESOLUTION NO. 19-02-07-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS, ORDERING AND CALLING A JOINT GENERAL ELECTION WITH DENTON COUNTY TO BE HELD ON MAY 4, 2019 FOR THE PURPOSE OF ELECTING A PERSON TO FILL THE OFFICES OF THE MAYOR AND ONE (1) COUNCIL MEMBER FOR PLACE NO. 2 AND ONE (1) COUNCIL MEMBER FOR PLACE NO. 5 TO THE CORINTH CITY COUNCIL, EACH FOR A TERM OF TWO YEARS; PROVIDING FOR THE INCORPORATION OF PREMISES; SPECIFYING THE DATE OF ELECTION; ESTABLISHING PROCEDURES FOR THE ELECTION; PROVIDING FOR ADMINISTRATION OF A JOINT GENERAL ELECTION BY DENTON COUNTY; PROVIDING FOR PUBLICATION AND POSTING OF NOTICE OF ELECTION; PROVIDING AN AGREEMENT WITH DENTON COUNTY; ESTABLISHING DATES FOR CANVASSING; PROVIDING A SEVERABILITY CLAUSE; 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**, Section 3.004 of the Texas Election Code (the "Election Code") provides that the governing body of a municipality shall be the authority to order a Joint General Election; and

**WHEREAS**, the City Council desires to and hereby calls a Joint General Election for the purpose of electing a Mayor and two (2) City Council members to the City of Corinth City Council, such election to be held as set forth by Charter and by the Texas Election Code; and

**WHEREAS**, the Joint General Election shall be held on May 4, 2019, at which time the voters will elect persons to fill Mayor and City Council Places 2, and 5 of the Corinth City Council, each for a term of two (2) years; and

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

**WHEREAS**, the City is entering into an Interlocal Agreement for Election Services with Denton County to provide election administration meeting the requirements of the Election Code, a copy of which agreement shall be incorporated into this Resolution upon approval and execution by Denton County and the City; and

**WHEREAS**, the Joint General Election shall be conducted in accordance with the Election Code under the jurisdiction of the Denton County Elections Administrator (the "Election Administrator"); and

**WHEREAS**, Section 85.004 of the Election Code provides that an election order and the election notice must state the location of the main early voting polling place; and

**WHEREAS**, by this Resolution, it is the intention of the City Council to hold a joint general election, to designate early voting polling location, to set forth dates for canvassing of the Joint General Election and to establish and set forth the procedures for conducting the Election as required by the Texas Election Code and City Charter; and

**WHEREAS**, the City Council finds that upon the canvassing of the returns of the May 4, 2019 election, this Resolution and election order shall be enacted as set forth herein.

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

**Section 1. Incorporation of Premises.** The above recitals are true and correct and are hereby incorporated into the body of this Resolution as if fully set forth herein.

**Section 2. Joint General Election Called.** A Joint General Election (the “Election”) is hereby ordered and called to elect a Mayor, one (1) Council member to Place No. 2, and one (1) Council member to Place No. 5, each to serve two (2) year terms on the City Council of the City of Corinth. The Election shall be held at the Corinth City Hall, 3300 Corinth Parkway, Corinth, Texas 76208, on the 4<sup>th</sup> day of May, 2019, from 7:00 a.m. until 7:00 p.m.

**Section 3. Application for Place on Ballot.** Election Code Section 141.001, as amended, and Section 3.03 of the Corinth Home Rule Charter set forth the qualifications for a person to be eligible for a public elective office (“Qualified Persons”). Qualified Persons may file as candidates for office by filing a sworn application in the Office of the City Secretary not earlier than January 16, 2019 and not later than 5:00 p.m. on February 15, 2019 (the “Filing Period”). Applications will be accepted in the Office of the City Secretary during regular business hours during the Filing Period in accordance with the Election Code; except for February 15, 2018, on which date applications will be accepted from 7:30 a.m. until 5:00 p.m.

**Section 4. Dates and Hours of Early Voting – Main Early Voting Location.** The Election Administrator, Frank Phillips, shall serve as the Early Voting Clerk. Deputy early voting judges/clerks will be appointed as needed to process early voting mail and to conduct early voting. Further, the Elections Administrator and/or the Early Voting Clerk are hereby authorized to appoint the members of the Early Voting Ballot Board and the presiding judge and alternate judge in accordance with the requirements of the Election Code.

The main early voting place is located at 701 Kimberly Drive, Suite A101, Denton, Texas 76208 and voting shall occur as provided herein. Early Voting hours are Monday, April 22, 2019 through Saturday, April 27, 2019 from 8:00 a.m. to 5:00 p.m. each day. Additional Early Voting hours are Monday, April 29, 2019 and Tuesday, April 30, 2019 from 7:00 a.m. until 7:00 p.m. each day. Early Voting at Corinth City Hall, 3300 Corinth Parkway, Corinth, Texas 76208 shall occur on the same dates and times listed herein. Early voting shall be conducted by the Early Voting Clerk, at the main

early voting polling location listed above.

Early voting by mail shall be conducted in conformance with the requirements of the Election Code. Ballot applications and ballots voted by mail shall be sent to: Early Voting Clerk, 701 Kimberly Drive, Suite A101, Denton, Texas 76208 (the official mailing address of the Early Voting Clerk). The voting precincts for the Election shall be designated by their respective county precinct numbers.

Early voting by personal appearance shall be conducted at the times on the dates and at the locations designated herein and on **Exhibit "A"** hereto (**described below**) in accordance with this section. Early voting location and times may be changed or additional early voting locations may be added by the Denton County Elections Administrator without further action of the City Council or amendment to this Resolution, as is necessary for the proper conduct of the Election.

**Section 5. Governing Law and Qualified Voters.** The Election shall be held in accordance with the Constitution of the State of Texas and the Election Code, and all resident qualified voters of the City shall be eligible to vote at the election.

**Section 6. Publication and Posting of Notice of Election.** Notice of the election shall be given as required by the Election Code, and the Charter of the City of Corinth. Notice shall be provided by posting a notice containing a substantial copy of this Resolution in both English and Spanish at Corinth City Hall on the bulletin board used for posting notices of the meetings of the City Council and by publication of such notice one time in a newspaper of general circulation published within the City; the date of the publication to be not earlier than the 30<sup>th</sup> day or later than the 10<sup>th</sup> day before the Election day. 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 7. Denton County to Conduct Election / Election Contract.** The Election shall be conducted in accordance with the Election Code under the jurisdiction of the Denton County Elections Administrator (the "Election Administrator"), pursuant to an Election Services Contract between the City and Denton County, and other participating entities, if any, as described therein, (the "Contract"), a copy of which Contract shall be incorporated herein as **Exhibit "A"** upon its final approval and execution by the City. Voting shall be by electronic method.

The Mayor, the City Manager or designee, is authorized to amend or supplement any and all contracts for the administration of the Election and any Special Election, including without limitation the Election Services Contract, to the extent required for the Election to be conducted in an efficient and legal manner as determined by the Election Administrator and in accordance with the Election Code. In the event that no election is necessary, the City Secretary shall notify the County and shall present the City Council a Resolution or Ordinance cancelling the election.

**Section 8. Canvass of Election.** Pursuant to Section 67.002 of the Election Code, the City Council will canvass the election not earlier than May 7, 2019 and not later than May 15, 2019. Notice of the time and

place for canvass shall be posted on the official bulletin board of the City in the same manner as required by the Open Meetings Act for City Council meetings in accordance with Chapter 551 of the Local Government Code.

**Section 9. 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 Election Code or other applicable law in carrying out and conducting the election, whether or not expressly authorized herein.

**Section 10. Severability.** If any section, article, paragraph, sentence, clause, phrase or word in this Resolution or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Resolution, and the City Council hereby declares it would have passed such remaining portions of this Resolution despite such invalidity, which remaining portions shall remain in full force and effect.

