



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

**NOTICE OF A CITY COUNCIL REGULAR SESSION IMMEDIATELY FOLLOWING  
A WORKSHOP SESSION  
OF THE CITY OF CORINTH**

**Thursday, February 15, 2018, 5:30 P.M.  
CITY HALL - 3300 CORINTH PARKWAY**

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**CALL TO ORDER:**

**WORKSHOP BUSINESS AGENDA**

1. 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.
2. Discuss and provide staff direction on conducting a Masonic Lodge ceremony to install a cornerstone for the Fire Station #3.
3. Lake Sharon Extension Project update.

**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 11, 2018 Special Session.
2. Consider and act on minutes from the January 18, 2018 Workshop Session.
3. Consider and act on minutes from the January 18, 2018 Regular Session.

4. Discuss and consider approval of Contract Amendment No. 7 to the Lake Sharon Roadway design contract to add Construction Phase Services for Engineering and Surveying in the amount of \$35,000.00.
5. Discuss and consider approval of Change Order Two in the amount of Thirteen Thousand One Hundred Eighty Five Dollars and Sixty Eight Cents (\$13,185.68) and Change Order Three in the amount of Forty Three Thousand Five Hundred Four Dollars and Sixty Nine Cents (\$43,504.69) increasing the current contract price of Five Million Eighty Five Thousand Four Hundred Sixty Eight Dollars and Thirty Seven Cents (\$5,085,468.37) with Munilla Construction Management, LLC dba MCM for the construction of Paving, Drainage & Water Improvements for Lake Sharon Drive by the total amount of Fifty Six Thousand Six Hundred Ninety Dollars and Thirty Seven Cents (\$56,690.37).
6. Review and approve the Investment Policy for City of Corinth for FY 2017-2018.
7. Review and approve the Investment Policy for the Economic Development Corporation for FY 2017-2018.
8. Review and approve the Investment Policy for the Crime Control & Prevention District for FY 2017-2018.

**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.

**PUBLIC HEARING**

9. **PUBLIC HEARING:** To hear public opinion regarding amending the Comprehensive Zoning Ordinance being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 2.09.01 Landscape Regulations, Table 15: Approved Plant Material List.

**BUSINESS:** Consider and act on an ordinance amending the Comprehensive Zoning Ordinance being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 2.09.01 Landscape Regulations, Table 15: Approved Plant Material List.

10. **PUBLIC HEARING:**  
TO HEAR PUBLIC OPINION REGARDING A REQUEST FROM THE APPLICANT ERIC WILHITE, AUTHORIZED REPRESENTATIVE FOR PROPERTY OWNER, CORINTH RETAIL 2499, LLC FOR A ZONING CHANGE FROM C-2 COMMERCIAL 2 DISTRICT TO PLANNED DEVELOPMENT (PD) C-2 COMMERCIAL DISTRICT WITH MODIFIED DEVELOPMENT STANDARDS ON APPROXIMATELY 5.299 ACRES OF LAND LEGALLY DESCRIBED AS A TRACT OF LAND SITUATED IN THE JASPER C. BAKER SURVEY, ABSTRACT NO. 48, IN THE CITY OF CORINTH, DENTON COUNTY, TEXAS. THIS PROPERTY IS LOCATED ON THE SOUTHWEST CORNER OF F.M. 2181 AND F.M. 2499.

**BUSINESS:**  
Consider and act on an ordinance for a zoning change from C-2 Commercial 2 District to Planned Development (PD) C-2 Commercial 2 District with modified development standards on approximately

5.299 acres of land legally described as a tract of land situated in the Jasper C. Baker Survey, Abstract No. 48, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of F.M. 2181 and F.M. 2499).

11. Consider and act on a request from the applicant Eric Wilhite, authorized representative for the property owner, Corinth Retail, 2499, LLC for a Major Subdivision Waiver to the City of Corinth Ordinance No. 13-05-08-20, Unified Development Code (UDC) to allow a reduction in the minimum required distance from the intersection along a major arterial to the proposed driveway on property legally described as a tract of land situated in the Jasper C. Baker Survey, Abstract No. 48, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of F.M. 2181 and F.M. 2499).

## **BUSINESS AGENDA**

12. Consider and act on a Resolution ordering a Joint General Election with Denton County to be held on May 5, 2018 to fill the offices of Councilmember Places 1, 3 and 4; establishing procedures for that election and providing an effective date.

## **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.

**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.

**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.

- a. Purchase of Right-of-Way for Lake Sharon Blvd near I-35E.

**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.

**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.

- a. Deliberations regarding economic development incentives 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.**

13. Discuss and consider authorizing staff to purchase a 0.106 acres (4,627 square feet) parcel of land for Right of Way acquisition part of a called 1.592 acre tract of land in the E.A. Garrison Survey, Abstract 511, City of Corinth, Denton County, Texas, conveyed to SEL Meadows Oak, LLC by deed recorded in Instrument Number 2008-713 of the Deed Records of Denton County Texas, commonly known as 3302 Lake Sharon Drive and generally located at the SE corner of Lake Sharon Drive and Tower Ridge Drive.
14. Consider and act on a Resolution of the City Council approving a Chapter 380 Economic Development Incentive Agreement between the City of Corinth, Texas, the Corinth Economic Development Corporation and Huffines Children’s Trust providing economic development incentives for the relocation and expansion of Huffines Kia and Subaru.

**ADJOURN:**

Posted this 9th 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 2.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**Title:** Masonic Lodge Ceremony

**Submitted For:** Bob Hart, City Manager      **Submitted By:** Kim Pence, City Secretary

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

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**AGENDA ITEM**

Discuss and provide staff direction on conducting a Masonic Lodge ceremony to install a cornerstone for the Fire Station #3.

**AGENDA ITEM SUMMARY/BACKGROUND**

The staff has discussed requesting the Masonic Lodge to conduct a ceremony to install a cornerstone. The tentative date is March 21 at 11:00. The Masonic cornerstone ceremony has evolved over years of use due to changing customs and construction techniques. A cornerstone has become a ceremonial masonry stone, or replica, set in the Northeast corner on the outside of a building, with an inscription on the stone indicating the construction dates of the building and the names significant individuals responsible for the building.

In the Masonic cornerstone ceremony, the stone is checked, using ancient tools, to be certain it's square, plumb (straight), and level because a building constructed on a poor foundation isn't strong. Next, the cornerstone is consecrated with corn (or grain), wine, and oil — all of which are Masonic symbols of prosperity, health, and peace. Concluding the ceremony, the stone is symbolically tapped in place with a gavel. From a historical perspective, the Freemasons have historically performed a special ceremony at the laying of cornerstones for new buildings. The earliest record of a formal and official Masonic ceremony is the laying of the Foundation Stone of the New Royal Infirmary of Edinburgh by the Earl of Cromarty, on August 2, 1738; additionally, the cornerstone of the U.S. Capitol was laid in 1793.

The cornerstone (or foundation stone or setting stone) is the first stone set in the construction of a masonry foundation, important since all other stones will be set referencing this stone, determining the position of the entire structure. In previous centuries, the laying of a cornerstone for a new building was a very big, festive celebration. In the case of a courthouse, city hall, or other major government building, parades were often held, speeches were given, and the Freemasons would symbolically lay the cornerstone.

Questions have arisen whether or not the city should request the cornerstone ceremony and installation. This has been placed on the agenda for council guidance

**RECOMMENDATION**

Recommendation is at Council's discretion.

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**CONSENT ITEM 1.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**Title:** January 11, 2018 Special Session

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

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

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

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**AGENDA ITEM**

Consider and act on minutes from the January 11, 2018 Special Session.

**AGENDA ITEM SUMMARY/BACKGROUND**

Attached are minutes from the January 11, 2018 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 11, 2018 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 11<sup>th</sup> day of January 2018 the City Council of the City of Corinth, Texas met in a Special 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  
Joe Harrison, Mayor Pro-Tem  
Sam Burke, Council Member  
Lowell Johnson, Council Member  
Scott Garber, Council Member  
Don Glockel, Council Member

**Members Absent:**

None

**Staff Members Present:**

Bob Hart, City Manager  
Kim Pence, City Secretary  
Melissa Cranford, Messer, Rockefeller & Fort

**CALL TO ORDER:**

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

**Mayor Heidemann recessed the meeting at 5:31 p.m. \* See Closed Session.**

**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 of Texas clearly conflicts with chapter 551.

**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.

City Council met in Closed Session from 5:31 p.m. until 7:05 p.m.

**a. City Manager evaluation.**

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.

**Mayor Heidemann reconvened the Special Session at 7:06 p.m.**

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

**There was no action taken from Closed Session.**

**ADJOURN:**

**Mayor Heidemann adjourned the meeting at 7: 07 p.m.**

**AYES:** All

Meeting adjourned.

Approved by Council on the \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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Kimberly Pence, City Secretary  
City of Corinth, Texas

**CONSENT ITEM 2.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**Title:** January 18, 2018 Workshop Session

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

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

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

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**AGENDA ITEM**

Consider and act on minutes from the January 18, 2018 Workshop Session.

**AGENDA ITEM SUMMARY/BACKGROUND**

Attached are minutes from the January 18, 2018 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 18, 2018 Workshop Session minutes.

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**Attachments**

Minutes

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

On this the 18<sup>th</sup> day of January 2018 the City Council of the City of Corinth, Texas met in a 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  
Joe Harrison, Mayor Pro-Tem  
Sam Burke, Council Member  
Lowell Johnson, Council Member  
Scott Garber, Council Member  
Don Glockel, Council Member

**Members Absent:**

None

**Staff Members Present:**

Bob Hart, City Manager  
Jimmie Gregg, Police Lieutenant.  
Mike Brownlee, City Engineer  
Lori Levy, Senior Planner  
Cindy Deckard, Engineering Services Coordinator  
Kim Pence, City Secretary  
Brenton Copeland, Technology Services Assistant  
Patricia Adams, Messer, Rockefeller, &Fort

**Others Present:**

Trey Walette, Representative, Crosspointe Community Church of Corinth

**CALL TO ORDER:**

**Mayor Heidemann called the meeting to order at 5:30 P.M.**

**WORKSHOP BUSINESS AGENDA**

1. 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.

Business Item #3 discussion:

Consider and act on an ordinance approving an amendment to the fiscal year 2017-2018 Budget and Annual Program of Services to provide for expenditures of additional funds from the Police Confiscation Fund.

**Councilmember Burke** - this sounds like a statutory pass-through.

**Jimmie Gregg, Police Lieutenant** - yes, it is all depending on seized monies that we accrued over the fiscal year. When we budgeted this back in March/April, we had nothing in our account. Since then we were awarded \$9,334 in forfeited funds stemming from a felony drug offense investigation. These investigations usually take anywhere from one to two years and this actually passed through within two or three months.

The Corinth Police Department is anticipating additional forfeited funds from two pending felony drug offense investigations totaling approximately \$20,000.

We are required to submit payments to the Denton County District Clerk and Denton County Criminal District Attorney's Office for fees related to these forfeited funds.

**Councilmember Burke** - so this is just amending the budget, the money comes in and then the required money goes out?

**Jimmie Gregg, Police Lieutenant** - yes. What we don't spend we can use on allotted items that are governed through the state mandate for confiscating funds.

**Councilmember Glockel** - the \$9,334 has some fees that is associated with it. Is that the \$375 plus the \$1,791.80 is what you will pay out of that \$9,334?

**Jimmie Gregg, Police Lieutenant** - no, the \$9,334 will be awarded to us along the \$1,791.80 as well and we have one pending of about another \$9,000 and we are hoping that is awarded to us in this budget year and that is why we set it at \$20,000. All we are required to pay is the court fees, the District Attorney's Office and the District Court Clerk.

**Councilmember Glockel** - the \$1,791.80 is a fee you are paying is that correct? Out of the \$9,334, there are two fees correct?

**Jimmie Gregg, Police Lieutenant** - yes that is their percentage of the cut.

Business Item #4 discussion:

Consider and act on an ordinance to amend the Comprehensive Plan Future Land Use Designation from High Density Residential (Multi-Family) to Low Density Residential (Single-Family) on approximately 6.38 acres of land situated in the E. Marsh Survey, Abstract No. 833, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of Lake Sharon Drive and Tower Ridge Road.)

**Councilmember Glockel** - on page 99, Section 4, the next to the last paragraph "In order for the Commission to consider the rezoning request, the Commission must consider and take action on this request". Are they talking about the Council there?

**Lori Levy, Senior Planner** - yes that was not changed from the Planning and Zoning Commission. A Comprehensive Plan has to be considered by Council.

**Councilmember Glockel** - when they talk about the 6.3 acres and talk about access to the Meadows Oak Park. How does the trails get there?

**Lori Levy, Senior Planner** - there is a connection from the inner trail system within this proposed

subdivision that will lead to the sidewalk off of Lake Sharon and that is considered one of the trail systems for the City that connects out to that park.

**Councilmember Glockel** - our trails typically are not 4' foot wide. Are we going to leave that section of sidewalk 4' foot wide along Lake Sharon?

**Bob Hart, City Manager** - yes, along Lake Sharon back over to the park.

**Councilmember Harrison** - does the Development Code and the Building Code require a masonry fence along Tower Ridge and Lake Sharon?

**Lori Levy, Senior Planner** - yes, along Tower Ridge and Lake Sharon.

**Councilmember Harrison** - what will separate this residential area from the Tower Ridge Apartments?

**Lori Levy, Senior Planner** - a 6' foot privacy fence is what they are proposing.

**Councilmember Harrison** - I think there is a detention pond or retention pond that is required? Is that going to be protected by some kind of a fencing like wrought iron?

**Lori Levy, Senior Planner** - it is internal in the development. They have not done all the models for the retention/detention area to see how they plan to do it. It is more than likely going to be in the common area.

**Councilmember Harrison** - if we wanted to put a wrought iron fence around the retention/detention pond to protect whatever that is there, where would we do that?

**Lori Levy, Senior Planner** - you can stipulate that in your recommendation. The applicant is here. Since they have not done all the models for the drainage to see exactly what needs to be done, they don't know how large or how deep. They know they have to provide it.

**Councilmember Harrison** - that would be for item #4 or #5?

**Lori Levy, Senior Planner** - item #5.

**Bob Hart, City Manager** - we would actually pick that up on the site review, would we not?

**Lori Levy, Senior Planner** - it really would need to be attached to the PD in order to have it in the Ordinance. In the interim they have been able to do more models for the drainage and they believe that they will be using the existing retention/detention pond for the Tower Ridge Apartments.

**Mike Brownlee, City Engineer** - there are different ways to solve the problem. There is an existing pond that does not have an outfall structure that could be improved and that is one option. There is also a wide channel that goes along there that could be used for detention to add more storage volume if we needed it.

**Councilmember Harrison** - how are you going to protect the residential area, the children from going in to that pond?



**Trey Walette, Applicant** - there is a 6' foot board on board fence along it and then there would be a 16' foot easement between that and there would back up lots another 6' foot fence on people's property lines. So there will be two fences in between any residence and that detention pond.

**Councilmember Johnson** - is there going to be any fencing from your far western side from the detention pond along that creek that runs there up to Lake Sharon?

**Trey Walette, Applicant** - we can certainly do that. Currently existing is a 30' foot drainage easement going along there. So we will improve that detention pond changing the time release and with that improvement it will slow down the time release and stagger it so you won't have that build up. It will be maintained by the HOA.

Business Item #6 discussion:

Consider and Act on a proposal from JCI Controls, Inc. to install and program a new Heating/Ventilation/Air-Conditioning system in City Hall, replacing worn and inefficient units.

**Bob Hart, City Manager** - this is to replace all of the units in City Hall. The HVAC system was put in place at the time of the City Hall's construction in 2004. The need for replacement was identified in 2016 and included in the CO issue at that time.

**Mayor Heidemann** - are you going to relocate some of the thermostats where we have built walls in between?

**Jennifer Edwards, JCI Controls, Inc.** - where the thermostats are should not matter it is where the air blows that is going to matter. That would be an extra sensory in the other room and the two would average and that would balance it out.

**Councilmember Burke** - what would be the cost of a thermostat?

**Jennifer Edwards, JCI Controls, Inc.** - I really don't know. If it is a handful there won't be an extra charge.

Business Item #7 discussion:

Consider and act on a 1 year extension of Contract with Community Waste Disposal for solid waste and recycling services.

**Bob Hart, City Manager** - during a recent contract review, staff discovered the contract with CWD for solid waste collection has an incorrect term provision. The initial contract was established effective January 1, 2013 and was to run five years or ending December 31, 2017. However, the contract provided a termination of December 31, 2018. Staff has prepared a letter agreement exercising the first renewal period and waiving the notification provision contemplated under terms of the contract.

**Councilmember Burke** - so basically a clerical error in the contract conflicting the dates and the terms so we are making sure everyone is on the same page.

**Bob Hart, City Manager** - that is correct.

**Councilmember Glockel** - we talked about recycling centers, did we ever get a confirmation back on where the cardboard recycling is for the general public?

**Greg Roemer, President CWD Management, Inc.** - I don't know that there is any recycling bins for the general public. Your commercial accounts have recycling bins and that would be for their business usage. The homeowner, we pick up curbside so they can put out all the cardboard they want out on the curb.

## **WORKSHOP BUSINESS AGENDA:**

2. Discussion regarding amending the Comprehensive Zoning Ordinance being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 2.09.01 Landscape Regulations, Table 15: Approved Plant Material List.

**Bob Hart, City Manager** - we talked a few months ago about bringing to you a series of changes to the Unified Development Code (UDC) and this is the first of several items we will be bringing to you. This is dealing with the landscaping component of the Ordinance.

**Cindy Deckard, Engineering Services Coordinator** - the Unified Development Code was adopted in May 2013. Periodically changes and updates are needed to improve the predictability and flexibility of the City's development process. City Council specified earlier this year that native plants should be added to the plant list found in the Landscape Section of the UDC.

The proposed changes to the Approved Plant Material List found in Table 15 adds a Grasses Section to the current list as well as updates to the plant list to remove duplicates and correct errors.

One of changes I would like to recommend in the Ordinance is to change the wording that says "Approved Plant Material List" to say "Recommended Plant Material List" because there are so many options. That will change a lot throughout the Code. I would also like to be able to provide some resources in the section of the UDC of some websites. You can go in and put your zoning, put the City name and it will give you a range of plants, the height, shrubs, trees, grasses, you can be very specific.

**Lori Levy, Senior Planner** - a lot of projects that come in these grasses and native plants have been requested and put on landscape plans for our projects. Over time we are seeing these repetitive plant material that are more native to our area.

**Councilmember Garber** - will this speed up our process and be more developer friendly?

**Cindy Deckard, Engineering Services Coordinator** - it will because it will give them more flexibility.

**Councilmember Johnson** - I would like to remove the Pear Trees off of the small tree list. When one breaks they all break.

**Cindy Deckard, Engineering Services Coordinator** - I would like to remove those as well. Every one of the trees on this list has a place it can be planted. The Bradford Pear break, they split and drop, they are not supposed to produce pears but they produce little pears and they get everywhere.

**Councilmember Burke** - if we change the language from Approved to Recommended, does that

change our discretion of either the Planning and Zoning or the City Council to limit what people can do?

**Bob Hart, City Manager** - it gives them a wider range and they can play within the zones and will allow the developer and the builder flexibility in what they are doing.

**Councilmember Burke** - does it take away our authority to say "we don't like that"?

**Bob Hart, City Manager** - I wouldn't think so. What we are looking for is that final result. Give us a chance to address that.

**Councilmember Glockel** - does a dead tree of a protected species have to have a permit to take down?

**Lori Levy, Senior Planner** - they have to state whether it is dead or not. It is to prevent clear cutting. A residential homeowner can remove a tree. On Commercial property or a tree that is in the Right-of-way, we do have to take a look at that. Once it is on private property they can do what they want.

## **CLOSED SESSION**

### **There was no 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 of Texas clearly conflicts with chapter 551.

**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.

**Section 551.087.** To deliberate or discuss regarding commercial or financial information that the governmental

**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.**

**ADJOURN:**

Mayor Heidemann adjourned the Workshop meeting at 6:24 P.M.

**AYES:** All

Meeting adjourned.

Approved by Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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Kimberly Pence, City Secretary  
City of Corinth, Texas

**CONSENT ITEM 3.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**Title:** January 18, 2018 Regular Session

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

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

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

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**AGENDA ITEM**

Consider and act on minutes from the January 18, 2018 Regular Session.

**AGENDA ITEM SUMMARY/BACKGROUND**

Attached are minutes from the January 18, 2018 Regular 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 18, 2018 Regular Session minutes.

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**Attachments**

Minutes

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

On this the 18<sup>th</sup> day of January 2018 the City Council of the City of Corinth, Texas met in a Regular 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  
Joe Harrison, Mayor Pro-Tem  
Sam Burke, Council Member  
Lowell Johnson, Council Member  
Scott Garber, Council Member  
Don Glockel, Council Member

**Members Absent:**

None

**Staff Members Present:**

Bob Hart, City Manager  
Jimmie Gregg, Police Lieutenant.  
Mike Brownlee, City Engineer  
Lori Levy, Senior Planner  
Cindy Deckard, Engineering Services Coordinator  
Kim Pence, City Secretary  
Brenton Copeland, Technology Services Assistant  
Patricia Adams, Messer, Rockefeller, &Fort

**Others Present:**

Greg Roemer, President Community Waste Disposal (CWD)  
Trey Walette, Applicant, Crosspointe Community Church of Corinth

**CALL TO ORDER:**

**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".**

Mayor Heidemann called the Regular meeting to order at 7:00 p. m, Councilmember Garber delivered the invocation and led in the Pledge of Allegiance and Texas Pledge.

**PROCLAMATIONS:**

Proclamation proclaiming Drexler Shiloh Rowe for his Leadership and Service to the Community and his rank as Eagle Scout. (Was not present)

Mayor Heidemann read the Proclamation for Grayson Hurst for his Dedication and Act of Kindness to Denton Animal Shelter.

Mayor Heidemann read the Proclamation for Emerson Hurst for her Dedication and Act of Kindness to the Corinth Police Department.

**PRESENTATION:**

Receive a presentation and hold a discussion on the Community Waste Disposal Annual Review.

**Greg Roemer, President, Community Waste Disposal (CWD)** - Residential trash, bulk and brush is done on a weekly basis. We service the City of Corinth with compressed natural gas (CNG) trucks. In addition we collect up to 10 items extra that is set out. At no additional charge, residents are allowed to bring additional trash and bulk to CWD's transfer station which is located at 2010 California Crossings. We do ask for a copy of their water bill.

The residential recycling services are done with a 65 gallon cart and is picked up weekly as well. The recycle tonnage has increased to 1,773 tons of material for 2017 and is an increase of 10%. Customer Service inquiries are up slightly but still below the industry average of 1.0 calls per 1000 service opportunities. In 2017, we had an average of 28 calls a month regarding the service. The good news is in November and December that has reduced to 21 calls a month. Residential driver incidents, which are vehicle accidents, or property damage, reckless driving or a conduct complaint about one of our employees, we had 7 in 2017.

Commercial recycling is also done in the City of Corinth and is primarily cardboard. We do this at nine businesses in the City and last year we diverted 41 tons from the landfill through this service.

The Door side Household Hazardous Waste is picking up nicely. You can call our office Monday - Friday or on Saturday, we mail you a package which has instructions and plastic bags for you to place your HH&W in and come up every Monday and collect from the door side the materials and there is no limit of the number of times a home can call in and receive this service at no additional charge. We have had an increase every year for three years now. In 2017, we collected just about 27,000 pounds that was diverted from the landfill.

We have had several events that we made green events in the City. One being the Lake Cities Golf Tournament that was held on June 5<sup>th</sup> and we put out the recycling depot's that collect bottles and cans. The Pumpkin Palooza for the 3<sup>rd</sup> year in a row, we made a green event. We have participated in the Corinth Christmas Tree Lighting for 2 years and provided trash carts and recycling depots.