**Section 11. Effective Date.** This Resolution shall be effective upon its adoption.

PASSED AND **APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**CITY OF CORINTH**

\_\_\_\_\_  
Bill Heidemann, Mayor

ATTEST:

\_\_\_\_\_  
Kimberly Pence, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Patricia Adams, City Attorney



**EXHIBIT "A"**  
**JOINT ELECTION AGREEMENT**  
**BETWEEN THE CITY OF CORINTH, TEXAS AND DENTON COUNTY**

**Incorporated by Reference**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** Ambassador Program  
**Submitted For:** Lee Ann Bunselmeyer, Director  
**Submitted By:** Lee Ann Bunselmeyer, Director  
**Finance Review:** **Legal Review:**  
**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Citizen Engagement & Proactive Government

---

**AGENDA ITEM**

Consider and act on the creation of a Citizens Ambassador Program

**AGENDA ITEM SUMMARY/BACKGROUND**

The City of Corinth is working to better share information about City projects, Council decisions, and general updates with our residents, and we need your help.

Corinth residents are busy and don't always have the time to keep track of City issues. By becoming a Communications Ambassador, residents can help staff by voluntarily sharing of City information through their networks.

**Responsibilities of Ambassadors include:**

- Attending Communication Workshops every other month to learn about department-specific news and projects
- Stay informed through City emails and social media posts
- Share City information with fellow residents in a factual and non-biased way
- Encourage fellow residents to participate in City public engagement initiatives
- Report back to City staff on common topics or projects that other residents want to know more about

A maximum of twelve Ambassadors will be chosen and all applicants must have lived in Corinth city limits for at least one year. Corinth staff members will select candidates based on applications. Interviews may be held if needed. Positions are voluntary and terms last two years.

**RECOMMENDATION**

Staff recommends the creation of the City of Corinth Ambassador Program

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**Attachments**

Ambassador Program Guidelines  
Ambassador Program Application

---

# City of Corinth

## Communications Ambassador Program Guidelines

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The City of Corinth values transparency and community engagement with its residents. To achieve goals around these values, Communications Ambassadors are used to share information about City of Corinth initiatives through a grassroots, word-of-mouth strategy. This group does not make any policy decisions, however Ambassadors will make communication suggestions to staff based on feedback from residents.

### **Overview of Program**

- Total number of Communications Ambassadors: 12 maximum
- Positions are voluntary
- Terms last two years and Ambassadors can serve up to four terms
- Ambassadors must have lived in Corinth city limits for at least one year
- Candidate Ambassadors must complete an application to be considered. The City Manager and Director of Finance, Communication & Strategic Services will select candidates based on those applications. Interviews may be held if needed.
- Director of Finance, Communication & Strategic Services will oversee the program

### **Ambassador Expectations & Responsibilities**

As part of the program, Communications Ambassadors are expected to:

- Attend bi-monthly Communication Workshops in City Hall to review communication topics and tactics – exact times and dates of meetings are to be determined
- Ambassadors may miss no more than two workshops per year
- Follow the City social media accounts and re-share important topics on their personal social media accounts and neighborhood groups
- Read emails from City staff outlining communication topics and updates on important projects
- Share City information with fellow residents in a factual and non-biased way
- Encourage fellow residents to participate in City public engagement initiatives
- Report back to City staff on common questions, topics or projects that other residents want more information about
- Be a liaison of the Ambassador's HOA with sharing City information (when applicable)

### **About the Monthly Communication Workshops**

- Communication Workshops will be held every other month in City Hall – exact times and dates of meetings are to be determined
- The goal of the workshops is to review communication topics, project updates and communication tactics for the Ambassadors
- Each workshop will focus on a specific department to give an overview on what the department does and the important projects residents should know about
- Workshops are open to the public, however no public comment will be available during the workshops
- Basic agendas will be created and shared for the workshops at least five days prior
- The City Director of Finance, Communication & Strategic Services will run the workshops with department-specific staff members presenting
- Minutes from the workshops will not be recorded

- Should an Ambassador be unable to attend one of the monthly workshops, staff must be notified as far in advance as possible. Summaries of the workshop may be sent to absent Ambassadors after the fact.
- To supplement the Workshops, City staff will also send weekly emails with project updates and communication tidbits

## **City of Corinth Communications Ambassador Application**

---

The City of Corinth is working to better share information about City projects, Council decisions, and general updates with our residents, and we need your help.

Corinth residents are busy and don't always have the time to keep track of City issues. By becoming a Communications Ambassador, you can help us by voluntarily sharing of City information through your networks.

### **Responsibilities of Ambassadors include:**

- Attending Communication Workshops every other month to learn about department-specific news and projects
- Stay informed through City emails and social media posts
- Share City information with fellow residents in a factual and non-biased way
- Encourage fellow residents to participate in City public engagement initiatives
- Report back to City staff on common topics or projects that other residents want to know more information about

A maximum of twelve Ambassadors will be chosen and all applicants must have lived in Corinth city limits for at least one year. Corinth staff members will select candidates based on applications. Interviews may be held if needed. Positions are voluntary and terms last two years.

## City of Corinth Communications Ambassador Application

---

Date of Application:	
First & Last Name:	
Physical Address:	
Email Address:	
Primary Phone Number:	
Length of Residency in Corinth:	
Do you live within an HOA? If yes, which one?	
Are you currently serving on other Boards, Commissions, or Committees? Yes, No If yes, which:	
Have you served on a Board, Commission, or Committee before? Yes, No If yes, which :	
Are you active on social media? If yes, what platforms?	
How do you currently receive news about the City?	
What types of communication tools do you think work best for Corinth residents and why?	
What topics related to the City are you most interested in?	
Why are you interested in being a Communications Ambassador?	

**City Council Regular and Workshop Session**

**Meeting Date:** 02/07/2019  
**Title:** Communication Strategic Plan  
**Submitted For:** Lee Ann Bunselmeyer, Director  
**Submitted By:** Lee Ann Bunselmeyer, Director  
**City Manager Review: Approval:** Bob Hart, City Manager  
**Strategic Goals:** Citizen Engagement & Proactive Government

---

**AGENDA ITEM**

Consider and act on the approval of a city-wide Communication Strategic Plan.

**AGENDA ITEM SUMMARY/BACKGROUND**

City staff have been working with Slate Communications to create a communications plan to enhance transparency and communication methods with residents. Based out of Fort Collins, CO Slate specializes in communication, public engagement and graphic design for local governments.

The Communications Plan provides a framework for communication methods that can be implemented by staff. Recommendations are unique to Corinth and were developed through the following process:

- Review and audit of existing communication methods
- Meetings with staff and local stakeholder to better understand the community, what resonates with residents and hot communication topics
- Online community survey to gauge communication preferences
- Identify key audience segments and characteristics
- Establish communication goals, objectives and priorities
- Develop foundational messaging
- Create unique communication strategies, tactics and process to fit Corinth's needs

Implementation for the plan has been outlined by level of priority for City staff to ensure that new communication methods are implemented in a manageable fashion.

**RECOMMENDATION**

Staff recommends approval of the Communication Strategic Plan.

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**Attachments**

Communication Plan

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CITY OF CORINTH

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# COMMUNICATIONS PLAN





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# 1. DISCOVERY REPORT

## KEY TAKEAWAYS

1

Lack of community gathering spaces and the Corinth city lines make it complicated for communication and engagement



2

The commuting nature of Corinth residents means that they have limited time to pay attention to City news



3

The generation shift of Corinth residents results in two distinct groups with different wants and needs



4

Communication is a new focus for the City organization, so no solid procedures and policies are in place



5

Residents care most when they understand how a topic or issue relates back to their lives



# AUDIT OF EXISTING MATERIALS & DATA

Slate Communications conducted an examination of communication tools and materials currently used by the City of Corinth. This helps us understand how the City is communicating with residents and where improvements can be made. Evaluations are based on printed materials provided and digital communication tools, including social media and the website. Any available data was also examined to gain insights on residents interact with the different communication outlets.



## WEBSITE

The City of Corinth website is an important resource for residents to find information. Many of the most frequently used actions are featured on the homepage for easy access. However, navigation menus can be cumbersome to sort through, especially when items aren't listed alphabetically. Most pages have content that's current and skimmable, but incorporating visuals and formatting updates could be beneficial.



## SOCIAL MEDIA

The City, Police, and Fire Departments have their own Twitter and Facebook accounts. While the Fire Department is fairly inactive, the City and Police Department accounts post consistently with photos and links. Community-focused stories and photos do especially well on these channels. It is appropriate for these departments to have separate social media accounts, however careful consideration should be taken before other City departments are allowed to start their own accounts, and there is no policy to provide guidance.



## MATERIALS FOR RESIDENTS

External communications with residents don't have a consistent identity – they lack a cohesive voice, design and branding that builds familiarity and trust. There's an opportunity to create strong visual materials for residents, whether it's for regular communications or special materials to explain complex City issues.