We have a paint and recycling program. This is an environmentally friendly way to reuse old paint. Latex and oil-based paint is available in one-gallon and five-gallon cans and comes in various shades of beige. We process the used paint and bring it back to the City to distribute to people to use. The City's role is to get the word out and have a way for residents to come by and pick up.

The City of Corinth continues to be an award winning City. Community Waste Disposal presented the City with another award from Keep Texas Beautiful for being environmentally coconscious.

The City of Corinth recycled 1,773 tons in 2017 saving 30,141 trees, 673,740 gallons of oil, 12,411,000 gallons of water, 5,851 yards of landfill space and 7,269,300 kilowatt hours of electricity. Community Waste Disposal

**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 4, 2018 Workshop Session.
- 2. Consider and act on minutes from the January 4, 2018 Regular Session.
- 3. Consider and act on an ordinance approving an amendment to the fiscal year 2017-2018 Budget and Annual Program of Services to provide for expenditures of additional funds from the Police Confiscation Fund.

**MOTION** made by Councilmember Garber to approve the Consent Agenda as presented. Seconded by Councilmember Harrison.

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

**MOTION CARRIED**

**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.**

**No one spoke during Citizens Comments.**

**PUBLIC HEARING**

**4a. TO HEAR PUBLIC OPINION REGARDING A REQUEST FROM THE APPLICANT TREY WALLETT, AUTHORIZED REPRESENTATIVE FOR THE PROPERTY OWNER, CROSSPOINTE COMMUNITY CHURCH OF CORINTH FOR AN AMENDMENT TO THE COMPREHENSIVE PLAN FUTURE LAND USE MAP DESIGNATION FROM HIGH DENSITY RESIDENTIAL (MULTI-FAMILY) TO LOW DENSITY RESIDENTIAL (SINGLE-FAMILY) ON APPROXIMATELY 6.38 ACRES OF LAND SITUATED IN THE E. MARSH SURVEY, ABSTRACT NO. 833, IN THE CITY OF CORINTH, DENTON COUNTY, TEXAS.**

**Lori Levy, Senior Planner** - items #4 and #5 is the Comprehensive Plan amendment request and a rezoning for the Crosspointe Subdivision, located at the southwest corner of Lake Sharon and Tower Ridge Road. The Comprehensive Plan currently designates this property as high density multi-family development and the current zoning on the property is also multi-family.

The applicant has presented this request in order to develop a 37 single-family residential subdivision. It also includes five common area open spaced lots to be maintained by a Homeowners Association. The



applicant is meeting most of the development standards for the property however, they are requesting to modify a few of those standards in order to develop a larger homes with smaller yards.

The proposal also includes some trails connections to the City's Trail Master Plan which would be out to Tower Ridge Road as well as Lake Sharon Drive. Additionally, the applicant is proposing to expand or improve some of Tower Ridge Road (Sidewalk) in order to accommodate some benches and some landscaping in that area. Again, that will be maintained by the Homeowners Association.

**Trey Walette, Applicant** - Currently this is zoned multi-family 3 that is 16 dwelling units per acre and is identical zoning to the Tower Ridge Apartments to the south. Instead of doing that we are going to use that natural transition from west to east towards I35 and go from that traditional single-family neighborhood where they are 55' foot wide lots to more of a patio home. We are going from 16 units per acre down to 5.8 units.

Through working with staff and engineering, we came up with a concept plan that we think makes great sense and fits in well. It is 37 single-family lots, average lot size is about 4900 square feet, minimum lot size of 4200 square feet and maximum all the way up to 9,000 square feet for that corner lot and five HOA lots that total about ¾ of an acre, 12% of the property.

We did meet with the Meadows Oak HOA on November 9, 2017 and the general consensus was they were supportive and no negative response from the actual use of the land. There were some issues of drainage problems but it was exclusively along the Tower Ridge Apartments and not necessarily where our development would be. We are fulfilling the standard of masonry screening all along Lake Sharon. There is also a 30' foot easement on the side of the property that we will be improving and will be part of the HOA area. That will help improve that congestion and we are also proposing to improve the sidewalk along Tower Ridge Road, we will put some benches there with enhanced landscaping.

**Mayor Heidemann opened the Public Hearing at 7:32 p.m. No one spoke during the Public Hearing. Mayor Heidemann closed the Public Hearing at 7:32 p.m.**

**BUSINESS:**

- 4a.** Consider and act on an ordinance to amend the Comprehensive Plan Future Land Use Designation from High Density Residential (Multi-Family) to Low Density Residential (Single-Family) on approximately 6.38 acres of land situated in the E. Marsh Survey, Abstract No. 833, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of Lake Sharon Drive and Tower Ridge Road.)

**MOTION** made by Councilmember Garber to approve the Ordinance to amend the Comprehensive Plan Future Land Use Designation from High Density Residential (Multi-Family) to Low Density Residential (Single-Family) on approximately 6.38 acres of land situated in the E. Marsh Survey, Abstract No. 833, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of Lake Sharon Drive and Tower Ridge Road.) Seconded by Councilmember Glockel.

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

**MOTION CARRIED**

**PUBLIC HEARING:**

- 5. TO HEAR PUBLIC OPINION REGARDING A REQUEST FROM THE APPLICANT TREY WALLETT, AUTHORIZED REPRESENTATIVE FOR THE PROPERTY OWNER, CROSSPOINTE COMMUNITY CHURCH OF CORINTH FOR A ZONING CHANGE FROM MF-3, MULTI-FAMILY RESIDENTIAL TO PLANNED DEVELOPMENT (PD) SF-4, SINGLE-FAMILY RESIDENTIAL (DETACHED) ON APPROXIMATELY 6.38 ACRES OF LAND SITUATED IN THE E. MARSH SURVEY, ABSTRACT NO. 833, IN THE CITY OF CORINTH, DENTON COUNTY, TEXAS.

**Mayor Heidemann opened the Public Hearing at 7:35 p.m. No one spoke during the Public Hearing. Mayor Heidemann closed the Public Hearing at 7:35 p.m.**

**BUSINESS:**

- 5a. Consider and act on an ordinance for a zoning change from MF-3, Multi-Family Residential to Planned Development (PD) SF-4, Single-Family Residential (Detached) on approximately 6.38 acres of land situated in the E. Marsh Survey, Abstract No. 833, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of Lake Sharon Drive and Tower Ridge Road.)

**Bob Hart, City Manager** - this is the Ordinance to consider the zoning on the presentation that you just received. The change to the Comprehensive Plan is required before your consideration here because the zoning has to be consistent with your Comprehensive Plan.

**MOTION** made by Councilmember Harrison to approve the ordinance for a zoning change from MF-3, Multi-Family Residential to Planned Development (PD) SF-4, Single-Family Residential (Detached) on approximately 6.38 acres of land situated in the E. Marsh Survey, Abstract No. 833, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of Lake Sharon Drive and Tower Ridge Road.) Seconded by Councilmember Garber.

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

**MOTION CARRIED**

**BUSINESS AGENDA:**

- 6. Consider and Act on a proposal from JCI Controls, Inc. to install and program a new Heating/Ventilation/Air-Conditioning system in City Hall, replacing worn and inefficient units.

**Bob Hart, City Manager** - this item deals with the replacement of the heating and air conditioning system within the city hall facility. The building was built in 2003 and the original units are still in place and we are starting to experience some difficulty because the age of the system has exceeded ten years.

In 2016 you considered addressing this through the issuance of Certificates of Obligation and set aside \$500,000 for the replacement of those units. We have looked at a number of options and bringing to you a proposal tonight from Johnson Controls to replace the units for us in the amount of \$327,321.

**MOTION** made by Councilmember Harrison to approve a proposal from JCI Controls, Inc. to install and program a new Heating/Ventilation/Air-Conditioning system in City Hall in the amount of \$327,321. Seconded by Councilmember Johnson.

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

**MOTION CARRIED**

7. Consider and act on a 1 year extension of Contract with Community Waste Disposal for solid waste and recycling services.

**Bob Hart, City Manager** - we currently have a contract with CWD to provide trash collection services. The contract is for a period of 5 years with three 1 year extension provisions. We are bringing to you the first of those three year extensions.

**MOTION** made by Councilmember Garber to approve a 1 year extension of Contract with Community Waste Disposal for solid waste and recycling services. Seconded by Councilmember Glockel.

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

**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 Garber** - I would like to add a workshop agenda item where we can talk about our meeting agenda notes and specifically as a reference of questions the school board meeting so that I don't forget.

**Councilmember Glockel** - thanked Mr. Hart and Kim, I have asked several times to keep the minutes very current and as you can see January 4<sup>th</sup> minutes were on tonight's agenda. It makes it so much easier when we have to go back and research something.

**Bob Hart, City Manager** - we will be having our series of focus groups for the Star Leadership Program on Tuesday and Wednesday. We have scheduled a time at noon on Wednesday for a wrap-up and I wanted to see how many of the Council would be able to attend that?

Mayor, Burke, Garber, Harrison and Glockel will be attending.

**There was no Closed Session.**

**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 of Texas clearly conflicts with chapter 551.

**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.

**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.**

**ADJOURN:**

**Mayor Heidemann adjourned the meeting at 7:40 p.m.**

**AYES:** All

Meeting adjourned.

Approved by Council on the \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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Kimberly Pence, City Secretary  
City of Corinth, Texas

**CONSENT ITEM 4.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**Title:** Lake Sharon Roadway Contract Amendment No. 7 - Construction Phase Services

**Submitted For:** Mike Brownlee, City Engineer

**Submitted By:** Mike Brownlee, City Engineer

**Finance Review:** Yes

**Legal Review:** Yes

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

**AGENDA ITEM**

Discuss and consider approval of Contract Amendment No. 7 to the Lake Sharon Roadway design contract to add Construction Phase Services for Engineering and Surveying in the amount of \$35,000.00.

**AGENDA ITEM SUMMARY/BACKGROUND**

The proposed contract amendment expands the level of construction phase services. The original contract only included limited site visits during construction and preparation Record Drawings after construction. Amendment No. 6 in the amount of \$27,550 was approved on September 19, 2017 to supplement the construction phase services. The additional funding approved with Amendment No. 6 has been expended for shop drawing reviews, requests for information, additional 404 permitting for wetlands mitigation, and preparation of necessary design changes to match field conditions.

Amendment No. 7 is proposed in the amount of \$35,000 to provide additional construction phase support during the remainder of the project. The proposed amendment will increase the maximum payable amount from \$352,250 to \$387,250.

**RECOMMENDATION**

Staff recommends approval of Contract Amendment No. 7 to the Lake Sharon Roadway design contract to add Construction Phase Services for Engineering and Surveying in the amount of \$35,000.00.

**Attachments**

Amendment No 7

**CONTRACT FOR ENGINEERING SERVICES  
SUPPLEMENTAL AGREEMENT NO. 7**

STATE OF TEXAS            §  
CITY OF CORINTH         §

**THIS SUPPLEMENTAL AGREEMENT** to contract for engineering services is made by and between the City of Corinth, hereinafter called the "City", and Teague Nall and Perkins, Inc. hereinafter called the "Engineer", and becomes effective when fully executed by both parties.

**WITNESSETH**

**WHEREAS**, the City and the Engineer executed a contract on December 19, 2013 for Engineering and Surveying Services for the Lake Sharon Drive Extension project.

**WHEREAS**, Attachment B, Schedule of Fees limits the maximum amount payable of the contract to \$281,800; and

**WHEREAS**, Supplemental Agreements No. 1 through No. 6 revised the contract amount to \$352,250; and

**WHEREAS**, it has become necessary to further amend the contract;

**A G R E E M E N T**

**NOW THEREFORE**, premises considered, the City and the Engineer agree that said contract is amended as follows:


I. Exhibit A, Scope of Services, is amended to add the following services and cost:

**Continued Construction Support Services**

II. The maximum amount payable under this contract is increased by \$35,000 from \$352,250 to **\$387,250**.

All other provisions are unchanged and remain in full force and effect.

**IN WITNESS WHEREOF**, the City and the Engineer have executed this supplemental agreement in duplicate.

By:   
Signature

Gary L. Vickery, P.E.  
Printed Name

Principal  
Title

Jan. 13, 2018  
Date

**CITY**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**CONTRACT FOR ENGINEERING SERVICES  
SUPPLEMENTAL AGREEMENT NO. 7**

**Attachment A**

**Scope of Work:**

The scope of the original agreement included very limited site visits during construction, and preparation of as-built drawings based on information provided to the Consultant by the City.

Supplemental Agreement No. 6 expanded those services to include review of shop drawings and submittals, project coordination, site visits, progress meetings, and participation in a final walk-thru. However, the project has involved more hands-on day-to-day oversight than was originally expected. In addition, preparation of a Corps of Engineers 404 Permit was necessary, and change orders to address unexpected conditions at FM 2499 and to enlarge the pump station feed line.

As a result, this supplemental agreement is necessary to allow for continued construction support.

Construction support services will be provided on a time and materials basis. The amount of the supplemental agreement is only an estimate, and will be affected by both the Contractor and the needs of the City. The Consultant cannot assure the City that the charges for construction support services will not exceed the amount shown herein. The Consultant will notify the City in advance of exceeding the amount shown.

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Lake Sharon Roadway Construction Change Order Authorization  
**Submitted For:** Mike Brownlee, City Engineer **Submitted By:** Mike Brownlee, City Engineer  
**Finance Review:** Yes **Legal Review:** Yes  
**City Manager Review: Approval:** Bob Hart, City Manager

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**AGENDA ITEM**

Discuss and consider approval of Change Order Two in the amount of Thirteen Thousand One Hundred Eighty Five Dollars and Sixty Eight Cents (\$13,185.68) and Change Order Three in the amount of Forty Three Thousand Five Hundred Four Dollars and Sixty Nine Cents (\$43,504.69) increasing the current contract price of Five Million Eighty Five Thousand Four Hundred Sixty Eight Dollars and Thirty Seven Cents (\$5,085,468.37) with Munilla Construction Management, LLC dba MCM for the construction of Paving, Drainage & Water Improvements for Lake Sharon Drive by the total amount of Fifty Six Thousand Six Hundred Ninety Dollars and Thirty Seven Cents (\$56,690.37).

**AGENDA ITEM SUMMARY/BACKGROUND**

Paving, Drainage and Water Improvements for Lake Sharon Drive construction was approved by council in the amount of Five Million Sixty Four Thousand Four Hundred Sixty Eight Dollars and Forty Seven Cents (\$5,064,468.47). Change Order One was already approved in the amount of Seven Thousand Five Hundred Ninety Seven Dollars and no Cents (\$7,597.00) to extend the warranty period from one year to two years after final acceptance of the project. Council authorization is required for approval of Change Orders Two and Three for the construction of the Paving, Drainage, and Water Improvements for Lake Sharon Drive since the cumulative construction contract change amount exceeds Fifty Thousand Dollars (\$50,000).

There have been two additional proposed change orders since Change Order One was approved making three change orders to date for the project. Change Orders Two and Three total Thirteen Thousand One Hundred Eighty Five Dollars and Sixty Eight Cents (\$13,185.68) and Forty Three Thousand Five Hundred Four Dollars and Sixty Nine Cents (\$43,504.69) respectively. The combined total for Change Orders One and Two is Fifty Six Thousand Six Hundred Ninety Dollars and Thirty Seven Cents (\$56,690.37). The cumulative change order amount for all three change orders is Sixty Four Thousand Two Hundred Eighty Seven Thousand Dollars and Thirty Seven Cents (\$64,287.37) which includes the already approved Change Order One.

Change Order One - Already approved in the amount of Seven Thousand Five Hundred Ninety Seven Dollars and no Cents (\$7,597.00) which extends the warranty period to two years from one year.

Change Order Two - Proposed for approval in the amount of Thirteen Thousand One Hundred Eighty Five Dollars and Sixty Eight Cents (\$13,185.68). Change Order Two is necessary to upgrade the pipe class from Pressure Class 250 to Pressure Class 350. The cost of the change order is reflected in the increased unit price for 20" and 24" ductile iron pipe. The unit price increased from \$253/lf to \$326.17/lf for the 24" pipe and from \$246.89/lf to \$292.30/lf for the 20" pipe. The pipe is being installed to bypass the existing Upper Trinity Regional Water District (UTRWD) waterline around the multi-barrel box culvert crossing Lake Sharon. The change in pressure class was requested by the UTRWD. No time is being added to the contract with this change order.

Change Order Three - Proposed for approval in the amount of Forty Three Thousand Five Hundred Four Dollars and Sixty Nine Cents (\$43,504.69). Change Order Three is needed to construct the intersection turnout for Lake Sharon Drive at the intersection with the newly completed FM 2499. The bid documents for the Paving, Drainage and Water Improvements for Lake Sharon Drive did not include the intersection approach since it was originally in



the TxDOT plans. TxDOT elected not to construct the intersection approach after the Lake Sharon Improvements were already bid, but prior to the completion of the FM 2499 project. As a result, the city is now required to remove the curb and sidewalk at the connection to FM 2499 and build the intersection approach. The main cost component of the additional work is for traffic control while connecting to the roadway. No additional time is requested for this change.

**RECOMMENDATION**

Recommend approval of Change Order Two in the amount of Thirteen Thousand One Hundred Eighty Five Dollars and Sixty Eight Cents (\$13,185.68) and Change Order Three in the amount of Forty Three Thousand Five Hundred Four Dollars and Sixty Nine Cents (\$43,504.69) increasing the current contract price of Five Million Eighty Five Thousand Four Hundred Sixty Eight Dollars and Thirty Seven Cents (\$5,085,468.37) with Munilla Construction Management, LLC dba MCM for the construction of Paving, Drainage & Water Improvements for Lake Sharon Drive by the total amount of Fifty Six Thousand Six Hundred Ninety Dollars and Thirty Seven Cents (\$56,690.37).

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**Attachments**

Change Order Two  
Change Order Three

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**Paving, Drainage and Water Improvements for Lake Sharon Drive**

**Change Order No. 2**

Owner: City of Corinth  
3300 Corinth Parkway  
Corinth, TX 76208

Contractor: MCM  
1431 Greenway Dr., Suite 950  
Irving, TX 75038

Contract Date: ~~6/11/2017~~  
*November 6, 2017*

Change Order Date: Jan. 29, 2018  
Nature of Change Order: Change DIP in bypass from Pressure Class 250 to Pressure Class 350

Contract Item #	Description	Original Contract Quantity	Unit	Original Contract Unit Price	Original Contract Total	Quantity Increase/Decrease	New Contract Quantity	New Unit Price	Total Change	New Contract Total
66	24" RJ Ductile Iron Pipe	174	LF	\$ 253.00	\$ 44,022.00	0	174	\$ 326.17	\$ 12,731.58	\$ 56,753.58
67	20" RJ Ductile Iron Pipe	10	LF	\$ 246.89	\$ 2,468.90	0	10	\$ 292.30	\$ 454.10	\$ 2,923.00

Net Change to Contract: \$ 13,185.68

*[Signature]* *02.01.2018*  
MCM Date  
*[Signature]* 1/29/2018  
Teague Nal & Perkins, Inc. Date  
\_\_\_\_\_  
City of Corinth Date

Contract Summary	
Original Contract Price: \$ 5,064,468.47	Original Contract Time: 240
Previous Change Orders: \$ 7,597.00	Previous Change Orders: 0
Current Contract Price: \$ 5,072,065.47	Current Contract Time: 240
This Change Order: \$ 13,185.68	This Change Order: 0
Revised Contract Price: \$ 5,085,251.15	Revised Contract Time: 240

**Paving, Drainage and Water Improvements for Lake Sharon Drive**

**Change Order No. 3**

Owner: City of Corinth  
3300 Corinth Parkway  
Corinth, TX 76208

Contractor: MCM  
1431 Greenway Dr., Suite 950  
Irving, TX 75038

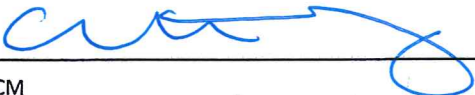
Contract Date: ~~6/11/2017~~


*November 6, 2017*

Change Order Date: Jan. 30, 2018  
Nature of Change Order: Add approach at FM 2499

Contract Item #	Description	Original Contract Quantity	Unit	Original Contract Unit Price	Original Contract Total	Quantity Increase/Decrease	New Contract Quantity	New Unit Price	Total Change	New Contract Total
5	6" Lime Slurry or Cement Stablized Subgrade	19520	SY	\$ 4.00	\$ 78,080.00	142	19662		\$ 568.00	\$ 78,648.00
6	6" Lime Slurry/Cement Treatment at 32lbs/SY	320	TON	\$ 145.62	\$ 46,598.40	2.3	322.3		\$ 334.93	\$ 46,933.33
7	8" Reinforced Concrete Pavement	18150	SY	\$ 36.00	\$ 653,400.00	125.0	18275.0		\$ 4,500.00	\$ 657,900.00
	Traffic Control on FM 2499		LS				1	\$ 36,232.30	\$ 36,232.30	\$ 36,232.30
67	Removal of Curb & Sidewalk at FM 2499		LS				1	\$ 1,869.46	\$ 1,869.46	\$ 1,869.46

**Net Change to Contract: \$ 43,504.69**

  
MCM \_\_\_\_\_ Date *02.01.2018*

  
Teague Hall & Perkins, Inc. \_\_\_\_\_ Date 1/30/2018

\_\_\_\_\_  
City of Corinth \_\_\_\_\_ Date

Contract Summary			
Original Contract Price:	\$ 5,064,468.47	Original Contract Time:	240
Previous Change Orders:	\$ 20,782.68	Previous Change Orders:	0
Current Contract Price:	\$ 5,085,251.15	Current Contract Time:	240
This Change Order:	\$ 43,504.69	This Change Order:	0
Revised Contract Price:	\$ 5,128,755.84	Revised Contract Time:	240

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** FY 2017-2018 City Investment Policy  
**Submitted For:** Lee Ann Bunselmeyer, Director  
**Submitted By:** Chris Rodriguez, Financial Services Manager  
**Finance Review:** N/A **Legal Review:** N/A

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**AGENDA ITEM**

Review and approve the Investment Policy for City of Corinth for FY 2017-2018.

**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. The Finance/Audit Committee approved the Investment Policy on December 13, 2017.

As part of the annual process, staff reviews the policy and may recommend revisions to the existing policy, if needed. There are no revisions recommended.

**RECOMMENDATION**

Staff recommends approval of the City of Corinth's Investment Policy.

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**Attachments**

Corinth Investment Policy

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# **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, two members of the City Council and two citizens appointed by the City Council by majority vote.
- B. Scope - The Finance Audit Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, authorized brokers and dealers, and the target rate-of-return on the investment portfolio.
- 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 four members shall constitute a quorum. The Finance Audit Committee shall establish its own rules of procedures.

**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: \_\_\_\_\_



**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Economic Development Corporation's Investment Policy  
**Submitted For:** Lee Ann Bunselmeyer, Director  
**Submitted By:** Chris Rodriguez, Financial Services Manager  
**Finance Review:** N/A **Legal Review:** N/A

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**AGENDA ITEM**

Review and approve the Investment Policy for the Economic Development Corporation for FY 2017-2018.

**AGENDA ITEM SUMMARY/BACKGROUND**

In accordance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy annually 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. The Finance/Audit Committee approved the Investment Policy on December 13, 2017 and the Economic Development Committee approved the Policy on February 5, 2018.

As part of the annual process, staff reviews the policy and may recommend revisions to the existing policy, if needed. There are no revisions recommended.

**RECOMMENDATION**

Staff recommends approval of the Economic Development Corporation's Investment Policy.

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**Attachments**

EDC Investment Policy

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**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, two members of the City Council and two citizens appointed by the City Council by majority vote.
- B. Scope** – The Finance Audit Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the EDC's funds, authorized brokers and dealers, and the target rate--of--return on the investment portfolio.
- 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 four members shall constitute a quorum. The Finance Audit Committee shall establish its own rules of procedures.