## CONSISTENCY

The City does a good job posting frequently on social media, but newsletters and eblasts should also be sent out on a consistent basis. The City Manager Reports are fairly new, so it would be beneficial to determine a consistent monthly schedule for their release.

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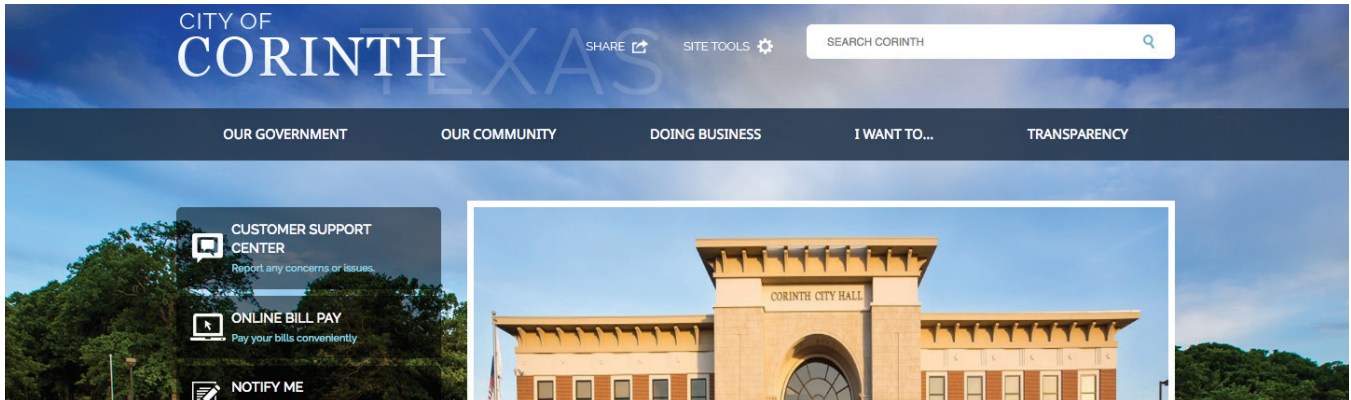
## PARTNER COORDINATION

The City is able to work closely with some local partners to increase the reach of information, but there is room for improvement. Sharing information through these different organizations can help get the message to people who many not currently be engaged with the City.

---

## RELEVANT DATA

### WEBSITE



#### TOP CUSTOMER RELATIONS TOPICS:

- Ask a question
- Water leaks & utilities issues
- Code violations such as high grass, weeds, trash, tree limbs
- Inappropriately parked vehicles
- Infrastructure repairs
- Open records requests

**158K**  
**UNIQUE PAGE VIEWS**  
(OCT. 2017 - MAY 2018)



#### TOP VISITED WEBPAGES:

- Utility billing
- Police department
- Special events
- Municipal court
- Facilities
- Form center
- Planning & development
- Customer support
- Construction updates
- How to pay Municipal Court

#### MOST CLICKED PAGES IN SEARCH RESULTS:

- Document center
- Form center
- Planning & development
- FAQ
- Police
- Customer support

## SOCIAL MEDIA



City of Corinth  
Community  
Relations  
@CityofCorinth

Home

About



Like Follow Share ...

### CITY TWITTER:

- 498 followers
- Post several times a week
- Averages 3-5 engagements per tweet
- Photos and community news receive highest engagement



OF INTERACTIONS  
ON SOCIAL  
MEDIA WERE  
POSITIVE  
(APRIL 2018)

### CITY FACEBOOK:

- 846 followers
- Post daily (sometimes several times a day)
- Average 15 engagements per post
- Photos and community news receive highest engagement

### LAKE CITIES FIRE DEPARTMENT TWITTER:

- 401 followers
- Retweets other posts every few days with a long break between February and April in 2018
- Little original content posted
- May need to re-evaluate if the account is necessary

### POLICE TWITTER:

- 244 followers
- Tweets are protected and can only be viewed by approved followers

### LAKE CITIES FIRE DEPARTMENT FACEBOOK:

- 837 followers
- Reposts from other accounts every few days
- Some original posts about emergency updates; these get good engagement

### POLICE FACEBOOK:

- 41,887 followers
- Post almost daily
- Average 145 engagements per post
- Does a great job posting images and community stories that receive high engagement

# STAFF & STAKEHOLDER INTERVIEWS

Slate Communications conducted a series of interviews with Corinth city staff and stakeholders. During these in-person meetings, discussions were focused on how the City currently communicates with residents, and the challenges and opportunities that are present. From these interviews, primary themes emerged.

## ABOUT THE COMMUNITY:

- Community is mostly made up of neighborhoods, there is no downtown or other gathering area
- People live but don't work in Corinth
- Heavy residential as opposed to commercial development
- City lines sometimes split neighborhoods, development areas, etc. – very close to several other suburbs
- Population split between older generation and young families – different groups have different ideas/preferences
  - » Older generation tends to be stuck in old ways and very vocal
  - » Younger generation open to new ideas, but too busy to engage

## CURRENT COMMUNICATIONS:

- Recent shift within organization to have larger focus on communications
- Organization has had trouble with residents not being engaged, even when something is communicated clearly
- One person manages social media, website, media relations, weekly update emails, etc. in addition to other high-level, high priority duties
- Social media tends to work the best, especially for Police; have informal social media policy
- Events very successful for engagement
- One-on-one conversations with businesses work well
- Departments work through a central source when they need to share information, but don't have a formal process

## IDEAS FOR THE FUTURE:

- Working to establish presence on NextDoor with Police department
- Find group of residents to act as "cheerleaders" and help spread information
- Go "old school" with printed and mailed materials
- Residents are most interested in how issues relate to their lives
- Create a stronger identity for the community
- Ensure communication is relevant and consistent

**COMMUNITY TOUCH POINTS:**

- Message board in front of City Hall
- Some strong HOA's
- Churches
- Schools – have good relationship with school districts
- Two newspapers
- Coming soon: system to email utility customers
- Chamber of Commerce

**HOT COMMUNICATION TOPICS:**

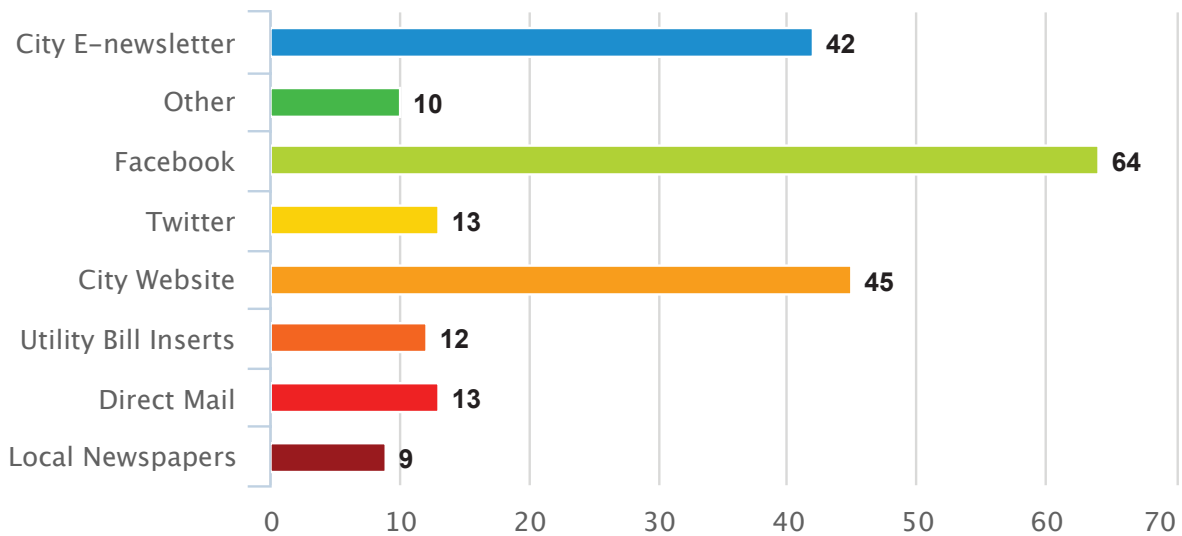
- Increase in water rates
- Development and Buc-ee's missed opportunity
- Broadband and slow Internet connections



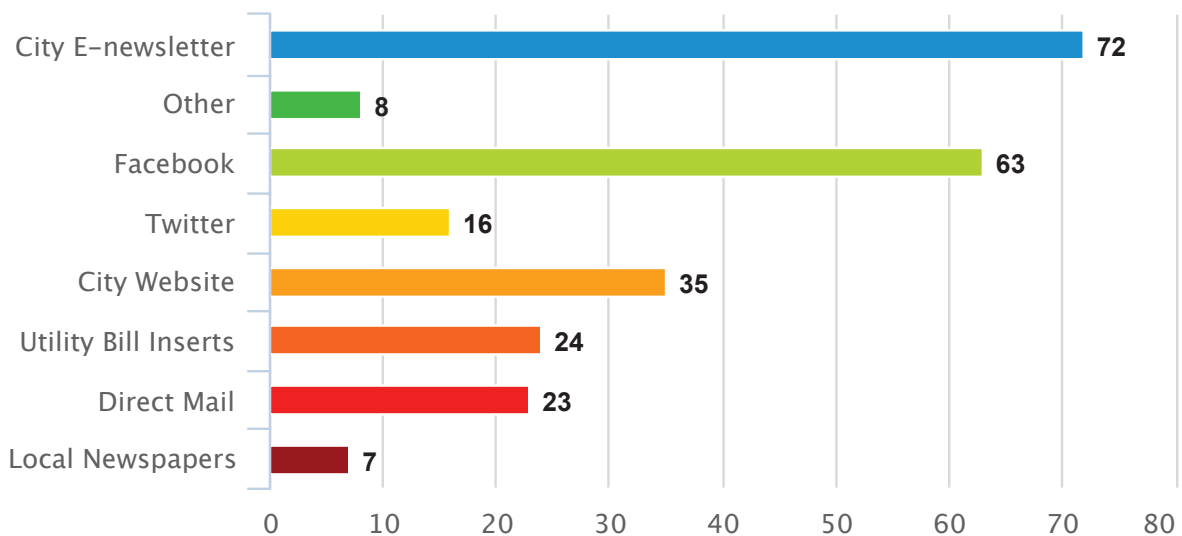
# COMMUNITY SURVEY RESULTS

To better understand the communication preferences of Corinth residents, a short survey was put out to the community through the website and social media. A total of 106 responses were collected, enough to see trends emerge.

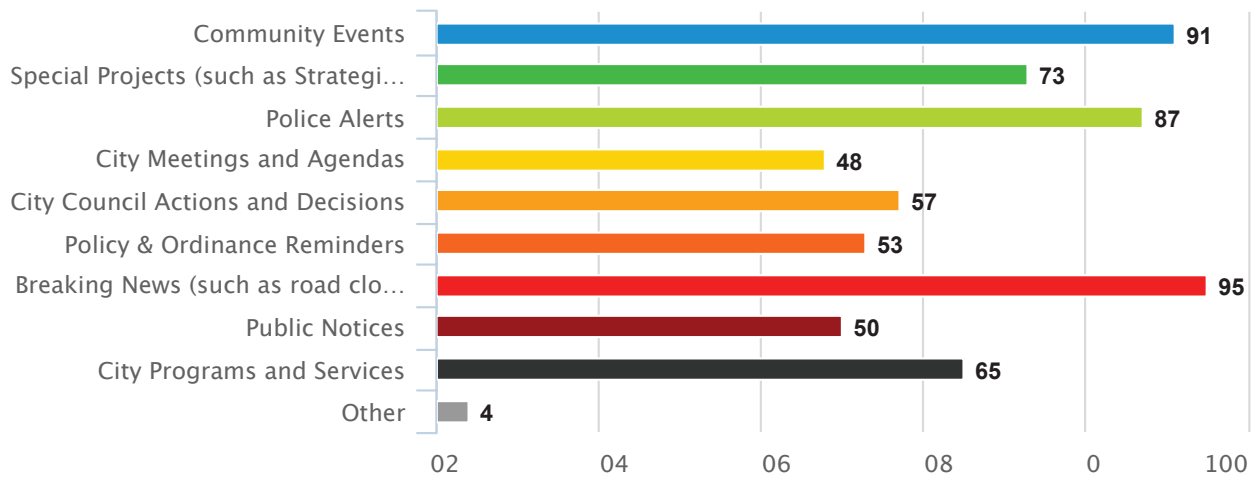
## HOW DO YOU CURRENTLY RECEIVE CITY INFORMATION?



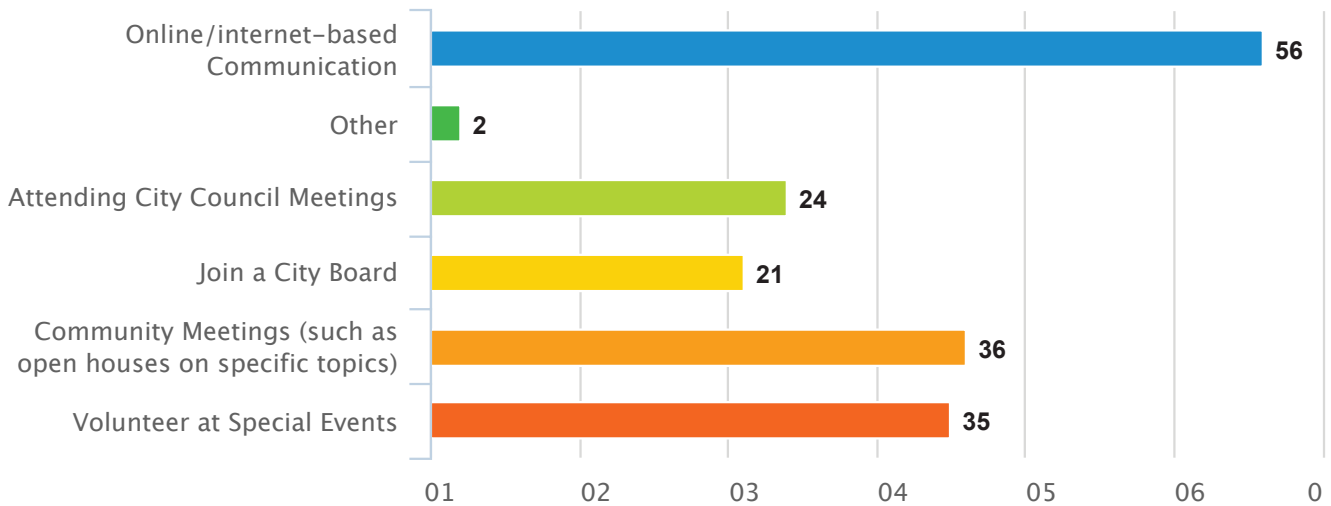
## HOW WOULD YOU PREFER TO RECEIVE CITY INFORMATION?



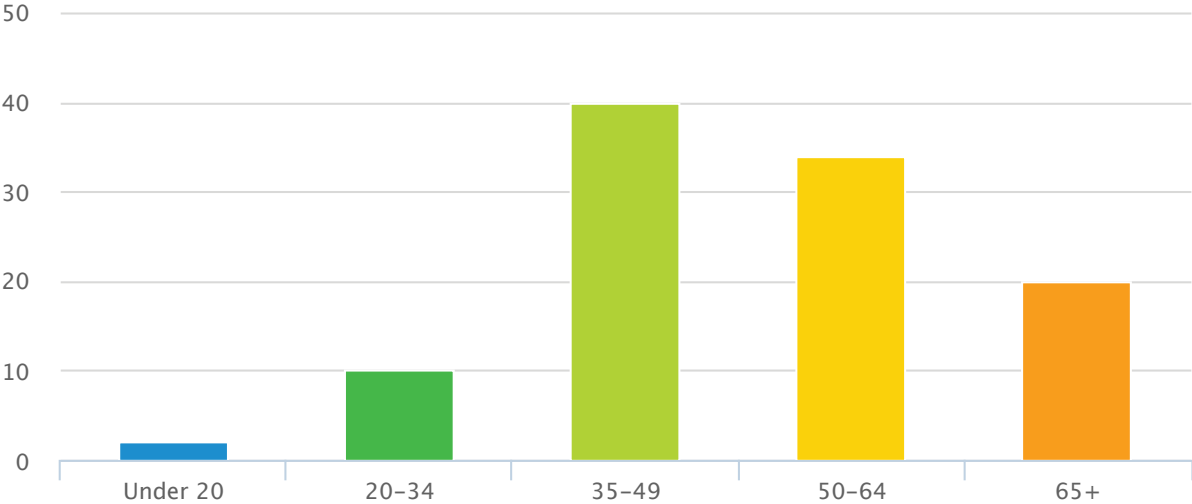
## WHAT TYPES OF INFORMATION ARE YOU MOST INTERESTED IN?