## **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: \_\_\_\_\_

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Crime Control & Prevention District Investment Policy  
**Submitted For:** Lee Ann Bunselmeyer, Director  
**Submitted By:** Chris Rodriguez, Financial Services Manager  
**Finance Review:** N/A **Legal Review:** N/A

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**AGENDA ITEM**

Review and approve the Investment Policy for the Crime Control & Prevention District for FY 2017-2018.

**AGENDA ITEM SUMMARY/BACKGROUND**

In accordance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy for the investment of public funds. The policy establishes investment parameters and guidelines for the investment program in order to achieve the goals of safety, liquidity, diversification, rate-of-return, and public trust, and designates the authorized investment officer responsible for the daily investment activity by the City. The Finance/Audit Committee approved the Crime Control & Prevention District Investment Policy on December 13, 2017 and it was presented to the Crime Control & Prevention Board on February 15, 2018.

As part of the annual process, staff reviews the policy and may recommend revisions to the existing policy, if needed. There are no revisions recommended.

**RECOMMENDATION**

Staff recommends approval of the Crime Control & Prevention District Investment Policy.

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**Attachments**

CCD Investment Policy

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

**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:** 02/15/2018

**Title:** UDC Amendment Section 2.09.01 Landscape Regulations, Table 15, Approved Plant Material

**Submitted For:** Bob Hart, City Manager

**Submitted By:** Cindy Deckard, Coordinator

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

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**AGENDA ITEM**

**PUBLIC HEARING:** To hear public opinion regarding amending the Comprehensive Zoning Ordinance being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 2.09.01 Landscape Regulations, Table 15: Approved Plant Material List.

**BUSINESS:** Consider and act on an ordinance amending the Comprehensive Zoning Ordinance being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 2.09.01 Landscape Regulations, Table 15: Approved Plant Material List.

**AGENDA ITEM SUMMARY/BACKGROUND**

**APPROVAL PROCESS**

A zoning text amendment does not include changes or modify the boundaries of any zoning districts. The Planning and Zoning Commission after a Public Hearing recommended approval to City Council for consideration. City Council after a Public Hearing will consider the item for action. Notification of the hearing was placed in the City's official newspaper prior to City Council.

**PUBLIC NOTIFICATION**

Notification by newspaper is required with the zoning text amendment process.

**AGENDA ITEM DESCRIPTION**

The Unified Development Code was adopted by City Council in May 2013. Periodically changes and updates are needed to improve the predictability and flexibility of the City's development process. City Council specified earlier this year that native plants should be added to the plant list found in the Landscape Section of the UDC. Approved Plant Material List: The attached amendment adds a Grasses Section to the current list as well updates the plant list to remove duplicates and correct errors.

**ZONING**

N/A

**COMPREHENSIVE PLAN FUTURE LAND USE DESIGNATION**

N/A

**FINANCIAL SUMMARY**

Source of Funding: No funding is required.

**RECOMMENDATION**

**PLANNING & ZONING COMMISSION RECOMMENDATION**

PLANNING & Zoning Commission recommends approval of the proposed amendment.

**STAFF RECOMMENDATION**

Staff recommends approval of the proposed amendment.

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## Attachments

Ord Amending Plant Material List

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**ORDINANCE NO. 18-\_\_**

**AN ORDINANCE AMENDING SECTION 2.09.01 OF THE CORINTH UNIFIED DEVELOPMENT CODE TO AMEND TABLE 15: RECOMMENDED PLANT MATERIAL LIST; PROVIDING A REPEALER AND SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY; 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 is authorized to adopt regulations governing the development of land within the City and its extraterritorial jurisdiction in the interest of the public health, safety and welfare of its citizens; and

**WHEREAS**, the City adopted the Unified Development Code which provides that a site plan be required as part of the development process; and

**WHEREAS**, it is the intent of the Corinth City Council to amend the Unified Development Code by amending the site plan process to enhance the development process; and **NOW THEREFORE**,

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

**SECTION 1.**

That Section 2, Zoning Regulations, Subsection 2.09 Zoning Development Regulations, Paragraph 2.09.01, Landscape Regulations, Table 15: Recommended Plant Material, of the Corinth Unified Development Code is hereby amended by modifying the table so that it in hereafter be and read as follows:

**“2.09.01, All Plant Material must be listed in the USDA Hardiness Zone 7b, as amended the plants listed in Table 15 are recommended plant material in the City, Table 15: Recommended Plant Material**


Table 15: Recommended Plant Material List		
Type of Planting	Common Name	Botanical Name
<p><b>Large Trees</b></p> 	Caddo Maple	Acer saccharum “Caddo”
	Pecan	Carya illinoensis
	Black Hickory	Carya texana
	Deodar Cedar	Cedrus deodara
	Thorn less Honey locust	Gleditsia triacanthos ‘inerma’
	Black Walnut	Juglans nigra

Table 15: Recommended Plant Material List







 	Eastern Red Cedar	<i>Juniperus virginiana</i>
	Sweetgum	<i>Liquidambar styraciflua</i>
	Southern Magnolia	<i>Magnolia grandiflora</i>
	Chinese Pistache	<i>Pistacia chinensis</i>
	Bur Oak	<i>Quercus macrocarpa</i>
	Chinquapin Oak	<i>Quercus muhlenbergii</i>
	Shumard Oak	<i>Quercus shumardi</i>
	Texas Red Oak	<i>Quercus shumardi</i> "Texana"
	Live Oak	<i>Quercus virginiana</i>
	Western Soapberry	<i>Saponaria drummondii</i>
	Bald Cypress	<i>Taxodium distichum</i>
	Winged Elm	<i>Ulmus alata</i>
	American Elm	<i>Ulmus americana</i>
	Cedar Elm	<i>Ulmus crassifolia</i>
	Lacebark Elm	<i>Ulmus parvifolia</i>
<b>Type of Planting</b>	<b>Common Name</b>	<b>Botanical Name</b>
<b>Small Trees</b> 	River Birch	<i>Betula nigra</i>
	Eastern Redbud	<i>Cercis canadensis</i>
	Desert Willow	<i>Chilopsis linearis</i>
	Dogwood	<i>Cornus florida</i>
	Possumhaw/Deciduous Holly	<i>Ilex decidua</i>
	Eastern Palatka Holly	<i>Ilex xattenuata</i> 'East Palatka'




Table 15: Recommended Plant Material List

	Foster/American Holly	<i>Ilex opaca</i>	
	Yaupon Holly	<i>Ilex vomitoria</i>	
	Golden Raintree	<i>Koelreuteria paniculata</i>	
	Crapemyrtle	<i>Lagerstroemia indica</i>	
	Flowering Crabapple	<i>Malus Spp.</i>	
	Waxmyrtle	<i>Morella cerifera</i>	
	Afghan Pine	<i>Pinus eldarica</i>	
		Ornamental Plum	<i>Prunus blireiana</i>
		Cherry Laurel	<i>Prunus caroliniana</i>
		Purple Plum	<i>Prunus cerasifera</i>
		Mexican Plum	<i>Prunus mexicana</i>
		Flowering Pear	<i>Purus calleryana 'Bradford', 'Capital, 'Aristocrat'</i>
		Texas Sophora	<i>Sophora affinis</i>
		Chaste Tree/Vitex	<i>Vitex agnus-castus</i>
Texas Persimmon		<i>Diospyros texana</i>	
	Russian Olive	<i>Eleagnus anigustifolia</i>	
Type of Planting	Common Name	Botanical Name	
<b>Living Screen</b> 	Atlas Cedar	<i>Cedrus atlantica "Manetti"</i>	
	Deordar cedar	<i>Cedrus deodara</i>	
	Cryptomeria	<i>Cryptomeria japonica</i>	
	Leyland Cypress	<i>Cupressocyparis leylandi</i>	
	NRS Holly	<i>Ilex aquifolium</i>	
	Burford Holly	<i>Ilex cornuta "burfordii"</i>	
	Tree Form Holly	<i>Ilex opaca AIT / Ilex perny</i>	
	Yaupon Holly	<i>Ilex vomitoria</i>	

Table 15: Recommended Plant Material List

	Juniper spp.	<i>Juniperus spp.</i>
	Wax Myrtle	<i>Myrica cerifera</i>
	Mock Orange	<i>Philadelphus sp.</i>
	Fraser Photinia	<i>Photinia xfraseri</i>
	Afghan (Eldarica) Pine	<i>Pinus eldarica</i>
	Cherry Laurel	<i>Prunus caroliniana</i>
	Vitex	<i>Vitex angus-castus</i>
Type of Planting	Common Name	Botanical Name
<b>Shrubs</b> 	Abelia	<i>Abelia sp.</i>
	Barberry	<i>Berberis sp.</i>
	Japanese Boxwood	<i>Buxus microphylla</i>
	Elaeagnus/Silverberry	<i>Elaeagnus sp.</i>
	Dwarf Yaupon	<i>Ilex vomitoria 'nana'</i>
	Dwarf Burford Holly	<i>Ilex cornuta 'burfordii nana'</i>
	Junipers	<i>Juniperus spp.</i>
	Texas Sage	<i>Leucophyllum frutescens</i>
<b>Shrubs</b> 	Nandina	<i>Nandina domestica</i>
	Spirea	<i>Spirea sp.</i>
	Fraser Photinia	<i>Photinia xfraseri</i>
Type of Planting	Common Name	Botanical Name
<b>Grasses</b>	Lemongrass	<i>Cymbopogon citratus</i>
	Dwarf Fountain Grass	<i>Pennisetum alopecuroides 'Hameln'</i>
	Inland Sea Oats	<i>Chasmanthium latifolium</i>
	Little Bluestem	<i>Schizachyrium scoparium</i>
	Mexican Feather Grass	<i>Nassella tenuissima</i>

**Table 15: Recommended Plant Material List**

	Pink Muhly Grass	<i>Muhlenbergia capillaris</i>
	Dwarf Pampas Grass	<i>Cortaderia selloana 'Pumila'</i>
	Purple Fountain Grass	<i>Pennisetum setaceum 'Rubrum'</i>
	Sideoats Grama	<i>Bouteloua curtipendula</i>
	Switchgrass	<i>Panicum virgatum</i>
	Indiangrass	<i>Sorghastrum nutans</i>
	Big Muhly/Lindeheimer's	<i>Muhlenbergia lindheimeri</i>
	Bamboo Muhly Grass	<i>Muhlenbergia dumosa</i>
	Maiden Grass	<i>Miscanthus sinensis</i>
	Dwarf Zebra Grass	<i>Miscanthus sinensis 'Little Zebra'</i>

**Additional Plant Material Resources:**

**Texas A&M Earth-Kind Plant Selector**

<https://aggie-horticulture.tamu.edu/earthkind/plant-selector/>

**Texas Urban Landscape Guide**

<http://urbanlandscapeguide.tamu.edu/>

**SECTION 2.**

That all ordinances of the City in direct conflict with the provisions of this Ordinance are hereby repealed and all other ordinances of the City not in conflict with the provisions of this Ordinance shall remain in full force and effect, to the extent provided by law.

**SECTION 3.**

Should any paragraph, sentence, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Ordinance

as a whole or any part or provision thereof, other than the part so declared to be invalid, illegal or unconstitutional, and shall not affect the validity of this Ordinance as a whole.

**SECTION 4.**

The City Secretary of the City of Corinth is directed to publish the caption, publication clause and effective date of this Ordinance to the extent required by law.

**SECTION 5.**

Any person, firm or corporation who violates any provision of this Ordinance or the Code of Ordinances, as amended hereby, shall be subject to a fine not to exceed the sum of five hundred dollars (\$500.00) for each offense, and each and every day any such offense shall continue shall be deemed to constitute a separate offense, provided, however, that in all cases involving violation of any provision of this ordinance or Code of Ordinances, as amended hereby, governing the fire safety or public health shall be subject to a fine not to exceed the sum of two thousand dollars (\$2,000.00) for each offense.

**SECTION 6.**

This Ordinance shall be in full force and effect from and after its passage and publications as required by law, and it is so ordained.

**PASSED AND APPROVED ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018.**

\_\_\_\_\_  
The Honorable Bill Heidemann, Mayor

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Mack Reinwand, City Attorney

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Corinth Retail 2499 (7-11) Planned Development  
**Submitted For:** Barbara Cabbage, Planning & Development Manager  
**Submitted By:** Lori Levy, Senior Planner  
**City Manager Review: Approval:** Bob Hart, City Manager

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**AGENDA ITEM**

**PUBLIC HEARING:**

TO HEAR PUBLIC OPINION REGARDING A REQUEST FROM THE APPLICANT ERIC WILHITE, AUTHORIZED REPRESENTATIVE FOR PROPERTY OWNER, CORINTH RETAIL 2499, LLC FOR A ZONING CHANGE FROM C-2 COMMERCIAL 2 DISTRICT TO PLANNED DEVELOPMENT (PD) C-2 COMMERCIAL DISTRICT WITH MODIFIED DEVELOPMENT STANDARDS ON APPROXIMATELY 5.299 ACRES OF LAND LEGALLY DESCRIBED AS A TRACT OF LAND SITUATED IN THE JASPER C. BAKER SURVEY, ABSTRACT NO. 48, IN THE CITY OF CORINTH, DENTON COUNTY, TEXAS. THIS PROPERTY IS LOCATED ON THE SOUTHWEST CORNER OF F.M. 2181 AND F.M. 2499.

**BUSINESS:**

Consider and act on an ordinance for a zoning change from C-2 Commercial 2 District to Planned Development (PD) C-2 Commercial 2 District with modified development standards on approximately 5.299 acres of land legally described as a tract of land situated in the Jasper C. Baker Survey, Abstract No. 48, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of F.M. 2181 and F.M. 2499).

**AGENDA ITEM SUMMARY/BACKGROUND**

A public hearing will be held for the rezoning request. The rezoning request is in conformance with the Comprehensive Plan. Therefore, the Council may consider and make a recommendation on the rezoning request.

The recommendation of the Planning and Zoning Commission from the January 22, 2018 meeting for this request is being forwarded to the City Council for final action at this time.

The applicant is proposing a rezoning from C-2 Commercial 2 District on approximately 5.299 acres to a Planned Development (PD) C-2 Commercial 2 District with modified development standards in order to develop a 7-11 convenience store with a gasoline filling station on the southwest corner (Area 1/Proposed Lot 1) of F.M. 2181 and F.M. 2499. A 14,000 square foot retail building with an outdoor patio is conceptually proposed for Area 2 (Proposed Lot 2), and a 5,000 square foot financial institution is conceptually proposed for Area 3 (Proposed Lot 3) within the Planned Development. Stamped sections of pavement throughout the development will provide connections to the City's proposed trail system along both F.M. 2181 and F.M. 2499.

**PROPOSED MODIFIED DEVELOPMENT STANDARDS**

**AREA 1/PROPOSED LOT 1: GASOLINE FILLING STATION WITHOUT A CAR WASH**

The applicant is meeting or exceeding all other **Development Standards** of the UDC, except the following:

The following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall be prohibited:

- a. Ambulance Service
- b. Automobile or Other Motorized Vehicle Sales and Service



- c. Automobile Parts Store
- d. Automobile Service Garage (Major)
- e. Automobile Service Garage (Minor)
- f. Car Wash, Full Service
- g. Car Wash, Self Service
- h. Exterminating Company
- i. Feed Store
- j. Gas or Oil Well Production
- k. Institution for the Care of Alcoholic Psychiatric or Narcotic Patients
- l. Commercial Laundry
- m. Laundry, Self Service
- n. Manufactured Home Sales
- o. Taxi Garage, Dispatch

In addition to the other land uses requiring an SUP in the Commercial 2 (C-2) District, the following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall require an SUP:

- a. Hotel
- b. Motel, Motor Hotel or Tourist Court

The Development Standards described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial-2 (C-2) District, as amended shall apply except as follows:

1. UDC Section 2.07.04 **Conditional Development Standards** shall apply except:
  - a. Convenience store with fuel sales without Car Wash will not require a Specific Use Permit.
  - b. No outside/outdoor vending machines, such as soda, video rental, or newspaper vending machines, are permitted.
  - c. Outdoor propane sales storage shall be allowed. Propane storage shall be on the west side of the building behind the front of the building and partially enclosed by three (3) parapet walls.
2. UDC Section 2.09.03 **Vehicle Parking Regulations** shall apply except:
  - a. Parking agreements shall be required for Shared Parking.
3. UDC Section 2.09.04 **Building Facade Material Standards** shall apply, except:
  - a. Building materials for Area 1 (Lot 1) only shall be as shown on the attached Architectural Building Elevations.
4. UDC Section 2.09.06 **Nonresidential Architectural Standards** shall apply except:
  - a. The rear building facade shall be as shown on the attached Architectural Building Elevations.

### **AREAS 2 AND 3: PROPOSED LOTS 2 AND 3**

The following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall be prohibited:

- a. Ambulance Service
- b. Automobile or Other Motorized Vehicle Sales and Service
- c. Automobile Parts Store
- d. Automobile Service Garage (Major)
- e. Automobile Service Garage (Minor)
- f. Car Wash, Full Service
- g. Car Wash, Self Service
- h. Exterminating Company
- i. Feed Store

- j. Gas or Oil Well Production
- k. Institution for the Care of Alcoholic Psychiatric or Narcotic Patients
- l. Commercial Laundry
- m. Laundry, Self-Service
- n. Manufactured Home Sales
- o. Taxi Garage, Dispatch

In addition to the other land uses requiring an SUP in the Commercial 2 (C-2) District, the following uses in the Commercial 2 (C-2) District, as listed in Subsection 2.05.02 of the Unified Development Code shall require an SUP:

- a. Hotel
- b. Motel, Motor Hotel or Tourist Court

The Development Standards described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial-2 (C-2) District, as amended shall apply except as follows:

1. UDC Section 2.09.03 **Vehicle Parking Regulations** shall apply except:
  - a. Parking agreements shall be required for Shared Parking.
2. UDC Section 2.09.04 **Building Facade Material Standards** shall apply except:
  - a. Buildings within this PD shall be complementary.
  - b. Specific color palettes and building facade materials shall be reviewed and approved at the time of the Site Plan.

**NOTIFICATION TO PUBLIC**

Prior to the Planning and Zoning Commission meeting, public hearing notifications were sent to the 5 property owners located within 200’ of the subject property. A notice of public hearing was posted on the subject property along F.M. 2181 and F.M. 2499. Notice of the City Council public hearing was published in the Denton-Record Chronicle in accordance with State law.

**SURROUNDING PROPERTIES ZONING**

- Subject Property            C-2, Commercial
- North                         C-2, Commercial
- South                         C-2, Commercial
- East                         C-2, Commercial
- West                         C-2, Commercial

**SURROUNDING PROPERTIES EXISTING LAND USE**

- Subject Property            Vacant
- North                         Retail, Vacant (Pending Restaurant (Sonic))
- South                         Vacant
- East                         Vacant
- West                         Vacant

**SURROUNDING PROPERTIES FUTURE LAND USE**

- Subject Property            Retail
- North                         Retail

- South                                 Retail
- East                                   Retail
- West                                   Retail

**PROPOSED LAND USE**

A site plan is included for the 3,010 sq. ft. proposed 7-11 convenience store with gasoline pumps without a car wash for Area 1 (Proposed Lot 1). However, the proposed layout for Areas 2 and 3 (Proposed Lots 2 and 3) is conceptual and site plans will be required prior to development of those lots.

Three driveways are proposed for this development. The proposed driveway on F.M. 2181 nearest the intersection of F.M. 2499 is a right-in, right-out only. There are 2 driveways proposed along F.M. 2499 to serve the conceptually proposed retail buildings in Areas 2 and 3 (Proposed Lots 2 and 3).

TXDOT has already approved all 3 proposed driveways and TXDOT driveway permits were issued in April, 2017. However, the TXDOT driveway permits expire after 6 months. A request to extend the driveway permits has been submitted to TXDOT.

The applicant is showing detention in the form of a detention pond within a drainage easement located behind the proposed retail buildings on Areas 2 and 3 (Proposed Lots 2 and 3) to be maintained by the property owner of Area 2 (Proposed Lot 2) that will serve the detention needs for all buildings within the proposed (PD) Planned Development.

The applicant is also proposing alternative compliance to pay a fee in lieu into the tree fund for mitigation of 591 caliper inches of protected trees that must be removed for development of the heavily treed site. A total of 627 caliper inches are required to be mitigated with the reduction of 50% required replacement for a heavily treed lot. The applicant has included as many replacement trees (36 caliper inches) on the landscape plans as space will allow for development of Phase 1 (7-11). However, of the total 627 caliper inches of replacement trees required, a deficit of 591 inches remain. The applicant has provided the attached estimate of \$109,289.36 from the City approved plant nursery for replacement of 197, 3" caliper Oak and Elm trees, including delivery and installation. A tree survey/protection plan and tree mitigation for Areas 2 and 3 (Proposed Lots 2 and 3) will be required during replanting, and prior to development of those Areas/Lots.

**CONFORMANCE TO THE COMPREHENSIVE PLAN**

The Unified Development Code requires consistency between a Zoning Map Amendment (Rezoning) and the Comprehensive Plan. The proposed zoning is in conformance with the Comprehensive Plan. Therefore, a Comprehensive Plan Amendment is **not** necessary and the Commission may make a recommendation on this zoning request.

**FINANCIAL SUMMARY**

**Source of Funding:** No funding is required.

**RECOMMENDATION**

**STAFF RECOMMENDATION**

Staff recommends **Approval** of this request, subject to Approval of the Major Subdivision Waiver for the driveway off of F.M. 2181 and extension of TXDOT permit approval for all driveways.

**PLANNING AND ZONING COMMISSION RECOMMENDATION**

The Planning and Zoning Commission unanimously recommended **Approval** of this request with staff stipulations at the January 22, 2018 meeting.

The Preliminary Plat and Final Plat were also **Approved** with staff stipulations at the January 22, 2018 meeting.