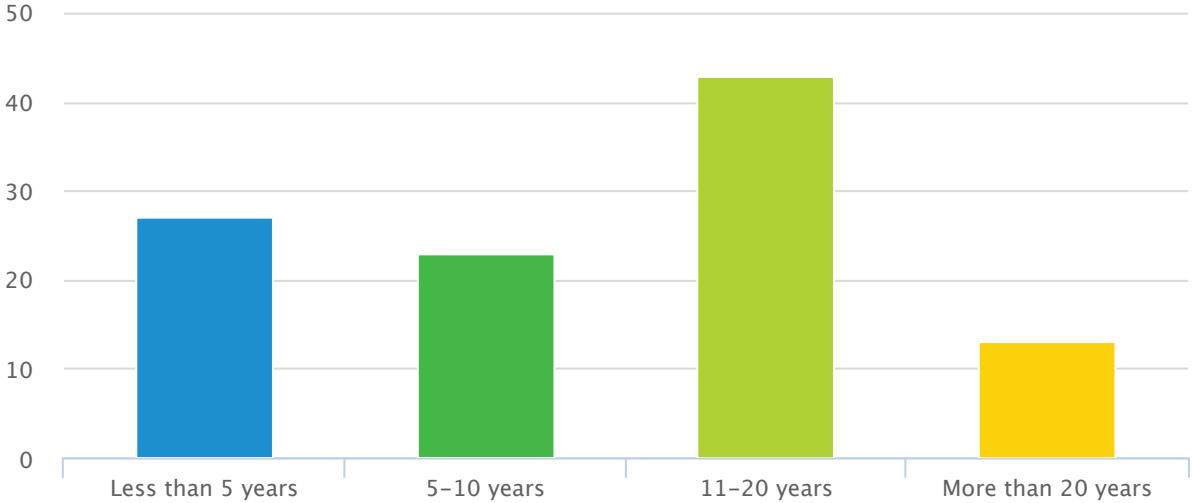
## IF YOU WANTED TO BE MORE INVOLVED WITH THE CITY OF CORINTH, HOW WOULD YOU PARTICIPATE?



## WHAT IS YOUR AGE?



## HOW LONG HAVE YOU LIVED IN CORINTH?



## OTHER COMMENTS

*It would be great to see the city have a dedicated mobile app. Would likely be easier to consume news and communications.*

*It would be nice if there were a quick and easy way to find out about new construction and road closures.*

*Let residents know about any discussions of what new developments might be coming to the area.*

*Please put a little more information out about things happening in the city. An email once in a while is not good communication.*

*My family and I moved to Corinth in cot. 2017. We are not aware of an e-newsletter.*

*I think communication is fine. You all communicate a lot more than other municipalities.*

# SWOT ANALYSIS

## STRENGTHS:

- Organization commitment to communications
- Residents starting to become more open to new ideas
- Strong following on social media channels
- Successful (but limited) event engagement



## WEAKNESSES:

- Current lack of engagement from residents
- Those making their voices heard are not fully representing the opinions of residents but influence Council decisions
- No strong community gathering place to bring people together
- Commuting nature of the community means residents have little time outside of work and family



## OPPORTUNITIES:

- Create a consistent identity to increase awareness of the City organization and services
- Development of solid communication process so all departments can get their information out
- Reaching people where they are with information in facilities, through social groups, etc.
- Help residents understand how City programs and policies impact their individual lives



## THREATS:

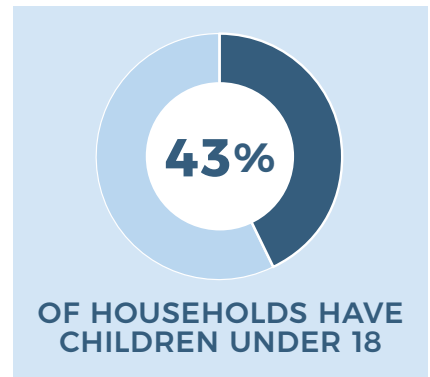
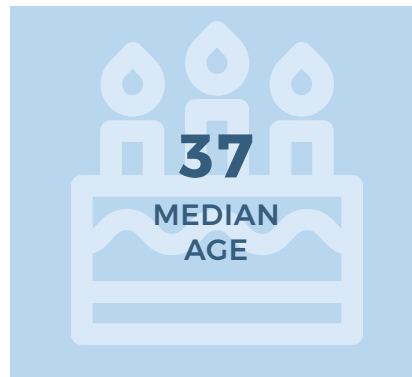
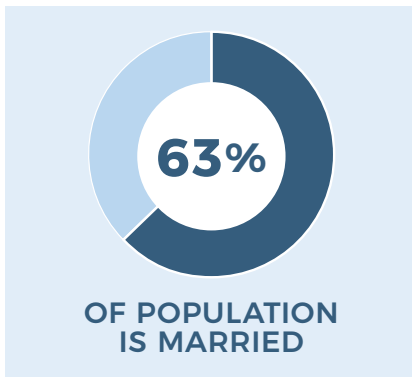
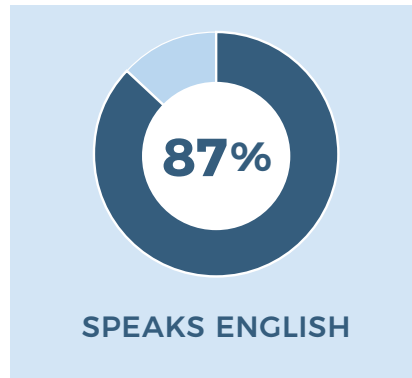
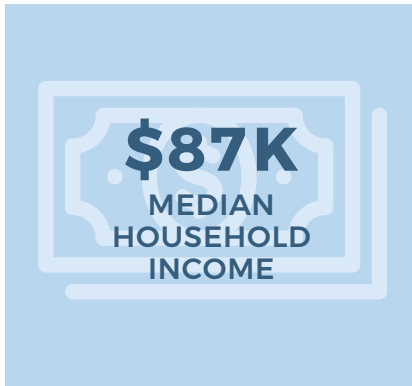
- Issues with development
- Negative residents continuing to have the loudest voices to influence Council
- Busy families lack the time and capacity to engage with local government





## 2. AUDIENCES

### BY THE NUMBERS



### AGE BREAKDOWN



- 28%** UNDER 18
- 19%** 45-54
- 15%** 35-44
- 13%** 25-34
- 10%** 55-64
- 9%** 65+
- 6%** 18-24

# AUDIENCE CHARACTERISTICS & PREFERENCES

Corinth has a distinct split between older residents, more traditional residents (Baby Boomers) and the younger families (Millennials). Members of Generation X span between both of the resident categories. These groups have unique characteristics and preferences on how they receive information.