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**Attachments**

Zoning Map

Letter of Intent/Design Statement

Tree Survey/Protection Plan

Tree Fund Estimate

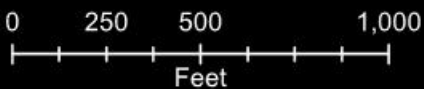
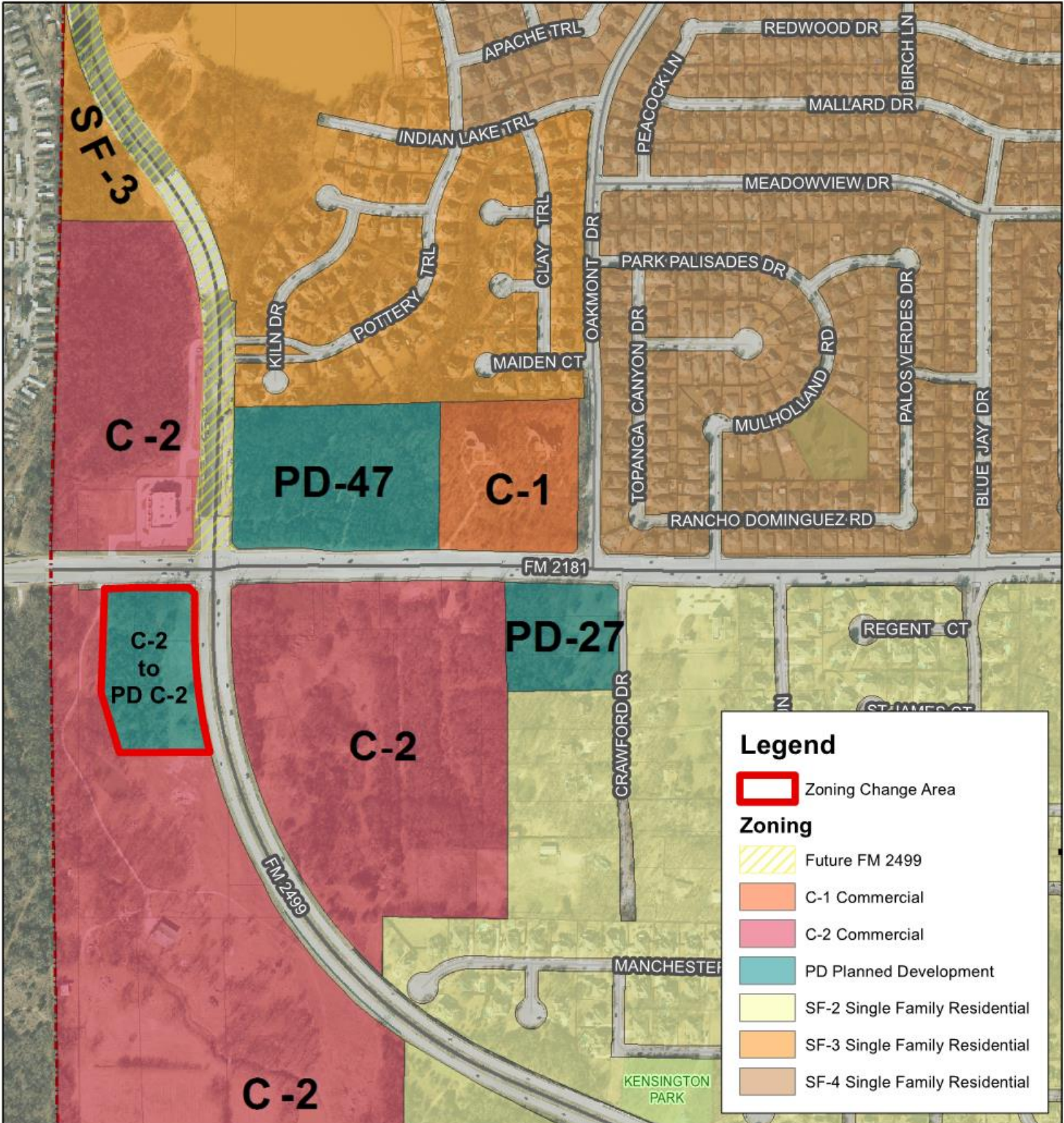
Proposed Ordinance

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# CITY OF CORINTH

## Zoning Change Proposed: C-2 to PD C-2







**CEI Engineering Associates, Inc.**

ENGINEERS ■ SURVEYORS ■ LANDSCAPE ARCHITECTS ■ PLANNERS

TriWest Plaza, 3030 LBJ Freeway, Suite 100  
Dallas, TX 75234  
(972) 488-3737 Fax (972) 488-6732  
www.ceienq.com

**Exhibit "B"**  
**Corinth Retail Addition**  
**Planned Development Design Statement**

To: City of Corinth  
Planning and Development Dept.  
3300 Corinth Parkway  
Corinth, Texas 76208

RE: Proposed Planned Development  
Southwest Corner of FM 2181 and FM 2499

The proposed Planned Development is a 5.29 acre retail/office district that will bring striking and much needed retail, restaurant, and office uses to the western side of Corinth. This property is located at the southwest corner of the intersection of F.M. 2499 and F.M. 2181. To the West, land is heavily buffered by a large assortment of mature trees and floodplain, zoned C-2 and is designated as Retail on the Future Land Use Plan. To the East across F.M. 2499, the land is zoned as C-1 and designated as Retail on the Future Land Use Plan. North across F.M. 2181, the land is zoned C-2 and designated as Retail on the Future Land Use Plan. To the South the land is zoned C-2 and designated as Retail on the Future Land Use Plan.

On the property in question, we are proposing to use approximately 1.10 acres for a proposed convenience store with fuel sales site, 3.05 acres for restaurant/retail and 1.15 acres for office. 1.53 acres along the west portion of the property is scattered open space spanning across lots 2 and 3. These uses will be unified with a consistent architectural theme and design elements appropriate for the eastern gateway into Corinth. Phase I for the development will include the convenience store with fuel sales building, canopy, and associated parking; restaurant/retail and bank or financial institution will be developed in Phase II.

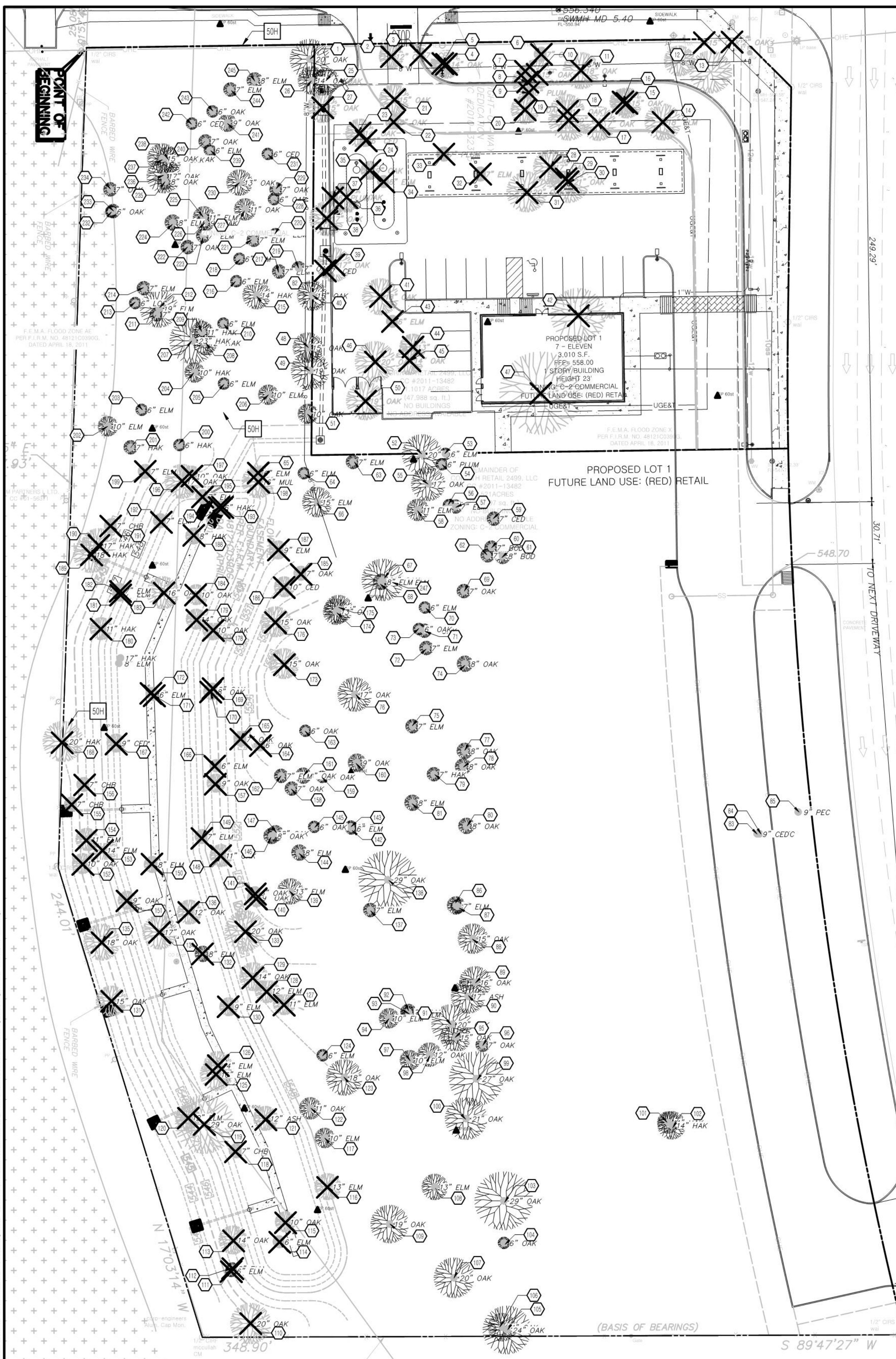
The existing site is very heavily treed along the rear (west side) of the property and features approximately 18 feet of fall from east to west with stormwater runoff draining into the floodplain which flows eventually into Lake Lewisville. The soil on the site is a combination of Birome, Bunyan, and Callisburg fine sandy loams with slopes between 1 and 15 percent. The floodplain that runs along the west portion of the site in the dedicated open space area creates a visual barrier between the proposed development and the adjacent property.

I ask for City approval for our proposed development. Please contact me if you have any questions or concerns.

Respectfully requested,

**Eric Wilhite, AICP**



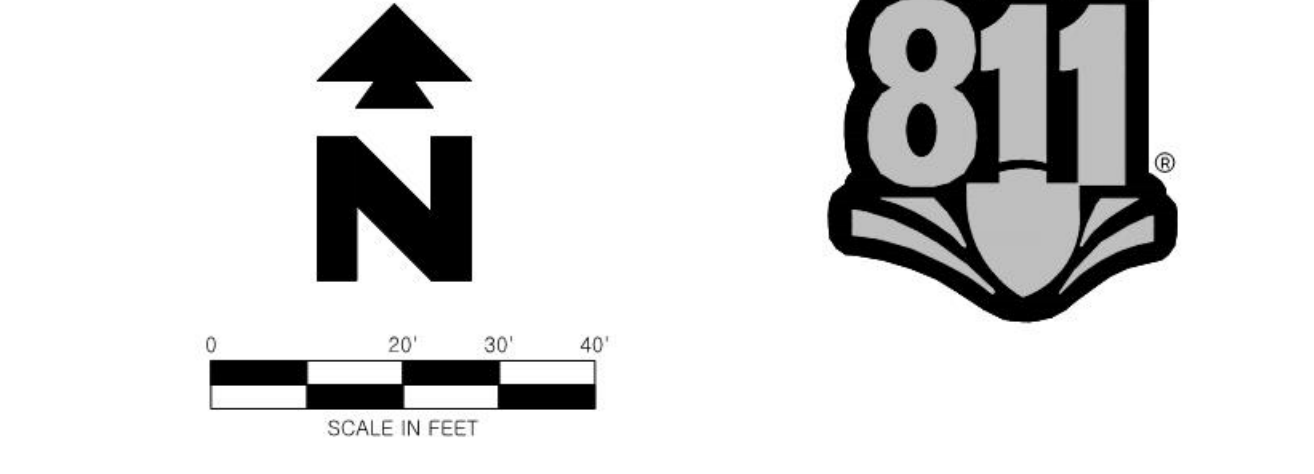


TREE SURVEY

KEY	CALIPER INCHES	SPECIES	REMOVED/PRESERVED	REASON CODE	KEY	CALIPER INCHES	SPECIES	REMOVED/PRESERVED	REASON CODE
1	20	OAK	PRESERVED		94	10	ELM	PRESERVED	
2	12	OAK	REMOVED	D	95	15	OAK	PRESERVED	
3	7	CEDAR	REMOVED	D	96	7	OAK	PRESERVED	
4	14	OAK	REMOVED	D	97	10	ELM	PRESERVED	
5	12	OAK	REMOVED	D	98	12	OAK	PRESERVED	
6	7	CEDAR	REMOVED	D	99	27	OAK	PRESERVED	
7	6	CEDAR	REMOVED	D	100	21	OAK	PRESERVED	
8	15	OAK	REMOVED	D	101	11	HACKBERRY	PRESERVED	
9	6	PLUM	REMOVED	D	102	14	HACKBERRY	PRESERVED	
10	15	OAK	REMOVED	D	103	29	OAK	PRESERVED	
11	18	OAK	REMOVED	D	104	6	OAK	PRESERVED	
12	15	OAK	REMOVED	D	105	24	OAK	PRESERVED	
13	22	OAK	REMOVED	D	106	14	OAK	PRESERVED	
14	18	ELM	REMOVED	D	107	20	OAK	PRESERVED	
15	15	OAK	REMOVED	D	108	13	ELM	PRESERVED	
16	13	OAK	REMOVED	D	109	19	OAK	PRESERVED	
17	17	OAK	REMOVED	D	110	20	OAK	REMOVED	C
18	17	OAK	REMOVED	D	111	6	ELM	REMOVED	C
19	20	OAK	REMOVED	D	112	6	ELM	REMOVED	C
20	14	OAK	REMOVED	D	113	14	OAK	REMOVED	C
21	15	OAK	REMOVED	D	114	6	ELM	REMOVED	C
22	8	OAK	REMOVED	D	115	10	OAK	REMOVED	C
23	14	OAK	PRESERVED		116	13	ELM	REMOVED	C
24	6	CEDAR	REMOVED	D	117	10	ELM	PRESERVED	
25	13	OAK	PRESERVED		118	7	CHINABERRY	REMOVED	C
26	14	OAK	PRESERVED		119	29	OAK	REMOVED	C
27	15	OAK	REMOVED	D	120	12	ELM	REMOVED	C
28	17	OAK	REMOVED	D	121	12	ASH	REMOVED	C
29	15	OAK	REMOVED	D	122	11	OAK	PRESERVED	
30	21	OAK	REMOVED	D	123	18	OAK	PRESERVED	
31	20	OAK	REMOVED	D	124	6	ELM	PRESERVED	
32	7	ELM	REMOVED	D	125	16	ELM	REMOVED	C
33	7	PLUM	REMOVED	D	126	14	ELM	REMOVED	C
34	6	ELM	REMOVED	D	127	11	ELM	REMOVED	C
35	9	OAK	REMOVED	D	128	12	ELM	REMOVED	C
36	14	OAK	REMOVED	D	129	14	OAK	REMOVED	C
37	6	PLUM	REMOVED	D	130	9	ELM	REMOVED	C
38	17	OAK	REMOVED	D	131	15	OAK	REMOVED	C
39	17	OAK	REMOVED	D	132	8	ELM	REMOVED	C
40	15	OAK	PRESERVED		133	20	OAK	REMOVED	C
41	18	OAK	REMOVED	D	134	17	OAK	REMOVED	C
42	27	OAK	REMOVED	A	135	18	OAK	REMOVED	C
43	6	ELM	REMOVED	D	136	12	OAK	REMOVED	C
44	13	OAK	REMOVED	D	137	7	ELM	PRESERVED	
45	14	OAK	REMOVED	D	138	29	OAK	PRESERVED	
46	20	OAK	REMOVED	D	139	13	ELM	PRESERVED	
47	41	OAK	REMOVED	A	140	9	OAK	REMOVED	D
48	15	OAK	PRESERVED		141	6	OAK	REMOVED	D
49	19	OAK	PRESERVED		142	6	ELM	PRESERVED	
50	19	OAK	PRESERVED		143	6	ELM	PRESERVED	
51	10	OAK	PRESERVED		144	8	ELM	PRESERVED	
52	20	OAK	PRESERVED		145	6	OAK	PRESERVED	
53	6	ELM	PRESERVED		146	8	OAK	PRESERVED	
54	6	ELM	PRESERVED		147	8	OAK	PRESERVED	
55	17	OAK	PRESERVED		148	11	OAK	REMOVED	C
56	6	ELM	PRESERVED		149	7	ELM	REMOVED	C
57	7	ELM	PRESERVED		150	8	ELM	REMOVED	C
58	11	ELM	PRESERVED		151	9	OAK	REMOVED	C
59	7	CEDAR	PRESERVED		152	10	OAK	REMOVED	C
60	7	BOIS DE ARC	PRESERVED		153	14	ELM	REMOVED	C
61	8	BOIS DE ARC	PRESERVED		154	11	ELM	REMOVED	C
62	7	BOIS DE ARC	PRESERVED		155	7	CHINABERRY	REMOVED	C
63	7	ELM	PRESERVED		156	7	CHINABERRY	REMOVED	C
64	6	ELM	PRESERVED		157	9	OAK	REMOVED	C
65	6	ELM	REMOVED	D	158	7	OAK	PRESERVED	
66	15	ELM	PRESERVED		159	6	OAK	PRESERVED	
67	21	OAK	PRESERVED		160	9	OAK	PRESERVED	
68	8	ELM	PRESERVED		161	8	OAK	PRESERVED	
69	7	OAK	PRESERVED		162	7	ELM	PRESERVED	
70	6	ELM	PRESERVED		163	6	OAK	PRESERVED	
71	7	OAK	PRESERVED		164	6	OAK	REMOVED	C
72	7	ELM	PRESERVED		165	7	OAK	REMOVED	C
73	6	OAK	PRESERVED		166	6	ELM	REMOVED	C
74	8	OAK	PRESERVED		167	9	CEDAR	REMOVED	C
75	7	ELM	PRESERVED		168	20	HACKBERRY	REMOVED	C
76	17	OAK	PRESERVED		169	8	OAK	REMOVED	C
77	8	OAK	PRESERVED		170	8	OAK	REMOVED	C
78	8	OAK	PRESERVED		171	6	ELM	REMOVED	C
79	7	HACKBERRY	PRESERVED		172	6	ELM	REMOVED	C
80	8	OAK	PRESERVED		173	15	OAK	REMOVED	C
81	8	ELM	PRESERVED		174	13	OAK	PRESERVED	
82	7	CEDAR	PRESERVED		175	14	OAK	PRESERVED	
83	9	CEDAR	PRESERVED		176	15	OAK	REMOVED	D
84	19	PECAN	PRESERVED		178	10	OAK	REMOVED	C
85	9	PECAN	PRESERVED		179	14	OAK	REMOVED	C
86	9	ELM	PRESERVED		180	11	HACKBERRY	REMOVED	C
87	7	ELM	PRESERVED		181	7	ELM	REMOVED	C
88	15	OAK	PRESERVED		182	7	ELM	REMOVED	C
89	16	OAK	PRESERVED		183	16	OAK	REMOVED	C
90	17	ASH	PRESERVED		184	10	OAK	REMOVED	C
91	20	OAK	PRESERVED		185	7	OAK	REMOVED	D
92	8	OAK	PRESERVED		186	10	CEDAR	REMOVED	D
93	8	OAK	PRESERVED		187	9	ELM	REMOVED	C

KEY	CALIPER INCHES	SPECIES	REMOVED/PRESERVED	REASON CODE
188	8	HACKBERRY	REMOVED	C
189	18	HACKBERRY	REMOVED	C
190	17	HACKBERRY	REMOVED	C
191	7	CHINABERRY	REMOVED	C
192	7	ELM	REMOVED	C
193	6	HACKBERRY	REMOVED	C
194	7	HACKBERRY	REMOVED	C
195	7	ELM	REMOVED	C
196	17	OAK	REMOVED	C
197	10	OAK	REMOVED	C
198	16	MULBERRY	REMOVED	C
199	7	ELM	REMOVED	C
200	6	HACKBERRY	PRESERVED	
201	7	HACKBERRY	PRESERVED	
202	10	ELM	PRESERVED	
203	6	ELM	PRESERVED	
204	10	HACKBERRY	PRESERVED	
205	6	ELM	PRESERVED	
206	10	ELM	PRESERVED	
207	23	HACKBERRY	PRESERVED	
208	12	HACKBERRY	PRESERVED	
209	11	HACKBERRY	PRESERVED	
210	6	ELM	PRESERVED	
211	7	ELM	PRESERVED	
212	6	ELM	PRESERVED	
213	6	LOCUS	PRESERVED	
214	7	ELM	PRESERVED	
215	14	HACKBERRY	PRESERVED	
216	6	ELM	PRESERVED	
217	7	ELM	PRESERVED	
218	6	ELM	PRESERVED	
219	7	OAK	PRESERVED	
220	6	ELM	PRESERVED	
221	7	ELM	PRESERVED	
222	7	OAK	PRESERVED	
223	7	ELM	PRESERVED	
224	8	ELM	PRESERVED	
225	11	ELM	PRESERVED	
226	9	OAK	PRESERVED	
227	11	OAK	PRESERVED	
228	6	OAK	PRESERVED	
229	7	OAK	PRESERVED	
230	13	OAK	PRESERVED	
231	6	CEDAR	PRESERVED	
232	6	OAK	PRESERVED	
234	6	OAK	PRESERVED	
235	8	OAK	PRESERVED	
236	17	OAK	PRESERVED	
237	15	OAK	PRESERVED	
238	13	OAK	PRESERVED	
239	6	ELM	PRESERVED	
240	7	OAK	PRESERVED	
241	9	OAK	PRESERVED	
242	6	OAK	PRESERVED	
243	6	OAK	PRESERVED	
244	7	ELM	PRESERVED	
245	8	ELM	PRESERVED	

TOTAL SITE CALIPER INCHES	2705
TOTAL PROTECTED CALIPER INCHES	2433
TOTAL PROTECTED INCHES REMOVED	1253
TOTAL PROTECTED INCHES PRESERVED	1180
REQUIRED REPLACEMENT INCHES (HEAVILY TREED LOT - REDUCED REQUIRED INCHES BY 50%)	627
TOTAL SITE AREA = 240,497 SF	
TOTAL SITE CANOPY COVERAGE = 141,153 SF (58.7%)	



**EXISTING**

0	Record Bearing and Distance	R	Telephone Riser
●	Found Iron Rod (FIR)	V	Traffic Vault
○	Point for Corner (PFC)	X	Water Valve
○	Found Hwy Monument	S	Sanitary Sewer Manhole
○	Utility Pole	X	Fence
○	Guy Wire	OHP	Overhead Power Lines
○	Sign	B	Blue Paint Marks (Water)
CMP	Corrugated Metal Pipe	E	Red Paint Marks (Electric)
TL	Traffic Light	G	Yellow Flags (Gas)
EA	Edge of Asphalt	C	Centurylink Fiber optic

**PROPOSED**

---	PROPERTY LINE/RIGHT OF WAY LINE
⊗	TYPICAL TREE REMOVED SEE PLANT LIST

**TREE PROTECTION DETAILS**

50H TREE PROTECTION FENCE

**TREE PROTECTION NOTES**

PROTECT ALL TREES WITHIN 5 FEET OF EXISTING OR PROPOSED UTILITY EASEMENTS.

THE FOLLOWING TREES ARE EXCLUDED FROM PROTECTED TREES:

1. MAELURA PUMIFERA - BOIS D ARC
2. MELIA AZEDARACH - CHINABERRY
3. POPLUS DELTOIDES - COTTON WOOD
4. CELTIS LAEVIGATA - HACKBERRY/ TEXAS SUGARBERRY
5. GLEDITSIA TRACANTHOS - HONEY LOCUS
6. POPLUS DELTOIDES - MESQUITE
7. MIMOSA - MIMOSA SP
8. MORUS RUBRA - MULBERRY
9. ACER SACCHARINUM - SILVER LEAF MAPLE
10. POPLUS ALBA - WHITE POPLAR
11. WILLOW - WILLOW SP.

**REASON CODE KEY:**  
A: BUILDING PAD SITE (INCLUDING AN AREA 5' FROM THE EDGE OF BUILDING PAD)  
B: STREET RIGHT-OF-WAY  
C: UTILITY EASEMENT  
D: DRIVEWAY

NOTE: TREE CALCULATIONS ARE ONLY FOR AREA 1 (PROPOSED LOT 1: 7-11), THE DETENTION POND AREA, AND THE TWO DRIVEWAYS IN AREAS 2 AND 3 (PROPOSED LOTS 2 AND 3) ALONG F.M. 2499 THAT ARE BEING CONSTRUCTED WITH AREA 1 (LOT 1: 7-11) SITE. A TREE SURVEY/PROTECTION PLAN AND TREE MITIGATION FOR AREAS 2 AND 3 (PROPOSED LOTS 2 AND 3) WILL BE REQUIRED PRIOR TO DEVELOPMENT OF THOSE AREAS/LOTS.