## BABY BOOMERS – 54-72 YEARS OLD

### CHARACTERISTICS:

- Have expendable income to use on luxury items and travel
- Social: are members of associations, charities, non-profits, etc.
- Health conscious
- Plan to continue working and expand into “active retirement”
- Value family, individuality, and self-fulfillment

### COMMUNICATION & CONSUMER BEHAVIOR:

- Tech savvy and utilize social media frequently
- Prefer more information and transparency
- Like the convenience and customization of the Internet
- Like to feel they are contributing to a greater cause
- Like information presented in terms of categories and options (i.e., simple facts with which to make decisions)
- Prefer face-to-face interactions or phone calls



### TOOLS:

- Facebook
- Website content
- In person events
- Direct mail
- Newspapers

## GENERATION X – 38-53 YEARS OLD

### CHARACTERISTICS:

- Highly adaptable to change
- Tend to distrust authority and large institutions
- Resourceful, independent, and self-sufficient
- Value work-life balance, and are family-focused
- Saving money is a big priority, and then tend to play it safe

### COMMUNICATION & CONSUMER BEHAVIOR:

- Grew up in a world without social media, but have adapted to it
- Email is a preferred mode of communication
- The only generation who regularly consumes advertising and marketing messages from all key media channels including social media, mobile, and cable
- Like initiatives that will make things more useful and practical
- Prefer an informal communication style and are skeptical of modern advertising

### TOOLS:

- Facebook
- Instagram
- Website Content
- Email/e-newsletters
- In person events





## MILLENNIALS – 22-37 YEARS OLD

### CHARACTERISTICS:

- Depend on technology, with mobile technology closest to their hearts
- Considered the social generation, they value teamwork and collaboration
- Want to have fun and are always looking for an adventure
- Want to make a difference in the world, and are cause-oriented
- Used to multitasking and juggling multiple conversations

### COMMUNICATION & CONSUMER BEHAVIOR:

- Digital natives that are used to having access to large amount of information at their finger tips
- Prefer to receive information electronically, and use social media to communicate
- Respond to content that is conversational and authentic
- Expect speed, convenience, and flexibility
- React strongly to real-life examples, and favor the truth and what's real
- Peers often guide produce and brand choices

### TOOLS:

- Any and all social media platforms
- Short format videos featuring human stories
- Online resources and websites
- Emails/e-newsletters
- Texting conversations/push notifications
- In person events





## 3. COMMUNICATION PRIORITIES

The priorities identified serve as the overarching goals of this communications plan. Each priority is followed by strategies and actionable tactics that can create a more effective local government.

### **PRIORITY #1:**

#### TRANSPARENCY & ACCOUNTABILITY

Citizens perceive the City as an open, credible, and responsible organization

### **PRIORITY #2:**

#### TIMELY & ACCURATE INFORMATION

Accurate, nonbiased information is provided to residents in a timely manner

### **PRIORITY #3:**

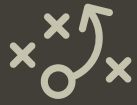
#### PUBLIC ENGAGEMENT

Communication between residents and the City is two-way; residents understand their input is valued and used in decisions

### **PRIORITY #4:**

#### TELL OUR STORY

Define and develop a community identity, and promote the community's unique characteristics



## 4. STRATEGIES & TACTICS

The priorities identified serve as the overarching goals of this communications plan. Each priority is followed by strategies and actionable tactics that can create a more effective local government.

### PRIORITY #1:

#### TRANSPARENCY & ACCOUNTABILITY

Citizens perceive the City as an open, credible, and responsible organization

#### STRATEGIES

##### REPORT ACCOMPLISHMENTS AND CHALLENGES BOTH ACCURATELY AND OPENLY.

Citizens will see the City as more credible if both positive and negative results are reported.

##### SHARE EARLY AND OFTEN.

For large projects and programs, bring residents along throughout the entire process. Share information as early as possible and keep residents informed of updates until completion.

##### DEVELOP INFORMATION CAMPAIGNS SHARING SPECIFIC DETAILS OF ISSUES MOST IMPORTANT TO THE COMMUNITY.

With these campaigns, the goal is to communicate how taxpayer money is spent and help residents make sense of City projects.

## POTENTIAL TACTICS

### ANNUAL REPORT

An annual report can be used as a simple method to report information to citizens in an engaging way. This snapshot summary can provide accurate reporting of annual spending, updates about City projects, and explain current challenges faced by the community.

### POST-MEETING EBLASTS

Eblasts, called *The Council Wrap-Up*, will be sent out after every City Council meeting to highlight important decisions and discussions that occurred. This is a great way for busy community members to have direct access to information that they may not normally have time to search for.

### SUMMARIES OF MAJOR DEVELOPMENT PROJECTS

Development is a hot topic for Corinth residents, and the City needs to make sure these potential projects are well communicated. Short summaries, whether printed or online, will help the community understand the associated impacts and changes, even before a project is given the full go-ahead.

### LIVE STREAMING OF MEETINGS

Many Corinth residents are busy and don't have time to attend long City Council meetings in the evening. To allow for more people to access the meetings, the City should find a way to stream the meetings online, whether that be through the main website, or on social media platforms like Facebook or YouTube.



### ANNUAL BUDGET SUMMARIES

City budgets can be confusing, but it's important for residents to understand how their local government is funded and where the money goes. For each budget year, the City can create a shorter "Budget Brief" that gives residents a taste of this information without being too confusing for the average resident.

### DEVELOPMENT REVIEW PROCESS INFOGRAPHIC

Create an easy to read and understand Development Review Process chart that illustrates to the commercial development audience and general public on how applications for development are reviewed and processed. It should also make clear where public comment can be received to influence development plans.

## **PRIORITY #2:**

### **TIMELY & ACCURATE INFORMATION**

Accurate, nonbiased information is provided to residents in a timely manner

#### **STRATEGIES**

**PRESENT INFORMATION ACCORDING TO CITIZEN NEEDS AND NOT SOLELY BASED ON GOVERNMENT PRIORITIES.**

This means that the most important issues to residents should be the easiest to find information on, and any City topics or projects should be communicated in a way that shows how it affects residents.

**EMPLOY A MULTI-MEDIA AND MULTI-LEVEL COMMUNICATION APPROACH BY DEVELOPING AND USING A NUMBER OF COMMUNICATION ACTIVITIES AND PLATFORMS.**

With the wide spread of Corinth's demographics, the most communication impact will come from using both traditional and innovative, digital communication tools.

**PROVIDE INFORMATION IN A MANNER THAT IS CONVENIENT, TIMELY, AND EASILY ACCESSIBLE FOR THE TARGET PUBLICS.**

Timely distribution of information reinforces the City's commitment to transparency and demonstrates that public feedback is valued. Based on the community survey, Corinth residents prefer to receive information in digital and easy to access formats such as e-newsletters and social media.

**INCREASE ACCURATE, COMPREHENSIVE LOCAL AND REGIONAL MEDIA COVERAGE OF CITY ISSUES.**

By building close relationships with the media, the City can have more control about what is communicated to the public and ensure that only the most accurate information is published.

## POTENTIAL TACTICS

### STANDARD COMMUNICATION PROCESS

To help ensure that a project or initiative is properly communicated, a solid communication process should be established. Through this process, standard communication steps can be outlined and then followed for each new messaging campaign. Included items would be sharing the information on the website, scheduling social media posts, distributing information to the media, creating custom graphics for the campaigns, etc. The process can be tweaked based on the project, but having a place to start will guarantee that the main communication outlets are utilized.

### REVIEW AND STANDARDIZE MEDIA PROTOCOL

To increase the chances that accurate information is reported, the City should review and standardize its media protocol. Through this standardization, several improvements can be made. First, the City can explain how media contacts and corrections should be handled. This will make it clear to City employees who are responsible for contacting the media when inaccurate information has been published. The standardization will also establish well-defined media contacts for content, meaning that the City can outline exactly who can talk to the media and which topics they are qualified to talk about.

### COLUMNS, EDITORIAL, AND PAID CONTENT OPPORTUNITIES

To have a greater presence in local media beyond just sending press releases, the City can also standardize and investigate column and/or editorial opportunities. The City could ask local newspapers if they could receive a regularly scheduled column in which a city official would write about important and timely issues. The column could be written in a tone that is casual but still informative and unbiased to make a more personal connection between government official and the reader.

### MEETINGS WITH MEDIA OUTLETS

In order to build relationships with the local media, the City can begin by regularly having meetings with local media outlets to keep these sources up-to-date on the latest happenings and thoroughly explain how decisions were made. By partnering with the media, the City can ensure that the news is reported accurately.

### SOCIAL MEDIA POLICY

The City of Corinth already has a strong following on social media and should continue to utilize those outlets to share information. However, it would be helpful to create a solid Social Media Policy to establish procedures around social media strategy and implementation. The policy can address what type of information is posted on social media, how comments from residents are handled, who is responsible for maintaining social media accounts, the process for creating new accounts, etc.

### EDITORIAL CALENDARS

While things can change quickly within a local government, it's helpful to look ahead and create a rough editorial calendar at the beginning of each year. Through this, communication topics can be planned out based on what projects are up ahead and what educational items would be good to focus on. This can also help ensure that communication campaigns are spread out and not competing against each other against each other for attention.