28649.0	1/16/18	ADS	EPW	TJA	TJA
CEI PROJECT NO.	INITIAL DATE	OPOR	PM	DES	DRW

**CEI Engineering Associates, Inc.**  
ENGINEERS • PLANNERS • SURVEYORS  
LANDSCAPE ARCHITECTS • ENVIRONMENTAL SCIENTISTS

3030 LBJ Freeway, Suite 100  
Dallas, TX 75234 (972)488-3737  
FAX (972)488-8732

**7-ELEVEN #36436**



<b>TREE SURVEY &amp; PROTECTION PLAN</b>	REV DATE 1/16/18	SHEET NO. L-1
BR-347	1/17/18	

JOB # 28649.0 DRAWING: 28649.0-LS.dwg LAST SAVED BY: MP/ARS LOCATION: P:\28649\28649.dwg DATE: 1/16/18 10:54:00 AM







**ORDINANCE NO. 18-02-15-**

**7-11 PLANNED DEVELOPMENT DISTRICT**

**AN ORDINANCE AMENDING THE COMPREHENSIVE ZONING ORDINANCE BEING A PART OF THE UNIFIED DEVELOPMENT CODE, BY AMENDING THE ZONING CLASSIFICATION FROM C-2, COMMERCIAL DISTRICT TO PLANNED DEVELOPMENT, COMMERCIAL (C-2) DISTRICT ON 5.299 ACRES OF LAND LEGALLY DESCRIBED AS A TRACT OF LAND, SITUATED IN THE JASPER C. BAKER SURVEY, ABSTRACT NO. 48 IN THE CITY OF CORINTH, DENTON COUNTY, TEXAS, PROVIDING FOR A DESIGN STATEMENT; PROVIDING A LEGAL PROPERTY DESCRIPTION; APPROVING A PLANNED DEVELOPMENT CONCEPT PLAN; PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000; PROVIDING FOR PUBLICATION AND A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Corinth, Texas has adopted Ordinance 13-05-02-08, which adopts a Unified Development Code, which includes the Comprehensive Zoning Ordinance and which, in accordance with the City's Comprehensive Plan, establishes zoning districts and adopts a Zoning Map; and

**WHEREAS**, the hereinafter described property is zoned as C-2 Commercial District Classification under the City's Unified Development Code and an authorized person having a proprietary interest in the property has requested a change in the zoning classification of said property; and

**WHEREAS**, the Planning and Zoning Commission of the City of Corinth and the City Council of the City of Corinth, having given the requisite notices by publication and otherwise, and after holding due hearings and affording a full and fair hearing to all the property owners generally, and to the persons interested and situated in the affected area and in the vicinity thereof, the City of Corinth City Council is of the opinion that said change in zoning should be made; and

**WHEREAS**, the City Council considered the following factors in making a determination as to whether the requested change should be granted or denied: safety of the motoring public and the pedestrians using the facilities in the area immediately surrounding the sites; safety from fire hazards and damages; noise producing elements and glare of the vehicular and stationary lights and effect of such lights on established character of the neighborhood; location, lighting and types of signs and relation of signs to traffic control and adjacent property; street size and adequacy of width for traffic reasonably expected to be generated by the proposed use around the site and in the immediate neighborhood; adequacy of parking as determined by requirements of this ordinance for off-street parking facilities; location of ingress and egress points for parking and off-street loading spaces, and protection of public health by surfacing on all parking areas to control dust; effect on the promotion of health and the general welfare; effect on light and air; effect on the overcrowding of the land; effect on the concentration of population, and effect on transportation, water, sewerage, schools, parks and other public facilities; and

**WHEREAS**, the City Council further considered among other things the character of the districts and their peculiar suitability for particular uses and the view to conserve the value of the buildings, and encourage the most appropriate use of the land throughout this City; and

**WHEREAS**, the City Council finds that the change in zoning promotes the health and the general welfare, provides adequate light and air, prevents the over-crowding of land, avoids undue concentration of population, and facilitates the adequate provision of transportation, water, sewerage, schools, parks and other public requirements; and the general health, safety and welfare of the community;

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

### **SECTION I - LEGAL PROPERTY DESCRIPTION; AMENDMENT**

That in accordance with the Unified Development Code, the Zoning Map of the City of Corinth is hereby amended by amending the zoning map of the City of Corinth, Texas on 5.299 acres of land described in "Exhibit A" attached, from C-2 Commercial District to Planned Development C-2 Commercial District.

### **SECTION II – PLANNED DEVELOPMENT MASTER PLAN**

The Concept Plan Exhibits and Concept Design Map collectively, “Planned Development Master Plan” Statement documents approved and described as “Exhibit B” attached hereto and made a part hereof are approved with the following stipulations:

1. Approval of a Major Subdivision Waiver for the driveway off of F.M. 2181; and,
2. TXDOT permits for all of the driveways off of F.M. 2181 and F.M. 2499.

### **SECTION III – LAND USE REGULATIONS**

- A. The Zoning and Land Use Regulations set forth in “Exhibit C” attached hereto and made a part hereof for all purposes shall be adhered to in their entirety for the purposes of this Planned Development Commercial District. In the event of conflict between the provisions of “Exhibit C” and provisions of any other exhibit, the provisions of “Exhibit C” control.
- B. That the zoning regulations and districts as herein established have been made in accordance with the Comprehensive Plan for the purpose of promoting the health, safety, morals and the general welfare of the community. They have been designed, with respect to both present conditions and the conditions reasonably anticipated to exist in the foreseeable future; to lessen congestion in the streets; to provide adequate light and air; to prevent over-crowding of land; to avoid undue concentration of population; and to facilitate the adequate provision of transportation, water, sewerage, drainage and surface water, parks and other commercial needs and development of the community. They have been

made after a full and complete hearing with reasonable consideration among other things of the character of the district and its peculiar suitability for the particular uses and with a view of conserving the value of buildings and encouraging the most appropriate use of land throughout the community

- C. If, after two years from the date of approval of the Planned Development Master Plan, no substantial development progress has been made within the PD, then the Planned Development Master Plan shall expire. If the Planned Development Master Plan expires, a new Planned Development Master Plan must be submitted and approved according to the procedures within the Unified Development Code, Planned Development Application and Review. An extension of the two year expiration shall be granted if a development Application for the PD has been submitted and is undergoing the development review process or if the Director of Planning determines development progress is occurring.
- D. The Planned Development Master Plan shall control the use and development of the property, and all building permits and development requests shall be in accordance with the plan until it is amended by the City Council. The property owner shall furnish a reproducible copy of the approved PD Concept Design Map for signature by the mayor and acknowledgement by the City Secretary. The Planned Development Master Plan, including the signed map shall be made a part of the permanent file and maintained by the City Secretary.
- E. If a change to the Site Plan, if any, is requested, the request shall be processed in accordance with the development standards in effect at the time the change is requested for the proposed development.

#### **SECTION IV – PENALTY FOR VIOLATIONS**

Any person, firm, or corporation violating any of the provisions of this ordinance shall upon conviction be fined a sum not to exceed two thousand dollars (\$2,000.00); and each and every day that these provisions are violated shall constitute a separate and distinct offense.

#### **SECTION V – SEVERABILITY CLAUSE**

If any section, paragraph, clause, phrase or provision of this ordinance shall be adjudged invalid or held unconstitutional, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof, other than the part so decided to be invalid or unconstitutional.

#### **SECTION VI – EFFECTIVE DATE**

This ordinance shall become effective after approval and publication as provided by law.

**PASSED AND APPROVED THIS 15<sup>th</sup> DAY OF FEBRUARY, 2018.**

APPROVED:

---

Bill Heidemann, Mayor

ATTEST:

---

Kimberly Pence, City Secretary

APPROVED AS TO FORM:

---

City Attorney

EXHIBIT "A"  
LEGAL DESCRIPTION  
5.299 ACRE COMMERCIAL TRACT

**AREA 1/PROPOSED LOT 1 DESCRIPTION**

STATE OF TEXAS §  
COUNTY OF DENTON §

BEING a tract of land situated in the JASPER C. BAKER SURVEY, ABSTRACT NO. 48, in the City of Corinth, Denton County, Texas, and being a portion of a tract of land described in deed (Tract 2), to Corinth Retail 2499, LLC as recorded in County Clerk's Instrument No. 2011-13482, Official Public Records, Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod with plastic cap stamped "W.A.I." found for corner on the Southerly end of a corner clip at the intersection of the South right-of-way of Teasley Drive (Farm-to-Market 2181), a variable width right-of-way as established by deed to the State of Texas as recorded in County Clerk's Instrument No. 2010-32325, Official Public Records, Denton County, Texas, with the West right-of-way of Village Parkway (Farm-to-Market 2499), a 140-foot right-of-way established by deed to Denton County as recorded in County Clerk's Instrument No. 2005-99456, Official Public Records, Denton County, Texas;

THENCE South 00 deg 47 min 46 sec West, along the Westerly right-of-way line of said F.M. 2499, a distance of 116.76 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner, said iron rod being the beginning of a curve to the left with a radius of 1979.63 feet, a central angle of 01 deg 49 min 12 sec, a chord bearing of South 00 deg 06 min 48 sec East, and a chord length of 62.88;

THENCE along said curve to the left an arc distance of 62.88 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner;

THENCE South 89 deg 12 min 08 sec West, departing the Westerly right-of-way line of said F.M. 2499 and over and across said Corinth Retail 2499, LLC tract, a distance of 236.95 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner;

THENCE North 00 deg 25 min 58 sec East, continuing over and across said Corinth Retail 2499, LLC tract, a distance of 204.04 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner, said iron rod being situated on the Southerly right-of-way line of said F.M. 2181;

THENCE North 89 deg 12 min 08 sec East, along the Southerly right-of-way line of said F.M. 2181, a distance of 212.78 feet to a 1/2-inch iron rod found for corner, said iron rod being the Northwestern corner of said corner clip;

THENCE South 45 deg 03 min 07 sec East, along said corner clip, a distance of 34.08 feet to the POINT OF BEGINNING;

CONTAINING within these metes and bounds 1.102 acres or 47,988 square feet of land, more or less. Bearings shown hereon are based upon an on-the-ground Survey performed in the field on the 17<sup>th</sup> day of November, 2011, utilizing a G.P.S. measurement (WGS 84) of North 87 deg 11 min 19 sec East (deed-North 87 deg 22 min 15 sec East), along the South right-of-way of Teasley Drive as recorded in County Clerk's Instrument No. 2011-13482, Official Public Records, Denton County Texas.

**AREAS 2 AND 3/PROPOSED LOTS 2 AND 3 DESCRIPTION**

STATE OF TEXAS §  
COUNTY OF DENTON §

BEING a tract of land situated in the JASPER C. BAKER SURVEY, ABSTRACT NO. 48, in the city of Corinth, Denton County, Texas, and being a portion of a tract of land described in deed (Tract 2), to Corinth Retail 2499, LLC as recorded in County Clerk's Instrument No. 2011-13482, Official Public Records, Denton County, Texas, and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner on the Southerly end of a corner clip at the intersection of the South right-of-way of Teasley Drive (Farm-to-Market 2181), a variable width right-of-way as established by deed to the State of Texas as recorded in County Clerk's Instrument No. 2010-32325, Official Public Records, Denton County, Texas, with the West right-of-way of Village Parkway (Farm-to-Market 2499), a 140-foot right-of-way established by deed to Denton County as recorded in County Clerk's Instrument No. 2005-99456, Official Public Records, Denton County, Texas;

THENCE South 00 deg 47 min 46 sec West, along the Westerly right-of-way line of said Village Parkway, a distance of 116.76 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner, said iron rod being the beginning of a curve to the left having a radius of 1979.63 feet, a central angle of 1 deg 49 min 12 sec, a chord bearing of South 00 deg 06 min 48 sec East, and a chord length of 62.88;

Along said curve to the left an arc distance of 62.88 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner, said iron rod being the POINT OF BEGINNING, said iron rod also being the beginning of a curve to the left with a radius of 1979.63 feet, a central angle of 12 deg 53 min 11 sec, a chord bearing of South 07 deg 28 min 00 sec East, and a chord length of 444.31 feet;

THENCE continuing along said curve to the left an arc distance of 445.24 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner;

THENCE South 89 deg 47 min 27 sec West, departing the Westerly right-of-way line of said F.M. 2499 along the Southerly line of said Corinth Retail 2499, LLC tract and along a Northerly line of a tract of land belonging to DSM Partners I, LTD, as recorded in County Clerk's Instrument No. 01-56371, a distance of 348.90 feet to a 1/2-inch iron rod with cap stamped "McCullah" found for corner;

THENCE departing the Southerly line of said Corinth Retail 2499, LLC tract along the Westerly line of said Corinth Retail 2499, LLC tract and an Easterly line of said DSM Partners I, LTD tract the following courses and distances;

North 17 deg 03 min 14 sec West, a distance of 244.01 feet to a metal post found for corner;

North 01 deg 57 min 46 sec East, a distance of 407.93 feet to 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner, said iron rod being the Northwest corner of said Corinth Retail 2499, LLC tract and being situated on the Southerly right-of-way line of said F.M. 2181;

THENCE North 89 deg 12 min 08 sec East, along the southerly right-of-way line of said F.M. 2181, a distance of 113.37 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner;

THENCE South 00 deg 25 min 58 sec West, departing the Southerly line of said F.M. 2181 and over and across said Corinth Retail 2499, LLC tract a distance of 204.04 feet to a 1/2-inch iron rod with red plastic cap stamped "W.A.I." found for corner;

THENCE North 89 deg 12 min 08 sec East, continuing along over and across said Corinth Retail 2499, LLC a distance of 236.95 feet to the POINT OF BEGINNING;

CONTAINING within these metes and bounds 4.197 acres or 182,829 square feet of land, more or less. Bearings shown hereon are based upon an on-the-ground Survey performed in the field on the 17<sup>th</sup> day of November, 2011, utilizing a G.P.S. measurement (WGS 84) of North 87 deg 11 min 19 sec East (deed-North 87 deg 22 min 15 sec East), along the South right-of-way of Teasley Drive as recorded in County Clerk's Instrument No. 2011-13482, Official Public Records, Denton County Texas.



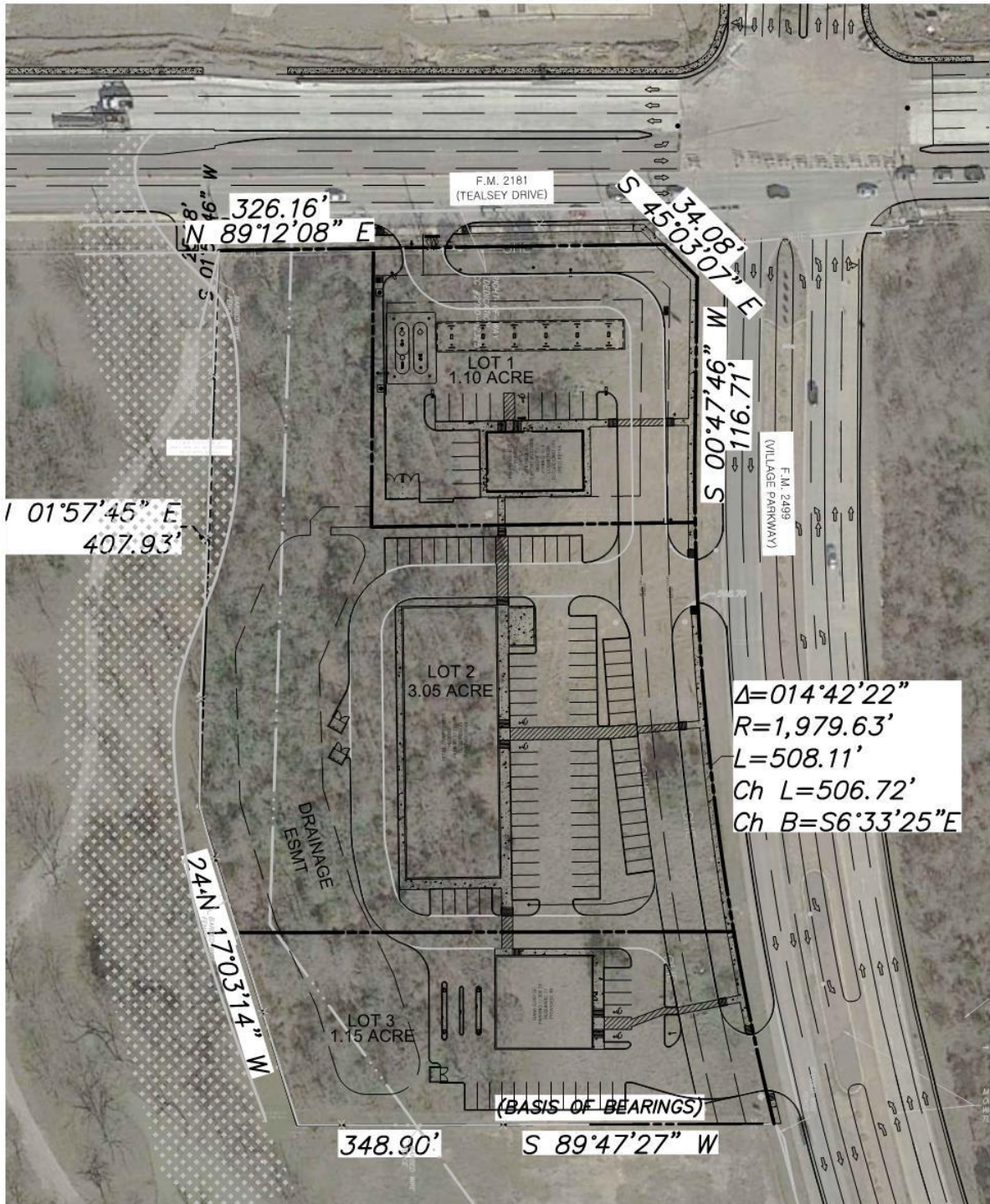
EXHIBIT "B"  
7-11 PD DESIGN STATEMENT

The proposed Planned Development is a 5.29 acre retail/office district that will bring striking and much needed retail, restaurant, and office uses to the western side of Corinth. This property is located at the southwest corner of the intersection of F.M. 2499 and F.M. 2181. To the West, land is heavily buffered by a large assortment of mature trees and floodplain, zoned C-2 and is designated as Retail on the Future Land Use Plan. To the East across F.M. 2499, the land is zoned as C-2 and designated as Retail on the Future Land Use Plan. North across F.M. 2181, the land is zoned C-2 and designated as Retail on the Future Land Use Plan. To the South the land is zoned C-2 and designated as Retail on the Future Land Use Plan.

On the property in question, we are proposing to use approximately 1.10 acres for a proposed convenience store with fuel sales site, 3.05 acres for restaurant/retail and 1.15 acres for office. 1.53 acres along the west portion of the property is scattered open space spanning across lots 2 and 3. These uses will be unified with a consistent architectural theme and design elements appropriate for the eastern gateway into Corinth. Phase I for the development will include the convenience store with fuel sales building, canopy, and associated parking; restaurant/retail and bank or financial institution will be developed in Phase II.

The existing site is very heavily treed along the rear (west side) of the property and features approximately 18 feet of fall from east to west with stormwater runoff draining into the floodplain which flows eventually into Lake Lewisville. The soil on the site is a combination of Birome, Bunyan, and Callisburg fine sandy loams with slopes between 1 and 15 percent. The floodplain that runs along the west portion of the site in the dedicated open space area creates a visual barrier between the proposed development and the adjacent property.

# PD DESIGN MAP









# PD 7-11 ARCHITECTURAL ELEVATIONS

**7-ELEVEN, INC.**  
ONE ARTS PLAZA, 1722 NORTH STREET, DALLAS, TEXAS 75221  
7-11 #36436  
SWC PLAN 2181 & 2189  
CORINTH, TX

7-ELEVEN  
ARCHITECTURE  
INTERIOR  
MEP ENGINEERING

**DIMENSION GROUP**  
ARCHITECTURE  
INTERIOR  
MEP ENGINEERING

1000 MARLBOROUGH  
DALLAS, TEXAS 75201  
752010000  
www.dimensiongroup.com

Checked By: AM  
Drawn By: LM  
Date: 07/06/17  
Scale: AS NOTED  
Job#: 14-095

Customers prepared by The Construction Group Services. The architect is responsible for providing the necessary information to the contractor. The contractor is responsible for providing the necessary information to the fabricator. The fabricator is responsible for providing the necessary information to the installer. The installer is responsible for providing the necessary information to the customer.

PREPARED BY: ARCHITECTURE  
DATE: 07/06/17

**PR1**  
SHEET

**MATERIAL LEGEND**

- BK-1 ADME BRICK QUORUM
- BK-2 ADME BRICK DOVE GRAY
- ST-1 CAST STONE AUTUMN
- MT-1 METAL DARK BRONZE
- P-1 SHERWIN WILLIAMS - TO MATCH ST-1
- P-3 SHERWIN WILLIAMS - SEAL SKIN SW 7075
- EFS-1 EFS PAINTED COLOR TO MATCH ST-1
- R-1 STANDING SEAM METAL ROOFING - PRE-FINISHED DARK BRONZE METAL

**1 FRONT ELEVATION**  
1/8" = 1'-0"

**2 ELEVATION - LEFT SIDE**  
1/8" = 1'-0"

**3 ELEVATION - RIGHT SIDE**  
1/8" = 1'-0"

**4 REAR ELEVATION**  
1/8" = 1'-0"

**5 WEST/EAST ELEVATION**  
1/8" = 1'-0"

**6 SOUTH ELEVATION**  
1/8" = 1'-0"

**7 NORTH ELEVATION**  
1/8" = 1'-0"

**8 GAS CANOPY SIDE ELEVATION**  
1/8" = 1'-0"

**8 GAS CANOPY FRONT ELEVATION**  
1/8" = 1'-0"

# PD 7-11 LIGHTING PLAN



powered by GE

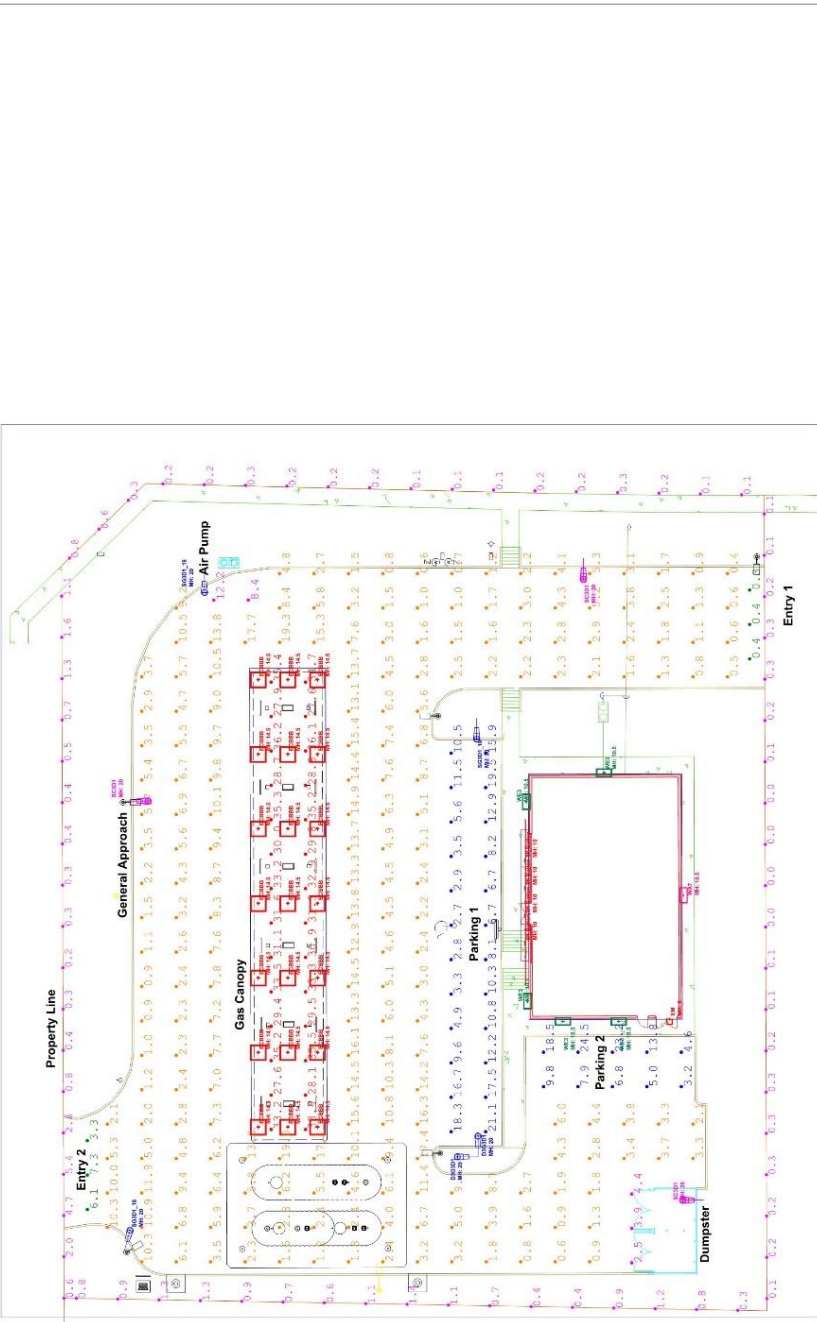
7-ELEVEN STORE #36436 V3  
 MOUNTING HEIGHT AS NOTED  
 MAINTAINED LIGHTING LEVELS INDICATED

Page 1 of 2

Designer: Tyler Proffitt  
 Date: 10/9/2017  
 GE Drawing # AT7730-TECHNICAL DRAWING

Project:  
 APPROVED BY:  
 CONTRACT PLACED BY:

Project:  
 APPROVED BY:  
 CONTRACT PLACED BY:



Scale: 1 inch= 15 Ft.