## **PRIORITY #3:**

### **PUBLIC ENGAGEMENT**

Communication between residents and the City is two-way; residents understand their input is valued and used in decisions

#### **STRATEGIES**

**USE INTERACTIVE AND NON-TRADITIONAL COMMUNICATION APPROACHES TO MAINTAIN ONGOING DIALOGUE BETWEEN CITIZENS AND THE CITY GOVERNMENT.**

Distributing communication materials is always a great way to inform the public, but with this approach messages don't always catch people's attention and there's no way for citizens to respond.

**CREATE THOROUGH SUMMARIES OF FEEDBACK GATHERED FROM ENGAGEMENT ACTIVITIES TO SHARE WITH CITY COUNCIL.**

By hearing the variety of voices and opinions, Council will be better equipped to make informed decisions that truly represent the wants and needs of the community.

**LEVERAGE PARTNERSHIPS WITH OTHER ORGANIZATIONS AND LOCAL GROUPS TO HELP SPREAD YOUR MESSAGE.**

These partner groups already have the attention of your audience and utilizing their tools increases the chances that people will hear your information as well.

**DEVELOP CREATIVE ENGAGEMENT PRACTICES THAT FIT WITH THE HABITS OF A WIDE VARIETY OF DEMOGRAPHICS.**

Engagement tools used should be catered and customized on a per project basis depending on the target audiences and desired outcome of the engagement.

## POTENTIAL TACTICS

### LISTENING SESSIONS/ COMMUNITY CHATS

Another way to improve the dialogue between the local government and its residents is by Council members holding small public meetings or “coffee talks” in order to meet with the public more informally about the priorities and challenges of the City. Community members would be able to ask questions and get answers more quickly than if they had to find the information on their own.



### BOOTHS AT LOCAL EVENTS

Meeting residents where they’re already at is one of the easiest ways to engage them. The City can host booths or tables at several of the many events that take place throughout the year in Corinth. There can be an overall engagement goal or theme of each booth, but they can also be a time to listen to and be in front of the public. These opportunities help show the City as approachable and open to interacting with its citizens.

### ASK THE CITY

Corinth can engage in an “Ask the City” program in which community members are allowed to submit their questions to the government online, via video or an online form. The City will be able to reply to these questions by producing short videos, infographics, or other engaging content in which government officials answer the common or pertinent questions.

### CITIZEN POLLING

Outside of normal Citizen Surveys, the City should consider administering citizen polling two to three times a year based on information City Council and staff need to fulfill the goals and policies. Being conscious of people’s time, short format polls are recommended over long, multi-question surveys.

### CITIZEN AMBASSADOR PROGRAM

To help further spread information through Corinth groups and neighborhoods, the City could create an “Ambassador Program” with a select group of residents. These residents would service as city cheerleaders in helping spread information about important topics and upcoming meetings or events. When traditional communication tactics aren’t grabbing people’s attention, directly hearing information from a fellow resident, whether it be face-to-face or through social media, may have a bigger impact.



## **PRIORITY #4:**

### **TELL OUR STORY**

Define and develop a community identity, and promote the community's unique characteristics

#### **STRATEGIES**

##### **DEVELOP CONSISTENT MESSAGING THAT HELPS BUILDS A BRAND FOR CORINTH.**

By thinking about the types of information shared, along with the tone and personality that is showcased through communication outlets, the City can develop a stronger identity that resonates with residents.

##### **FOSTER A SENSE OF COMMUNITY THROUGH THE INFORMATION AND MESSAGE THAT ARE SHARED WITH RESIDENTS.**

Not everything the City does pulls at the heart strings, but finding those feel-good stories or presenting information in a way that shows the topic is for the greater good can help create pride among residents.

##### **BUILDING MOMENTUM AND AWARENESS OF THE ADMIRABLE QUALITIES OF CORINTH.**

Drawing more attention to the benefits of Corinth will give residents a greater sense of pride for their community.

##### **SUPPORT ECONOMIC DEVELOPMENT ACTIVITIES WITH MARKETING MATERIALS THAT HIGHLIGHT COMMUNITY OPPORTUNITIES AND ASSETS.**

By creating new materials, the City will have solid tools to describe the benefits of Corinth that can be used when drawing in new businesses and people to the community.

## POTENTIAL TACTICS

### NEW PRINT COLLATERAL

The City should create new print collateral that describes the Corinth location, community demographics, and commercial or retail opportunities. These materials could be used to promote the community and encourage new business and other development projects to come to Corinth. Simply having these materials and information easily available can show that the City is serious about taking advantage of development opportunities.

### PHOTOGRAPHY & VIDEO

A picture is worth 1000 words, so having strong photography and video footage of the community is invaluable to telling the community's story. This footage should not only showcase the beauty and "fun" of the community, but also the services that the City organization provides for its residents. Short videos can also show the human side of the organization. The City's photo and video library should be continuously growing with those items being showcased through a variety of communication platforms (social media, printed materials, website, etc.).



### BRANDED COLLATERAL

To help further enforce the City of Corinth's identity, new branded templates and collateral should be created for all staff to use. Creating a consistent look can help residents understand when a piece of communication is coming from the City.



## 5. FOUNDATIONAL MESSAGING

As Corinth moves through its strategic plan towards 2030, there are several important themes and messages that will need to be shared with residents and businesses.

### CORINTH VISION STATEMENT

Corinth will be known for its quality of life achieved by providing a safe community, preserving our neighborhoods, and recognizing the importance of quality development along our corridors.

### STRATEGIC THEMES



LAND  
DEVELOPMENT



INFRASTRUCTURE  
DEVELOPMENT



ECONOMIC  
DEVELOPMENT



GOVERNANCE &  
MANAGEMENT

# KEY MESSAGES BY STRATEGIC THEME

## LAND DEVELOPMENT: PLACES & SPACES

- Corinth is a family-friendly community that takes pride in its strong neighborhoods
- We value the quality of Corinth's parks, neighborhoods and community spaces
- The City has plans in place to outline the types of assets needed to create diverse activities and amenities
- We aim to follow development plans when permitting new builds to encourage strong growth that fits with the community vision

## INFRASTRUCTURE DEVELOPMENT

- We're investing in infrastructure and systems to ensure Corinth remains accessible for residents, commuters and businesses
- We believe that safety is a critical component to creating Corinth's high quality of life
- The foundation is in place to build a strong community and provide critical services to citizens such as water and waste water, street maintenance, utilities, etc.
- We're planning for the long term with a Capital Improvement Program to ensure funding is in place for critical future projects

## ECONOMIC DEVELOPMENT

- Corinth is open for business and we're committed to finding developments that fit the character and needs of the community
- When it comes to development, the City organization is focused on smart growth
- Our job is to create a solid building and development process to ensure due-diligence is done before a project gets the go-ahead

## GOVERNANCE & MANAGEMENT

- The City is committed to transparency and collaboration
- Our policies and projects follow your vision for Corinth
- No matter how much time you have, there are plenty of ways to be involved in the City
- We are customer-focused, and believe in delivering services in a timely, cost effective and professional manner
- We work together as a community to create an environment that promotes cooperation and respect

# TOP COMMUNICATION TOPICS



GROWTH & ECONOMIC  
DEVELOPMENT



VISION &  
COMPREHENSIVE  
PLANNING



SPECIAL EVENTS



POLICE &  
PUBLIC SAFETY



INFRASTRUCTURE &  
PUBLIC WORKS



## 6. METRICS FOR SUCCESS

There are several metrics that can be used to track the success of the City's communication techniques. The City should evaluate these metrics on a regular basis and compare them to previous statistics to understand what techniques are working well and which ones need improvements or further implementation.

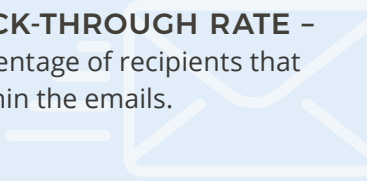
### MEDIA STATISTICS:

- Number of press releases sent per month
- Number of articles about the City organization written
- Reach of paid ads



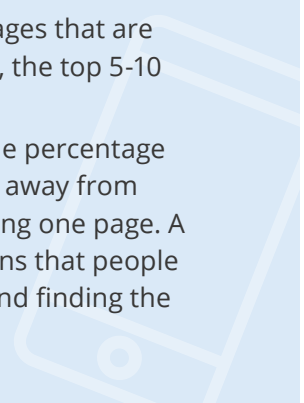
### EBLAST & E-NEWSLETTER METRICS:

- **NUMBER OF SUBSCRIBERS** – The number of people that have signed up to receive communication from the Town.
- **AVERAGE OPEN RATE** – The average percentage of recipients that open the emails.
- **AVERAGE CLICK-THROUGH RATE** – The average percentage of recipients that click on a link within the emails.