### Ordinance Data

Table 19- Maximum Illumination between Properties

Underlying Zoning of Adjacent Property	Foot-Candles	
	Horizontal	Vertical
Single Family (detached and attached) Residential Districts	0.2	0.5
Multi-Family Residential Districts	0.5	0.5
Commercial Districts, streets	3.0	3.0
Industrial Districts	5.0	5.0

THIS IS A D SIZE SHEET. THE NOTED SCALE IS NOT VALID IF PRINTED AS ANY OTHER SIZE.



# PD 7-11 COLOR RENDERING

<p>Client: 7-Eleven, Inc.                  7-11 #36436                  SMC FM-2181 &amp; FM-2499                  CORNING, TX</p>	<p>Project: 7-Eleven, Inc.                  7-11 #36436                  SMC FM-2181 &amp; FM-2499                  CORNING, TX</p>	<p>Phase: 2                  Date: 04/29/19                  Drawn By: ED                  Checked By: TK</p>	<p>Scale: AS NOTED                  Date: 04/29/19                  Drawn By: ED                  Checked By: TK</p>	<p>Customer Approved: The Customer has approved the rendering for use in any other form or for any other purpose without the written consent of the Designer. The Designer shall not be held responsible for any errors or omissions in this rendering or for any consequences arising therefrom. Any revision to this rendering shall be made in writing and approved by the Designer. The Designer shall not be held responsible for any errors or omissions in this rendering or for any consequences arising therefrom. Any revision to this rendering shall be made in writing and approved by the Designer.</p>	<p>Sheet: R1.0                  3000X2000</p>
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1 RENDERING - VIEW FROM EAST



2 RENDERING - VIEW FROM FM-2181



5 SITE



3 RENDERING - VIEW FROM FM-2181 & FM-2499



4 RENDERING - VIEW FROM FM-2499

EXHIBIT “C”  
LAND USE REGULATIONS

**SECTION 1: REGULATIONS**

A. Purpose

The regulations set forth in this Exhibit provide development standards for Commercial designations within this Corinth Retail Addition Planned Development District. The Planned Development (PD) District is identified by metes and bounds on Exhibit A and is depicted on the Concept Plan. All uses not authorized herein is expressly prohibited in this Planned Development (PD) District.

B. Base District

In this Planned Development (PD) District, the “C-2” Commercial District regulations of the Corinth Unified Development Code, Ordinance No. 13-05-02-08 shall apply except as altered herein. If a change to the Concept Plan is requested, the request shall be administered in accordance with the development standards in effect at the time the modification is requested for the proposed development.

**SECTION 2: USES AND AREA REGULATIONS**

A. Purpose

This district shall be intended to provide for the development of a unified commercial area featuring a variety of uses, including retail, office, restaurant, and a convenience store with fuel sales.

**AREA 1: GASOLINE FILLING STATION — PROPOSED LOT 1**

B. Permitted Uses and Use Regulations

In the Planned Development (PD) District, no building or land shall be used and no building shall be hereafter established, reconstructed, enlarged, or converted, unless permitted by the Commercial 2 (C-2) District regulations of the Unified Development Code except as otherwise included in this PD ordinance.

The following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall be prohibited:

- a. Ambulance Service
- b. Automobile or Other Motorized Vehicle Sales and Service
- c. Automobile Parts Store
- d. Automobile Service Garage (Major)



- e. Automobile Service Garage (Minor)
- f. Car Wash, Full Service
- g. Car Wash, Self Service
- h. Exterminating Company
- i. Feed Store
- j. Gas or Oil Well Production
- k. Institution for the Care of Alcoholic Psychiatric or Narcotic Patients
- l. Commercial Laundry
- m. Laundry, Self Service
- n. Manufactured Home Sales
- o. Taxi Garage, Dispatch

In addition to the other land uses requiring an SUP in the Commercial 2 (C-2) District, the following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall require an SUP:

- a. Hotel
- b. Motel, Motor Hotel or Tourist Court

C. Dimensional Regulations

The Dimensional Regulations described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial 2 District shall apply.

D. Development Standards

The Development Standards described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial 2 (C-2) District, as amended shall apply except as follows:

1. UDC Section 2.07.04 **Conditional Development Standards** shall apply except:
  - a. Convenience store with fuel sales without Car Wash will not require a Specific Use Permit.
  - b. No outside/outdoor vending machines, such as soda, video rental, or newspaper vending machines, are permitted.
  - c. Outdoor propane sales storage shall be allowed. Propane storage shall be on the west side of the building behind the front of the building and partially enclosed by three (3) parapet walls.
2. UDC Section 2.09.01 **Landscape Regulations** shall apply.
3. UDC Section 2.09.02 **Tree Preservation Regulations** shall apply.

4. UDC Section 2.09.03 **Vehicle Parking Regulations** shall apply except:
  - a. Parking agreements shall be required for Shared Parking.
5. UDC Section 2.09.04 **Building Facade Material Standards** shall apply, except:
  - a. Building materials (Lot 1 only) shall be as shown on the attached Architectural Building Elevations.
6. UDC Section 2.09.05 **Residential Adjacency Standards** shall apply.
7. UDC Section 2.09.06 **Nonresidential Architectural Standards** shall apply except:
  - a. The rear building façade shall be as shown on the attached Building Elevations.
8. UDC Section 2.09.07 **Lighting and Glare Regulations** shall apply.
9. UDC Section 4.01 **Sign Regulations** shall apply.
10. UDC Section 4.02 **Fence and Screening Regulations** shall apply.

E. Site Plan

The approved concept plan/site plan and other plans attached to this ordinance as Exhibit “B” for Area 1 (Lot 1) shall satisfy the Site Plan requirement listed in Section 2.10.08 b of the UDC. Subsequent Site Plans shall be required for Lots 2 and 3 in accordance with the provisions of the UDC.

AREAS 2 AND 3: PROPOSED LOTS 2 AND 3

- A. In the Planned Development (PD) District, no building or land shall be used and no building shall be hereafter established, reconstructed, enlarged, or converted, unless permitted by the Commercial 2 (C-2) District regulations of the Unified Development Code except as otherwise included in this PD ordinance.

The following uses in the Commercial 2 (C-2) District as listed in Subsection 2.05.02 of the Unified Development Code shall be prohibited:

- a. Ambulance Service
- b. Automobile or Other Motorized Vehicle Sales and Service
- c. Automobile Parts Store
- d. Automobile Service Garage (Major)
- e. Automobile Service Garage (Minor)
- f. Car Wash, Full Service

- g. Car Wash, Self Service
- h. Exterminating Company
- i. Feed Store
- j. Gas or Oil Well Production
- k. Institution for the Care of Alcoholic Psychiatric or Narcotic Patients
- l. Commercial Laundry
- m. Laundry, Self Service
- n. Manufactured Home Sales
- o. Taxi Garage, Dispatch

In addition to the other land uses requiring an SUP in the Commercial 2 (C-2) District, the following uses in the Commercial 2 (C-2) District, as listed in Subsection 2.05.02 of the Unified Development Code shall require an SUP:

- a. Hotel
- b. Motel, Motor Hotel or Tourist Court

B. Dimensional Regulations

The Dimensional Regulations described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial 2 District shall apply.

C. Development Standards

The Development Standards described in Section 2.05.02 of the Unified Development Code, Ordinance No. 13-05-02-08, for the Commercial 2 (C-2) District, as amended shall apply except as follows:

1. UDC Section 2.07.04 **Conditional Development Standards** shall apply.
2. UDC Section 2.09.01 **Landscape Regulations** shall apply.
3. UDC Section 2.09.02 **Tree Preservation Regulations** shall apply.
4. UDC Section 2.09.03 **Vehicle Parking Regulations** shall apply except:
  - a. Parking agreements shall be required for Shared Parking.
5. UDC Section 2.09.04 **Building Facade Material Standards** shall apply except:
  - a. Buildings within this PD shall be complementary.
  - b. Specific color palettes and building facade materials shall be reviewed and approved at the time of the Site Plan.
6. UDC Section 2.09.05 **Residential Adjacency Standards** shall apply.

7. UDC Section 2.09.06 **Nonresidential Architectural Standards** shall apply.
8. UDC Section 2.09.07 **Lighting and Glare Regulations** shall apply.
9. UDC Section 4.01 **Sign Regulations** shall apply.
10. UDC Section 4.02 **Fence and Screening Regulations** shall apply.

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Corinth Retail 2499 (7-11) Major Subdivision Waiver  
**Submitted For:** Barbara Cabbage, Planning & Development Manager  
**Submitted By:** Lori Levy, Senior Planner  
**City Manager Review: Approval:** Bob Hart, City Manager

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**AGENDA ITEM**

Consider and act on a request from the applicant Eric Wilhite, authorized representative for the property owner, Corinth Retail, 2499, LLC for a Major Subdivision Waiver to the City of Corinth Ordinance No. 13-05-08-20, Unified Development Code (UDC) to allow a reduction in the minimum required distance from the intersection along a major arterial to the proposed driveway on property legally described as a tract of land situated in the Jasper C. Baker Survey, Abstract No. 48, in the City of Corinth, Denton County, Texas. (This property is located on the southwest corner of F.M. 2181 and F.M. 2499).

**AGENDA ITEM SUMMARY/BACKGROUND**

The applicant is requesting a major subdivision waiver in order to reduce the minimum required distance from the intersection of F.M. 2181 and the proposed driveway into the proposed 7-11 and future retail site. Section **3.05.04 Access Management** of the Unified Development Code requires the minimum distance from the intersection along State maintained arterial roadways to the proposed driveway to be a minimum of 300' feet; whereas, the applicant is proposing a minimum distance of 205' feet.

Driveway permits are also required from TXDOT for all proposed driveways along State maintained roadways, such as F.M. 2181 and F.M. 2499. The applicant has obtained the required driveway permits for both this proposed driveway off of F.M. 2181, as well as the other two (2) proposed driveways along F.M. 2499 in April, 2017. The TXDOT driveway permits expired after 6 months, and an extension has been requested.

**FINANCIAL SUMMARY**

**Source of Funding:** No funding is required.

**RECOMMENDATION**

**STAFF RECOMMENDATION**

Staff recommends **Approval** of this request as presented subject to the required TXDOT driveway permit extension approval.

**PLANNING AND ZONING COMMISSION RECOMMENDATION**

The Planning and Zoning Commission unanimously recommended **Approval** of this request as presented subject to the required TXDOT driveway permit extension approval at the January 22, 2018 meeting.

The Preliminary Plat and Final Plat were also **Approved** with staff stipulations at the January 22, 2018 meeting.

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**Attachments**

Waiver Application  
Exhibits





Subdivision Waiver Checklist and Questionnaire

Please check the appropriate box(es) below

Minor Subdivision Waiver (must specify type)

Major Subdivision Waiver

- Alley Length
Side Lot Line Angles
Traffic Impact Analysis
Water Lines
Wastewater Lines

GENERAL INFORMATION

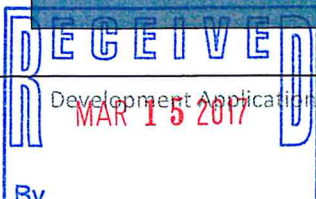
- 1) See Section 3.06.01. Petition for Subdivision Waiver of the Unified Development Code for more information on the Major and Minor Subdivision Waivers process and requirements.
2) A pre-application conference with City Staff is encouraged, but not required.
3) All required materials shall be submitted in both hard copy and electronic formats (Adobe PDF), unless specifically instructed otherwise.

APPLICATION CHECKLIST

Table with 4 columns: Item, Applicant, Staff. Rows include: Completed and Signed Universal Application Form, Application Fee, Statement of Intent, Tax Certificate(s) from Denton County, Scaled drawing representing the proposed standard, Description of the alleged undue hardship, Additional items as requested, For properties not in a recorded subdivision.

UDC SECTION you are requesting a waiver from:

3 . 0 3 . 0 4







**BOX 1 of 3**

In accordance with the provisions of the Subdivision Waiver regulations within the Unified Development Code, appeal is made to the Planning and Zoning Commission and City Council to grant the following waiver request:

Request is made for the reduction in the minimum driveway spacing requirement from an intersection be 205'

**BOX 2 of 3**

In order to grant a major waiver, the Planning and Zoning Commission and City Council must determine that ALL of the following conditions exist. Financial hardship to the applicant alone is not a sufficient reason to approve a waiver request. State how your request meets these conditions.

a. That there are special circumstances or conditions affecting the land that when provisions of the ordinance are applied would deprive the applicant of reasonable use of the land.

When the ordinance is applied the driveway would be located within a turn lane transition in which TxDOT would not approve.

b. That the waiver is necessary for the preservation and enjoyment of a substantial property right.

This waiver is necessary for driveway access on to FM 2181.







<b>BOX 3 of 3</b>	
c. That granting the waiver will not be detrimental to the public health, safety, or welfare, or injurious to the other property in the area.	
This waiver request if granted will not be detrimental to the public safety or harm the development of any other property	
d. That the waiver when granted is in harmony with the general purpose and intent of the ordinance or its amendments.	
This waiver is in harmony with the purpose of the ordinance in providing distance for access from the inter section.	

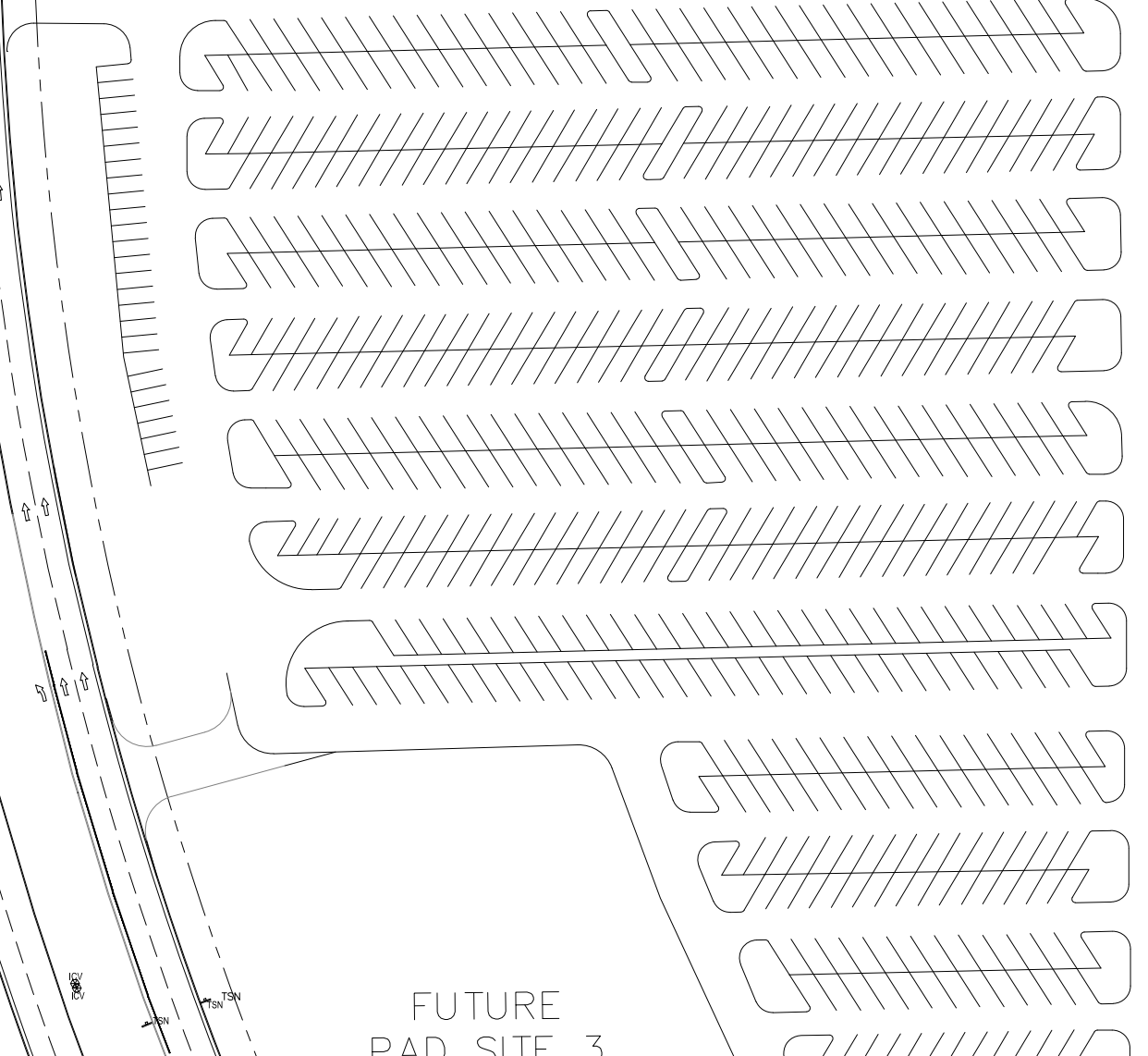
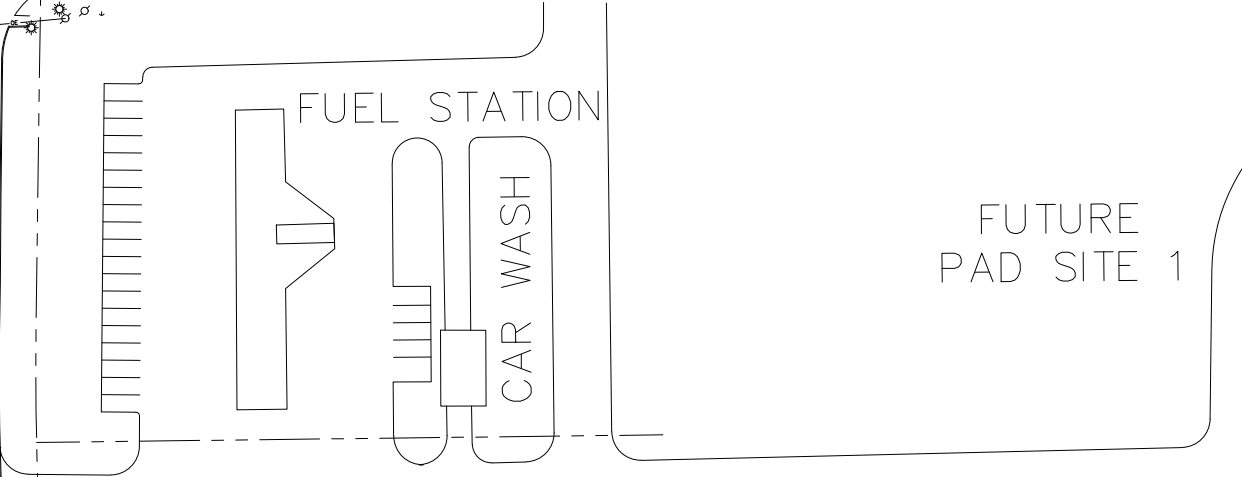
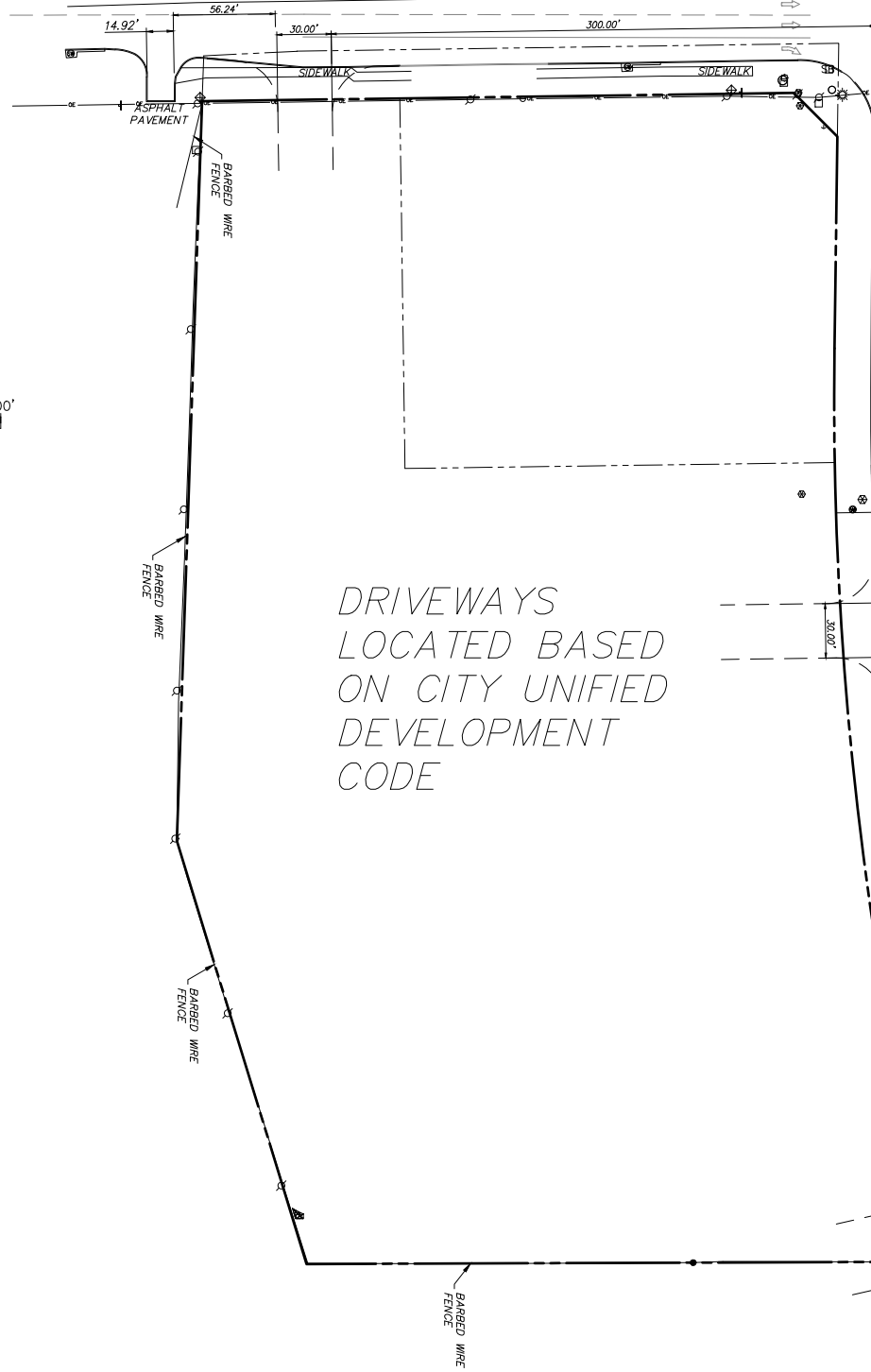
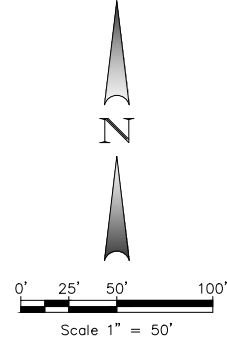
**Certification of Submitted Information**

I hereby certify that the above stated information is included with the accompanying submission materials. Further, I have included any required conditions of an approved rezoning, planned development (PD) zoning, special use permit, variance, or special exception or development agreement.