### WEBSITE METRICS:

- **UNIQUE VISITS** – The number of distinct individuals visiting the site.
- **PAGE VIEWS** – The number of times a site page has been viewed.
- **TOP PAGES** – The pages that are visited most frequently, the top 5-10 should be tracked.
- **BOUNCE RATE** – The percentage of people that navigate away from the site after only viewing one page. A lower bounce rate means that people are exploring the site and finding the information they need.



### SOCIAL MEDIA METRICS:

- **FACEBOOK & TWITTER FOLLOWERS** – The number of people who follow your page.
- **FACEBOOK & TWITTER ENGAGEMENTS** – The number of people who like, comment or share your posts.
- **FACEBOOK & TWITTER REACH** – The number of people your post was served to.





## 7. IMPLEMENTATION PLAN

### HIGH PRIORITY

STANDARD  
COMMUNICATION  
PROCESS

POST-MEETING EBLASTS

CONSISTENT CITY  
UPDATES AND MONTHLY  
E-NEWSLETTERS

SUMMARIES OF  
MAJOR DEVELOPMENT  
PROJECTS



BOOTHS AT  
LOCAL EVENTS

DEVELOPMENT REVIEW  
PROCESS INFOGRAPHIC

EDITORIAL CALENDARS

BRAND GUIDELINES &  
BRANDED COLLATERAL

COMMUNICATION  
AMBASSADOR  
PROGRAM

HIGH-QUALITY PHOTO  
AND VIDEO FOOTAGE

## MEDIUM PRIORITY



ANNUAL REPORT

ANNUAL BUDGET  
SUMMARIES

LIVE STREAMING  
OF MEETINGS

REVIEW AND  
STANDARDIZE MEDIA  
PROTOCOL

MEETINGS WITH  
MEDIA OUTLETS

SOCIAL MEDIA POLICY

LISTENING SESSIONS/  
COMMUNITY CHATS

ECONOMIC  
DEVELOPMENT  
COLLATERAL

## LOW PRIORITY

COLUMNS, EDITORIAL  
AND PAID CONTENT  
OPPORTUNITIES

ASK THE CITY  
PROGRAM

CITIZEN POLLING





# 8. COMMUNICATION INTERNAL ROLES & PROCESSES

## COMMUNICATIONS DEPARTMENT CORE FUNCTIONS

<b>STRATEGIC COMMUNICATIONS PLANNING PROCESS</b>	Implementation of the Council’s core priorities and guiding principles through strategic communications. This form of communication is about telling the stories of the City’s services and impacts.
<b>OFFICE/DEPARTMENT SUPPORT</b>	This form of communication is developed when leaders and staff seek out the Communications Department to help correctly communicate projects, initiatives and events.
<b>PUBLIC ENGAGEMENT</b>	The Communication Department works to develop strategies on how to engage the public in their local government, whether that be through in-person events or digital platforms.
<b>BRAND MANAGEMENT</b>	Through this function the Communication Department ensures that the brand is being used consistently and that brand messages are used appropriately and often in external communications.



# COMMUNICATION ROLES

## COMMUNICATIONS MANAGER:

- Develops and executes City Communications Plan
- Creates and implements other strategic communication plans that are developed
- Manages key City communication tools such as the website, social media platforms, e-newsletters, etc.
- Works with the local media to share City news and pitch story ideas
- Coordinates with City departments that are need of communication support
- Develop and execute public engagement strategies
- Manage City brand identity

## CITY COUNCIL MEMBERS:

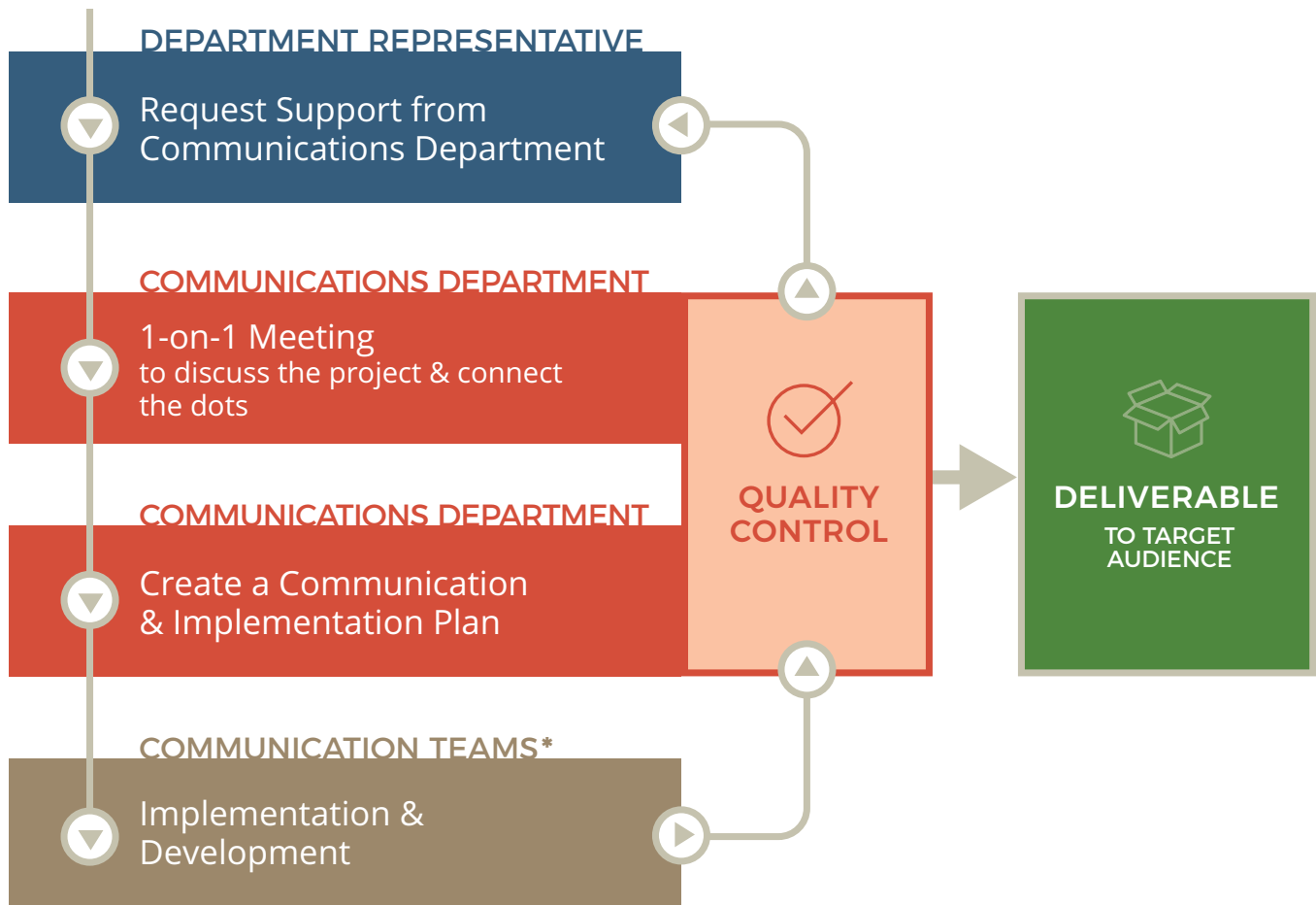
- Through the City Manager, provide communication suggestions based on what they hear from locals
- Let the Communications Manager monitor social media discussions and respond to resident questions
- Share communication tools and resources with residents when they have questions about specific topics; drive them back to the website

## STAFF IN OTHER DEPARTMENTS:

- Report to Communications Manager of news-worthy topics and updates on major projects
- Work with the Communications Manager should a major project or initiative need communication support or public engagement
- If applicable, provide photos to the Communications Department of projects and initiatives that can be share on social media and other platforms

# OFFICE/DEPARTMENT SUPPORT PROCESS

When a City office or department is in need of communication assistance on a project, initiative or event, the below process should be followed to ensure a consistent message is being spread to the correct audience.



*\*The Communications Team includes any support staff for the Communications Manager within the Communications Department and other departments related to the communications initiative*