  
Applicant's Signature

3/15/17  
Date





DRIVEWAYS  
LOCATED BASED  
ON CITY UNIFIED  
DEVELOPMENT  
CODE

FUEL STATION

CAR WASH

FUTURE  
PAD SITE 1

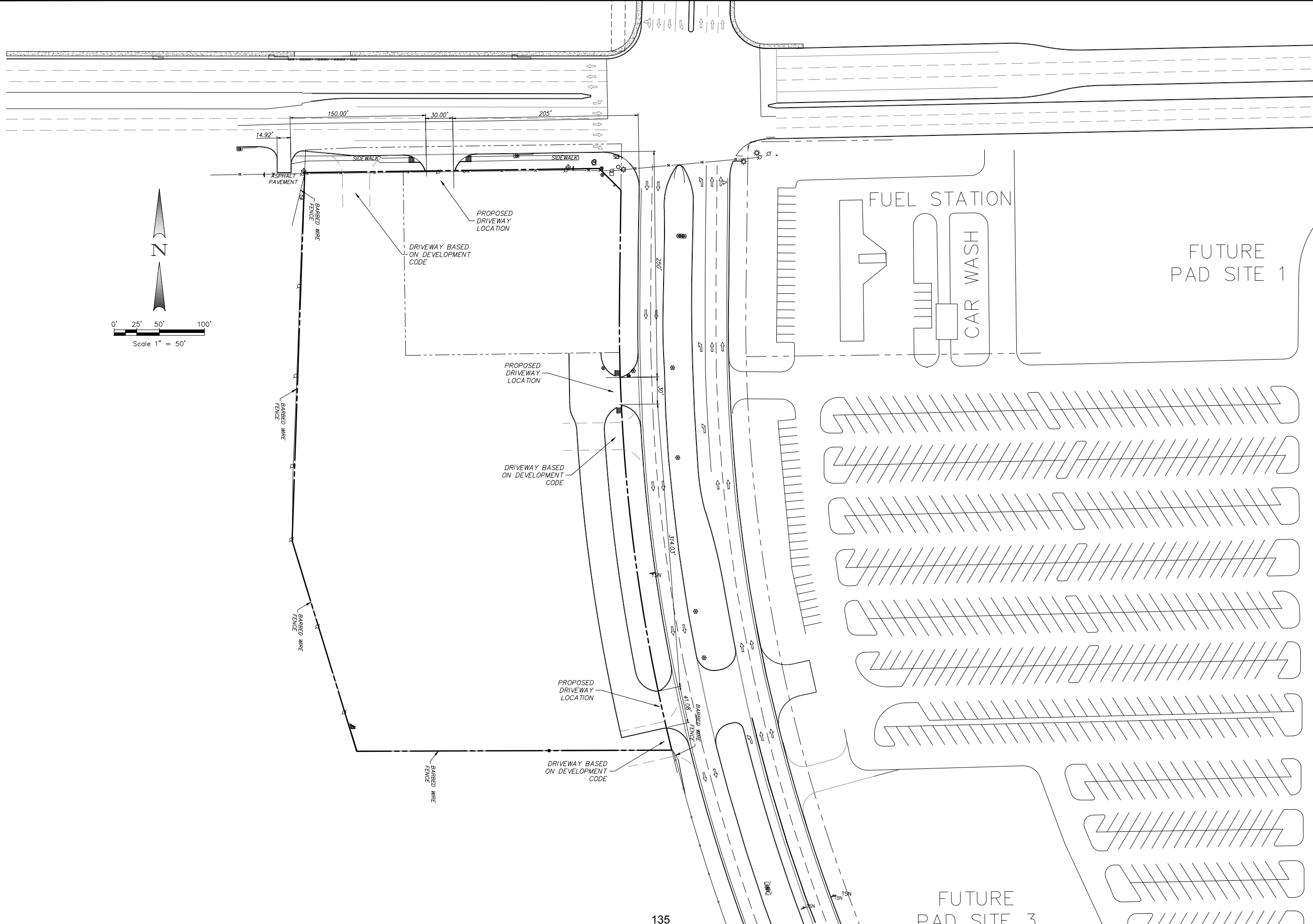
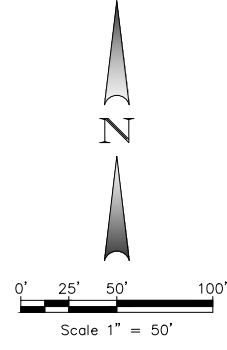
FUTURE  
PAD SITE 3

MAJOR SUBDIVISION WAIVER  
REQUEST EXHIBIT FOR PROPOSED  
DRIVEWAY OFF FM 2181  
SWC F.M. 2181 & F.M. 2499  
CORINTH, TEXAS



**Winkelman  
& Associates, Inc.**  
CONSULTING CIVIL ENGINEERS ■ SURVEYORS  
6704 HILGREST PLAZA DRIVE, SUITE 325 (972) 496-7000  
DALLAS, TEXAS 75230-1400 (972) 496-7000 FAX  
Texas Engineers Registration No. 89 0666-00  
COP No. 00177, Winkelman & Associates, Inc.

NO.	DATE	REVISION	APPROVAL



<p><b>Winkelmann &amp; Associates, Inc.</b>          CONSULTING CIVIL ENGINEERS ■ SURVEYORS          6704 HILGREST PLAZA DRIVE, SUITE 325 (972) 496-7000          TEXAS ENGINEERS REGISTRATION NO. 89 0666-00 (972) 496-7000 FAX          CORP. REG. NO. 2017, WINKELMANN &amp; ASSOCIATES, INC.</p>	
NO.	DATE
REVISION	APPROVAL
<p>MAJOR SUBDIVISION WAIVER          REQUEST EXHIBIT FOR PROPOSED          DRIVEWAY OFF FM 2181          SWC F.M. 2181 &amp; F.M. 2499          CORINTH, TEXAS</p>	
<p>HWY 34260</p>	

**BUSINESS ITEM 12.**

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018

**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 5, 2018 to fill the offices of Councilmember Places 1, 3 and 4; 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 5, 2018 at which time the voters will elect persons to fill City Council Places 1, 3 and 4.

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

**RECOMMENDATION**

Staff recommends approval of Resolution No. 18-02-15-01 Ordering a Joint General Election to be held on May 5, 2018.

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**Attachments**

Resolution 18-02-15-01

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**RESOLUTION NO. 18-02-15-01**

**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 5, 2018 FOR THE PURPOSE OF ELECTING A PERSON TO FILL THE OFFICES OF ONE (1) COUNCILMEMBER FOR PLACE NO. 1, ONE (1) COUNCIL MEMBER FOR PLACE NO. 3 AND ONE (1) COUNCIL MEMBER FOR PLACE NO. 4 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 three (3) 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 5, 2018, at which time the voters will elect persons to fill City Council Places 1, 3 and 4 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, 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 5, 2018 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 one (1) Council member to Place No. 1, one (1) Council member to Place No. 2 and one (1) Council member to Place No. 4, 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 5<sup>th</sup> day of May, 2018, 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 17, 2018 and not later than 5:00 p.m. on February 16, 2018 (the “Filing Period”). Applications will be accepted in the Office of the City Secretary from 7:30 a.m. to 5:00 p.m. Monday through Friday during the Filing Period in accordance with the Election Code; except for February 9, 2018, on which date applications will be accepted from 7:30 a.m. until 11:00 a.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 shall occur as provided herein. Early Voting hours are Monday, April 23, 2018 through Saturday, April 28, 2018 from 8:00 a.m. to 5:00 p.m. each day. Additional Early Voting hours are Monday, April 30, 2018 and Tuesday, May 1, 2018 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 designed 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, 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, 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 8, 2018 and not later than May 16, 2018. 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 Code 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 \_\_\_\_\_, 2018.

**CITY OF CORINTH**

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

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Mack Reinwand, 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:** 02/15/2018  
**Title:** Lake Sharon ROW  
**Submitted For:** Mike Brownlee, City Engineer                      **Submitted By:** Mike Brownlee, City Engineer  
**Finance Review:** Yes    **Legal Review:** Yes  
**City Manager Review:** **Approval:** Bob Hart, City Manager

**AGENDA ITEM**

Discuss and consider authorizing staff to purchase a 0.106 acres (4,627 square feet) parcel of land for Right of Way acquisition part of a called 1.592 acre tract of land in the E.A. Garrison Survey, Abstract 511, City of Corinth, Denton County, Texas, conveyed to SEL Meadows Oak, LLC by deed recorded in Instrument Number 2008-713 of the Deed Records of Denton County Texas, commonly known as 3302 Lake Sharon Drive and generally located at the SE corner of Lake Sharon Drive and Tower Ridge Drive.

**AGENDA ITEM SUMMARY/BACKGROUND**

The planned extension of Lake Sharon Drive to the east side of IH-35E requires additional right of way on the south side of the proposed Lake Sharon roadway corridor between Tower Ridge Drive and the south frontage road. A portion of the required right of way has already been purchased by TxDOT for the Phase II expansion of the IH-35E. The proposed right of way purchase would abut the right of way already purchased by TxDOT and continue back to the eastern edge of Tower Ridge Drive. The proposed right of way amounts to 0.106 acres (4,627 square feet) in total area.

There is an existing unoccupied residential house located on the property that is not affected by the right of way purchase. The existing residential driveway would be reconnected to Lake Sharon Drive with the construction of the Lake Sharon improvements. The property is currently being marketed as commercial property for sale. The land value for the home site is appraised at about \$6.75/sf on the Denton County Appraisal District. The city did not perform an appraisal on the property. The seller has asked for \$12/sf making the right of way purchase cost \$55,524. Closing costs would be paid by the city for Title Insurance and any other miscellaneous closing costs.

**RECOMMENDATION**

Recommend authorizing staff to purchase a 0.106 acres (4,627 square feet) parcel of land for Right of Way acquisition for Fifty Five Thousand Five Hundred Twenty Four Dollars and no cents (\$55,524) plus closing costs, for the construction of the future Lake Sharon Drive from a part of a called 1.592 acre tract of land in the E.A. Garrison Survey, Abstract 511, City of Corinth, Denton County, Texas, conveyed to SEL Meadows Oak, LLC by deed recorded in Instrument Number 2008-713 of the Deed Records of Denton County Texas, commonly known as 3302 Lake Sharon Drive and generally located at the SE corner of Lake Sharon Drive and Tower Ridge Drive. Source of the funds is from budgeted funds for the Lake Sharon/Dobbs Road alignment.

**Attachments**

Field Notes with Exhibit

**EXHIBIT "A"**

**FIELD NOTE DESCRIPTION  
LAKE SHARON DRIVE RIGHT-OF-WAY ACQUISITION  
CITY OF CORINTH, TEXAS**

Being a parcel of land, for right-of-way acquisition in the E.A. Garrison Survey, Abstract No. 511, City of Corinth, Denton County, Texas, and being part of a called 1.592 acre tract of land conveyed to SEL Meadows Oak, LLC by deed recorded in Instrument Number 2008-713 of the Deed Records of Denton County, Texas (D.R.D.C.T.), said right-of-way acquisition being more particularly described as follows:

BEGINNING at a 5/8" iron rod found with aluminum cap stamped TxDOT, said iron rod being on the northwest corner of a called 0.828 acre tract of land conveyed to the Texas Department of Transportation (TxDOT) by deed recorded in Instrument Number 2014-16066 of the D.R.D.C.T., said iron rod also being on the northeast property corner of said 1.592 acre SEL Meadows Oak tract, and also being in the south right-of-way of Lake Sharon Drive (formerly known Meadow Oak Drive), said iron rod found bears N 21°15'43" E, a distance of 353.00 feet from a 1/2" iron rod with cap stamped Precise found on the southwest property corner of said 1.592 acre SEL Meadows Oak tract;

THENCE S 01°11'07" E, along the east property line of said 1.592 acre tract, and along the west line of said 0.828 acre TxDOT tract, a distance of 35.70 feet to a 1/2" iron rod set with yellow BH&C cap set for corner, said iron rod set being on the southwest corner of said 0.828 acre TxDOT tract, said iron rod set also being on the northwest property corner of a called 0.686 acre tract of land conveyed to SEL Meadows Oaks, LLC by deed recorded in Instrument Number 2008-715 of the D.R.D.C.T.;

THENCE S 89°57'35" W, departing east property line of said 1.592 acre SEL Meadows Oak tract, a distance of 108.69 feet to a 1/2" iron rod set with yellow BH&C cap set for corner;

THENCE S 44°57'35" W, a distance of 28.28 feet to a 1/2" iron rod set with yellow BH&C cap for set corner, said iron rod set being in the west property line of said 1.592 acre SEL Meadows Oak tract, said iron rod set also being in the east right-of-way line of Tower Ridge Drive as conveyed to the City of Corinth by deed recorded in Instrument Number 2005-89400 of D.R.D.C.T., said iron rod found bears S 3°03'15" E, a distance of 5.20 feet from a 1/2" capped iron rod found near the west property line of said 1.592 acre SEL Meadows Oak tract ;

THENCE N 00°00'51" E, along the west property line of said 1.592 acre SEL Meadows Oak tract, and also along the east right-of-way line of said Tower Ridge Drive, a distance of 53.32 feet to a point for corner;

THENCE N 88°53'54" E, along the north property line of said 1.592 acre SEL Meadows Oak tract, a distance of 127.95 feet to POINT OF BEGINNING, said parcel of land for right-of-way acquisition containing 0.106 acres (4627 square feet) of land, more or less.

Notes:

1. Bearings and distances cited in this field note description are based on the Texas State Plane Coordinate System, NAD-83, Texas North Central Zone 4202.
2. Field survey concluded on 01/24/18.
3. A Right-of-Way Acquisition Plat of even date herewith accompanies this Field Note Description.

Derek B. Chaney, P.E., R.P.L.S.  
Texas Registration No. 6523  
Birkhoff, Hendricks & Carter, L.L.P.  
TBPLS Firm No. 100318-00  
11910 Greenville Ave., Suite 600  
Dallas, Texas 75243  
Phone: 214-361-7900

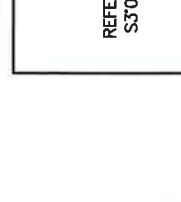
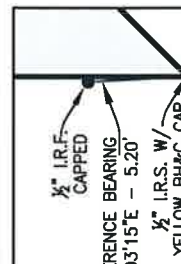
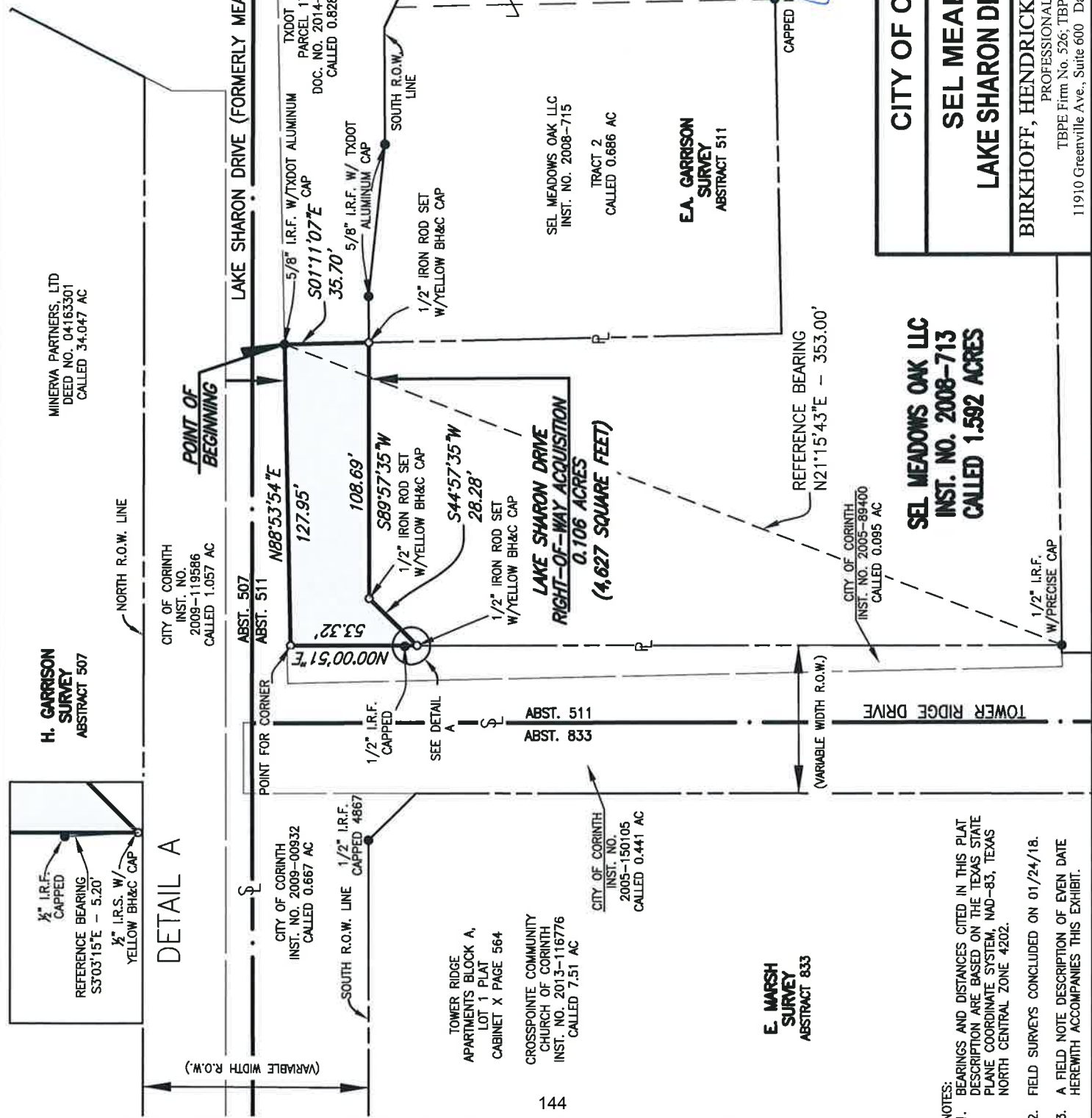


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01/26/18

**EXHIBIT "A"**

PAGE 2 OF 2

**INTERSTATE HIGHWAY 35E**  
(VARIABLE WIDTH TxDOT R.O.W.)



144



*[Handwritten Signature]*  
01/26/18

<b>DCAD PROP. ID # 62135</b>
<b>CITY OF CORINTH, TEXAS</b>
<b>SEL MEADOWS OAK, LLC</b> <b>LAKE SHARON DRIVE R.O.W. ACQUISITION</b>
<b>BIRKHOFF, HENDRICKS &amp; CARTER, L.L.P.</b> PROFESSIONAL ENGINEERS TBPE Firm No. 526; TBPLS Firm No. 10031800 11910 Greenville Ave., Suite 600 Dallas, Texas 75243 (214) 361-7900
January 2018

**SEL MEADOWS OAK LLC**  
**INST. NO. 2008-713**  
**CALLED 1.592 ACRES**

- NOTES:
- BEARINGS AND DISTANCES CITED IN THIS PLAT DESCRIPTION ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD-83, TEXAS NORTH CENTRAL ZONE 4202.
  - FIELD SURVEYS CONCLUDED ON 01/24/18.
  - A FIELD NOTE DESCRIPTION OF EVEN DATE HEREWITH ACCOMPANIES THIS EXHIBIT.

**City Council Regular and Workshop Session**

**Meeting Date:** 02/15/2018  
**Title:** Chapter 380 Economic Development Incentive Agreement  
**Submitted For:** Jason Alexander, Director **Submitted By:** Jason Alexander, Director  
**Finance Review:** N/A **Legal Review:** Yes  
**City Manager Review: Approval:** Bob Hart, City Manager

**AGENDA ITEM**

Consider and act on a Resolution of the City Council approving a Chapter 380 Economic Development Incentive Agreement between the City of Corinth, Texas, the Corinth Economic Development Corporation and Huffines Children’s Trust providing economic development incentives for the relocation and expansion of Huffines Kia and Subaru.

**AGENDA ITEM SUMMARY/BACKGROUND**

As one of the most tenured corporate citizens in the City, Huffines Children's Trust is in the process of constructing a new facility for relocation and expansion purposes. Huffines Children's Trust requested economic development incentives from the City and the Corinth Economic Development Corporation (CEDC) during the Special Session of the CEDC pursuant to the City's Chapter 380 Economic Development Program Policies and Procedures on January 8, 2018. On that date, the CEDC Board of Directors authorized staff to negotiate an economic development incentive agreement to assist Huffines Children's Trust with constructing, equipping and maintaining their new facility.

The new facility will be constructed in two phases. The first phase of construction is anticipated to increase the tax base by at least \$10,250,000.00, of which an estimated \$2,000,000.00 is comprised of the addition of personal property in connection with the construction, equipping and maintenance of the new facility. The second phase of construction is anticipated to add another \$3,600,000.00 to the tax rolls at completion, which is anticipated to be sometime between 2026 and 2028.

The proposed Chapter 380 Economic Development Incentive Agreement (Agreement) would incentivize the project by rebating a portion of the City's and the CEDC's sales tax revenues generated by the addition of new personal property and collected under a Texas Direct Payment Sales Tax Permit at the new facility. In exchange, Huffines Children's Trust is obligated:

- To create and maintain at least 70 full-time employment positions on or before April 1, 2019; **AND**
- To open the new facility for business on or before April 1, 2019.

As crafted, the City (1.0 percent) and the CEDC (0.5 percent) would collectively rebate 50 percent of their sales tax revenues every calendar quarter, provided that the City and the CEDC receive such revenues from the Texas Comptroller of Public Accounts and Huffines Children's Trust is compliant with all of its obligations under the Agreement. However, dedicated sales tax revenues to the Crime Control and Prevention (0.25 percent) and Street Maintenance Funds (0.25 percent) are not included in any rebate to Huffines Children's Trust. The first calendar quarter is anticipated to begin, retroactively, on January 1, 2018 and end March 31, 2018. The retroactive date is intended to maximize the economic benefit of the Agreement --- but is subject to the ability of Huffines to request sales and use taxes from the Texas Comptroller of Public Accounts for the applicable time period before the effective date of the Agreement.

The Agreement, as proposed, will incentivize the project while simultaneously creating additional revenue streams for the City, the CEDC, the Crime Control and Prevention District and the Street Maintenance Tax Fund. The term

of the Agreement is set to commence from the effective date, which, if approved by the City Council, would be February 15, 2018, and expire on December 31, 2027 for a total of ten (10) years. Further, if Huffines is in compliance with all of its obligations, then the Agreement would be automatically extended for another five (5) years, bringing the total term of the Agreement to potentially 15 years as an additional economic benefit.

**RECOMMENDATION**

The CEDC Board of Directors met in Regular Session on February 5, 2018 in Regular Session. During the Regular Session, staff recommended approval of the proposed Agreement and the CEDC Board of Directors recommended City Council approve the agreement.

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**Fiscal Impact**

**Source of Funding:** N/A.

**FINANCIAL SUMMARY:**

N/A.

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**Attachments**

Chapter 380 Economic Development Incentives Application

Chapter 380 Economic Development Agreement

Corinth Economic Development Corporation Resolution of Approval

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## City of Corinth, TX

### Application for Chapter 380 Economic Development Incentives

#### I. Basic Application Data and Information

##### A. Applicant Information

1. Company Name: Huffines Auto Dealerships in name of Huffines Denton Autos, Inc. for Denton County; S Ray Huffines, President & CEO
2. Company Representative: Donald E. Paschal, Jr
3. Company Title: Development Project Municipal Advisor / Facilitator
4. Website Address: Representative: don@paschalconsulting.com  
Company CFO: eric.hartter@huffines.net
5. Mailing Address: Representative: 904 Parkwood Ct, McKinney, TX 75070  
Huffines CFO: 4500 Plano Parkway, Plano, TX 75093
6. City, State: see above
7. Telephone: Representative: 972-529-1325  
Huffines CFO: 972-867-6000
8. E-Mail Address: Representative: don@paschalconsulting.com  
CFO: eric.hartter@huffines.net

##### B. Property Owner:

1. Name: Huffines Children's Trust, James Huffines, Trustee
2. Mailing Address: 4500 Plano Parkway
3. City, State: Plano, TX 75093
4. Telephone: contact: Eric Hartter @ 972-867-6000
5. E-Mail Address: eric.hartter@huffines.net

##### C. Will Applicant:

1. Own the Property: No
2. Lease the property: Yes
3. Length of Lease: indefinite; owner is family land management and ownership entity for family businesses which technically are family member owned entities

##### D. Describe the Company's Products / Services:

Huffines Auto Dealerships is an automobile dealer operating multiple Texas dealerships in Plano, Lewisville, McKinney, and Corinth. Dealerships office new and pre-owned vehicle sales and comprehensive vehicle service for dealership sold and similar market

vehicles. Specific dealership franchises to be initially operated in Corinth are KIA and Subaru which are two of the highly prized dealerships in the market today.

**E. Project Description:**

1 & 2. The project will involve only new construction. The existing older dealership facilities will be marketed for sale for redevelopment per agreement with the City of Corinth and as has been discussed and coordinated with the Corinth Economic Development Corporation as a possible EDC development opportunity if said property sale can be timed to meet both owner and EDC objectives.

3. Estimated Cost of construction:

- a. Construction, land, and furnishings / equipment cost for the initial opening of the facilities is expected to be in the range of \$15,000,000 to \$15,500,000.
- b. Subsequent expansion for a pre-owned building and other sales space, collision center, equipment, and additional vehicle inventory parking is expected to cost in range (assuming current cost before inflation) \$2,500,000 to \$2,750,000

4. Size of buildings:

- a. Initial phase: 50,491 SF
- b. Subsequent expansion: 38,916 SF

5. Construction initiation:

Mid-November, 2017

6. Construction completion:

Between November, 2018 and January, 2019 (12 to 14 months)

7. Number of Construction Jobs Created:

90 equivalent full time for 1 year; may have more number of employees total, but for less than a year employment

8. Estimated payroll for New Construction: \$5,000,000

**F. Number Full time jobs created:**

1. A total of 65 full time jobs will be saved by the retention of the Huffines dealerships in Corinth; these jobs represent the existing sales and service positions at the existing dealership facilities.
2. An estimated 10 new full time jobs (bringing total to 75) are expected to be created with the opening of the new dealership facilities, projected Certificate of Occupancy anticipated by January, 2018 based on the current construction schedule / progress.



3. Subsequent phases of expansion, all within 10 years of the phase I Certificate of Occupancy, are expected to create an additional 25 or more full time jobs as both sales and service grows with the new facility; thus at full buildout of the site, it is expected that there will be 100 or more full time jobs at the new facility based on the two proposed new vehicle dealerships, related pre-owned sales, and service facilities planned.

**G. Projected number of full-time jobs the project will retain 10 years from occupancy:**

Based on current expectations and technology, it is expected that that after the 10 year anniversary of the opening, 100 or more full-time positions will continue to be employed at the site.

**H. Projected number of full-time jobs at initial occupancy and retained by category:**

1. Executive: 1
2. Professional: 28
3. Managerial: 10
4. Technical: 16
5. General staff: 20
6. Total: 75

**I. Attached Roster of all created and retained positions with average annual salary / wages per position:**

See attached position roster

**J. Projected Payroll at:**

1. Estimated date of occupancy: \$3,750,000
2. At end of ten (10)years: \$5,250,000 (based minimal inflation rate)

**K. Projected number of full-time jobs created & retained, to be filled by current & future residents of Corinth ten years from occupancy:**

Total 95 to 100 positions retained long term; estimated to have 15 – 20 Corinth residents, number likely to be attained or exceeded as Corinth adds new housing options and as new hires occur.

**L. Number or acres to be developed or improved:**

13.773 acres

**M. Real Property Development Information:**

1. Time schedule
  - a. Site development plans approved – November, 2017
  - b. Site construction including clearing, grading, and utilities:

late November through February, 2018

- c. Building Permit: December, 2017
  - d. Paving and building construction: mid to late January through November, 2018
  - e. Landscaping & equipment installation: October through December, 2017
  - f. Punch list and final completion: December, 2017 thru January, 2018
2. Plat of property with metes and bounds:  
See attached
  3. Tax Certificate: a tax certificate previously submitted to the Department is on record in Planning; no taxes have become delinquent since it was submitted. A current tax certificate has been ordered and will be submitted to the EDC office when received.

**N. How project meets Program Requirements of EDC:**

1. The Project:
  - a. Greatly exceeds the threshold requirement for new property taxable increase in valuation....many times over.
  - b. Is coordinated with City plans and utility & access considerations to stimulate growth in project vicinity.
  - c. Was designated as a public benefit by the City Council in the zoning ordinance.
2. In Addition:
  - a. Development design is acknowledged to bring unique benefits to Corinth:
    1. Through the bio-swale detention and runoff filtering system
    2. From significant financial benefits to tax base, vehicle inventory tax, and quality jobs.
    3. Provides significance to the community by the campus style dealership configuration which is set well back from the highway and by the unique drainage / bio-swale design along almost all of the I-35 frontage thus creating almost 1000 feet of creative and unique landscape corridor for the community setting a positive precedent for future development.
    4. Provides an overall high quality blended architectural design for the entire site along with quality landscaping which will create an attractive view from the highway looking down into the property.

**O. How will project attract other new business to Corinth:**

Project will greatly enhance the image of the land area south of Lake Sharon Drive by providing the first new development in 20+ years to the first half a mile on the west side of I-35E south of Lake Sharon. The wastewater and storm drain components of the project are designed to also serve the properties north and west of Huffines ownership for development including wastewater extensions and drainage pass-through. Additionally, the commercial nature of the project and attractive design will minimize

the lesser view of the mobile home / travel trailer development to the south and will help to stimulate improvement to the undeveloped portion of the property to the south which can provide incentive to enhance the mobile home / travel development and simultaneously will stimulate interest in and development of the property north and west of the Development site. The Huffines Dealerships will attract out of town buyers to Corinth thus stimulating other businesses, particularly food and other service businesses.

**P. Expected Benefit to Local Economy**

1. Taxable value benefits:
  - a. Phase I taxable values are expected to increase \$8,000,000 to \$9,000,000 over the existing dealerships.
  - b. Phase II (7 -10 years from phase I) are expected to add an additional \$3,500,000 to \$4,000,000 as build-out of the site occurs.
2. Sales and Inventory Tax benefits:
  - a. Sales tax – While sales tax is a lesser component of the Huffines Auto Dealership economic impact, it is noted that parts sales will strengthen considerable as vehicle sales and service grow; the sales tax will grow steadily with vehicle sales and service and with parts inflation. Additionally, when the collision center is added between year 5 and 8, sales tax will double just due to the value of parts and other components of damaged vehicle restoration. Thus, current sales tax, which is under \$20,000 per year will increase to about \$45,000 year on current dollar valuation and even more under an inflationary scenario.
  - b. Inventory tax – this is a much more significant economic benefit to the entire community including City, School District, and County. The 2017 inventory tax is expected to be in the \$120,000 range and grow to the projected average unit sales over about 7 to 8 years at which time the total inventory tax is expected to be in the range of \$207,000 of which the City share will be about \$50,000+ based on proportionate shares with other taxing entities.

**Q. Existing Value of existing Huffines Dealership property:**

See attached Denton County Appraisal District tax statement for comparison with value of real property noted above in P 1 a & b. Total land and improvements value of existing site is \$2,293,272.

**R. Existing value of Business Personal Property:**

See attached business personal property tax statement. Value of existing personal property at existing site is \$1,372,204

**S. The estimated value of real property improvements:**

Phase I (initial estimated value of improvements is approximately \$8,750,000. The build-out value will add an additional \$3,250,000+ to the appraised value.

**T. Estimated value of business personal property to be added:**

An estimated \$1,500,000 in business personal property is expected to be added to overall property values in phase I; ultimate build-out will add an additional \$350,000 in value of business personal property. A significant portion of the business personal property value is parts inventory.

**U. Total Estimated Value of Real property improvements and business personal property to be added to tax roll is;**

1. Phase I – total of \$10,250,000
2. Build-out (subsequent phase over next 8 to 10 years) - \$3,600,000

**V. Public Infrastructure Requirements:**

Several components of the public infrastructure requirements have changed from the initial expectations based on information provided by the City. Each is summarized below:

1. Electricity – Developer has provided Oncor Electric an easement to relocate an overhead power line across our property to an underground line. The portion that crosses the Caldwell property to our west will remain an overhead with a very short section (about 50') angling across Huffines property to a connection in Tower Ridge ROW. Huffines is also providing Oncor an easement from the pole near Tower Ridge and installing an underground conduit for Oncor to run the project power underground to a transformer pad generally in the center of our building area. This will represent an upgrade to underground power for the Huffines property.
2. Natural Gas – Natural gas is available in the vicinity of the property.
3. Roadways – Tower Ridge Drive currently exists in its final configuration as a collector roadway. The City previously constructed a portion of Lake Sharon as the beginning of a major thoroughfare; the existing pavement will become the ultimate two eastbound lanes of Lake Sharon.
4. Telecommunications – adequate telecommunications facilities are in place to provide the required services.
5. Wastewater - the City advised that adequate sanitary sewer mains were in place in the I-35 E ROW to serve the property; however, as Huffines engineering analysis to connect wastewater services to the main got underway for overall site

engineering, the Huffines design team discovered and advised the City that the existing wastewater main had been compromised by L-3 Communications and corrections / repair would be required.

Subsequently, the city determined that the wastewater main was compromised beyond reasonable repair and ultimately reached a settlement with the communications company for sufficient funds to replace the wastewater main. At that point the City included work and funding for the relocation of the wastewater main development agreement with Huffines for reimbursement thus allowing the Huffines site and utility sub-contractor to install the new wastewater main. The reimbursement included some funding to allow coordination of engineering and associated project work with city consulting engineer doing the basic design of the main following preliminary alignment by the Huffines project engineer.

This component of the work through Huffines will be reimbursed to the developer from funds the City recovered from the L-3 Communications settlement. For clarification and full disclosure purposes, the wastewater main reimbursement agreement through the development agreement is reference herein, but the EDC is not being asked for any other funding for this project component. It is important, however, to know that the wastewater main will open additional area for development.

6. Water (a new infrastructure request / requirement)

The Huffines project team was advised by the City that existing water mains in Tower Ridge (8") on the project west side, in Lake Sharon ROW (12") to the north and in the I-35 E ROW (12") all adequate for service to the site and no new water mains were required, except loop fire mains through the Huffines site including placement of fire hydrants as required by the Fire Marshall and City Engineer. Thus, site construction plans were completed and ultimately approved by the City culminating in a development agreement with Huffines.

As work proceeded to grade the Huffines property and shape the TXDOT ROW, the grading subcontractor hit the City water main in the TXDOT ROW. It was discovered that the water main is 15 feet from where it was supposed to be located and thus at the wrong grade. The entire Huffines project site is jeopardized by the water main being in the wrong location and at what is an unacceptable depth. Grading the ROW to allow the project to be seen from the service road (critical for an automobile dealer or other commercial user), will expose virtually the entire water main necessitating it be relocated. Additionally, this older main is an asbestos concrete (AC) pipe which is exceptionally brittle and is probably nearing the end of its useful life.

The City is thus being requested to fund the relocation of the water main. In fact, the relocation would have been necessary later when TXDOT rebuilds the

subject section of I-35 E. Having recognized this looming relocation reality, Huffines offered to plat an easement along the property line adjacent to TXDOT ROW, which the City accepted and said easement was included on the plat for the site which is now ready to record when the off-site utilities are completed and accepted per the development agreement.

Huffines is now making the reimbursement request subject to final bids and unit prices; we have attached an initial graphic (referenced as water main relocation, preliminary) showing the proposed alignment and estimated quantity of work to be performed. The current estimate for the water main relocation is \$ for the main relocation and \$4500 for engineering and survey work for the relocation.

Two possibilities are offered to fund the water main relocation:

- a. Use impact fee funds paid by Huffines (\$88,160 has already been paid for full impact fees composed of water and irrigation impact fees to the City) This sum is sufficient to cover the cost of the relocation and a 12" main is a size that qualifies for impact fee consideration; or in the alternative
- b. EDC could fund the water main relocation out of its sales tax proceeds; or
- c. A combination of a & b could be considered by the City and the EDC.

7. Storm drain – (infrastructure requirement previously discussed with City but not incorporated as part of the development agreement since funding had not yet been identified)

The City indicated that the above discussed two lanes of Lake Sharon were complete to the TXDOT ROW and that drainage was in place. However, once Huffines site engineering was initiated, we (Huffines project team), discovered that the original City engineering for Lake Sharon failed to properly identify the drainage area thus resulting in grossly inadequate drainage for the properties and the Lake Sharon thoroughfare. Drainage area and associated run-off are essential to planning drainage and Thoroughfare development.

Consequently, the City asked the developer (Huffines) to design and contract the required drainage improvements and request reimbursement through the Economic Development Corporation programs. This amount will be detailed in a subsequent section hereinafter where funding is requested.

#### **W. Environmental Impacts associate with Project**

There are no specific environmental impacts associated with the project unique to this project. Any development project has emissions from equipment that while reality are present anytime construction equipment is operated. It is noted however, that such emission are only temporary during the construction period. Vehicles subsequently visiting the site are similar to the vehicular traffic of any commercial site.

**X. Is property appropriately zoned for project?**

Yes, by a PD ordinance approved by City Council

**Y. Will Project require any variances?**

No.

**Z. Is Property Platted?**

Final plat has been approved and will be recorded upon acceptance of off-site utilities now under construction by developer.

**AA. If yes, will re-platting be necessary?**

No.

See next page

## II. Requested Additional City Infrastructure Considerations & Economic Development Incentives

### A. Wastewater Provisions (information only; not for separate reimbursement or incentive request)

1. Wastewater main construction and funding were referenced in section V.5 above and provided for in detail in the Development Agreement between City and Huffines. m
2. Reimbursement for wastewater estimate - As provided for and agreed in Development Agreement; anticipated amount of reimbursement for wastewater main replacement from Development Agreement and City required and / or approved adjustments to cost as summarized to date is as follows:

a) Development Agreement base amount:	\$ 94,129.95
b) City required / approved adjustments:	\$ 14,578.50
c) Engineering / survey approved funding:	\$ 5,979.00
d) 2 year maintenance bond (max Amt):	<u>\$ 3,200.00</u>
Total Projected Amount .....	\$117,887.45
3. Timing of payment: upon complete of SS as detailed in Development Agreement. **It is noted that the wastewater component is already committed by the Development Agreement and funded by L-3 Communications settlement and therefore provided here for information purposes and not for separate reimbursement or incentive request.**

### B. Storm Drainage Requirement

#### 1. Background and summary of Storm Drainage Project Component

As referenced above in V.7, Developer has agreed to design and manage the construction along with Site Development of the offsite required components of the City Storm Drainage associated with Lake Sharon Drive and properties south of the thoroughfare which were omitted from the original consulting engineer when the existing portion of Lake Sharon was constructed; there is virtually no other way for development to proceed without creating adverse consequences for the City and adjacent properties.

#### 2. Project Description

The drainage project consists of design and construction of a 4' by 4' box culvert beginning at approximately the intersection of Tower Ridge Drive and Lake Sharon Drive connecting to an existing drainage collection box (extending under Lake Sharon to the natural drainage way north of Lake Sharon), with said 4 x 4 box culvert then proceeding eastward in an easement adjacent to the south side of Lake Sharon to a point of connection to a 42" RCP storm drainage pipe gradually turning southward in an easement paralleling TXDOT ROW but within said easement and



then following said easement to a point of connection to the Huffines development property line and a junction box with Huffines internal storm drain system. Construction and funding of the internal Huffines site drainage (and collection of offsite drainage from properties south and west of Huffines) is part of the Huffines development responsibility.

**3. Funding Request**

Funding to reimburse Huffines for the above described Storm Drain system providing drainage for an extended area generally south of Lake Sharon and between I-35E and Tower Ridge Drive is requested from Economic Development Corporation funds or other City resources as determined by City and EDC. Projected cost, materials and installation, for drainage improvements is summarized as follows:

a) Base contract:	\$ 188,714.10
b) City required / approved changes:	\$ 34,523.60
c) Engineering and related (survey, staking, etc.):	\$ 9,000.00
d) 2 yr maint bond (if required) not to exceed:	\$ 5,500.00
Total Drainage Reimbursement .....	\$ 237,737.70

**4. Potential Source of Funds**

- a. Roadway impact fees – this drainage infrastructure (portion along Lake Sharon and tying into I-35E ROW) is an integral portion of the Lake Sharon thoroughfare project and thus should be eligible for impact funds. The Huffines project roadway impact fee is calculated at approximately \$62,000 which will fund almost half of the Lake Sharon box culvert;
- b. EDC funding is suggested for a portion of the storm drainage infrastructure cost
- c. Other City funding sources might also be available for project funding; the City and EDC is requested to develop a collaborative funding resolution.

**C. Water Main Relocation / Replacement Infrastructure Requirement**

**1. Project Background**

As noted in V.6 above, the Huffines project team was advised by the City that the existing water in the I-35 E ROW (12” main) was adequate for service to the site and no new water mains were required, except loop fire mains through the Huffines site with fire hydrants (required by the Fire Marshall and City Engineer) and connecting to the 8” main along Tower Ridge. Thus, site construction plans were completed and ultimately approved by the City culminating in a development agreement with Huffines.

**2. Project Description**

As work proceeded to grade the property and shape the TXDOT ROW for drainage and site view, the grading subcontractor hit the City water main in the TXDOT ROW. It was discovered that the water main is 15 feet or more from where it

was supposed to be located and thus at a materially inadequate depth / grade thus jeopardizing the Huffines project viability.

The drastically wrong location and consequential depth (due to required cover) will prevent the project from being seen from the service road (critical for an automobile dealer or other commercial user. Grading as required, would expose virtually the entire water main necessitating it be relocated. It is also noted that the existing AC main is at an age where replacement consideration is due.

The City is therefore being requested to relocate the water main immediately instead of doing the relocation in advance of TXDOT rebuilding the subject section of I-35 E. Recognizing the looming relocation reality, Huffines offered to plat an easement along the property line adjacent to TXDOT ROW, which the City readily agreed; said easement is already on the plat for the site which is now ready to record when the off-site utilities are completed and accepted per the development agreement.

**3. Project Request**

Huffines is making the reimbursement request subject to final bids and unit prices; attached in an initial graphic (referenced as preliminary water main relocation illustration) showing the proposed alignment and estimated quantity of work to be performed.

**4. Reimbursement Request**

The project cost estimate and reimbursement request are as follows, subject to City approval of the construction plans and construction contract unit pricing. The final payment will be based on measure quantities and contract unit prices. The following is the initial cost estimate:

a) Est 1100' of 12" water line, installed @ \$45 / ft:	\$ 49,500.00
b) Engineering and related (survey, staking, etc.):	\$ 3,750.00
c) 2 yr maint bond (if required) not to exceed:	<u>\$ 1,350.00</u>
Total Water Main Reimbursement.....	\$ 54,600.00

**5. Potential Funding Source**

It is suggested that a potential source of funds be from City Water Impact Fees since the project is a size that should qualify for impact fee calculation and use and is required to maintain water service and fire flow along I-35E. Huffines has already paid \$88,160.00 in City Water and Irrigation Impact Fees, which is more than sufficient to cover the cost of the proposed 12" main replacement / relocation. Additionally, there may be other city sources, EDC funds, or a combination of sources as determined by City and EDC.

**6. Timing for Reimbursement Requested**

Since the developer has paid City Water Impact Fees which are more than sufficient to cover the full cost of the relocation / replacement, and there was no reason to even anticipate a water main relocation, it is requested that reimbursement be upon acceptance by the City for substantial completion of the

improvement, particularly considering that the existing main was not located as advised from City records, the Developer was dependent on City assurances that the main was sufficient, and the entire Huffines site design was dependent on grading the site and adjacent TXDOT ROW to facilitate site visibility.

It is also noted that the water main would have to be relocated with the continued reconstruction of I-35E to the same location as is now proposed at City and or TXDOT cost and city may be able to secure approval of relocation credits from TXDOT since the relocation as proposed is likely to be less than it would cost in the future due to the efficiencies of design and construction with the existing Huffines team which can do the relocation along with other grading and avoid impact on Site access and landscaping that the added cost of such conflicts.

**D. Landscaping and Bio-Swale** requested as follows:

**1. Incentive Rationale**

The propose project landscape plans goes well beyond City standards and are proposed as a significant demonstration project to bring unique design and desirable environmental benefits to the project and to the Corinth community. A full description of the bio-swale concept can be provided as requested.

**2. Incentive Request**

The follow component and funding incentives are requested from the EDC; an estimate is provided below with final bid cost to be used for reimbursement:

- a. Bio-Swale materials, media, overflow, excavation, grading, and installation of system: \$ 69,950.00
  - b. Incentive for materials & labor in I-35E landscape setback: \$ 17,500.00
  - c. Incentive for quality landscape design for balance of landscape materials and installation: \$ 7,500.00
- Total Landscape and Bio-Swale Incentive.....\$104,950.00

**3. Timing of Incentive Request**

It is requested that the approved landscape and Bio-Swale incentive be paid to Huffines after issuance of the project CO, as the EDC has funds available, but no later than eighteen months after CO issuance.

**E. Architectural Incentive**

**1. Incentive Rationale**

The proposed project Architectural design is well beyond the typical auto dealership by incorporating stone accents, articulations, and material consistency throughout the project whereas typical service buildings are of lesser design integrity. Overall campus cohesiveness adds significantly to the quality aesthetic value of the project, but not without added cost.

**2. Incentive Request**

Based on architectural design, a moderate incentive is requested from the EDC. It is requested that a lump sum payment be allocated to offset a portion of the following component cost:

- a. For stone accents and material consistency throughout  
The Project, the total requested, lump sum incentive is:     \$ 90,000.00
  - b. For Monument stone accents and materials matching  
buildings, the total requested for monument incentive,  
based on 3 @ \$5,000 each is:                                     \$ 15,000.00
- Total Architectural Incentive ..... \$105,000.00

**3. Timing of Incentive Request**

It is requested that the approved design and material incentive be paid to Huffines after issuance of the project CO, as the EDC has funds available, but no later than two years after CO issuance

**F. Sales Tax Rebate during Construction**

Huffines has initiated a request to the Texas Comptroller Office for potential sales tax reimbursement from development and building materials and equipment. It is requested that the EDC consider this request and recommend approval to the City Council for 50% of the total local government sales tax on the project (half of the full 2% or a total of 1% credit / reimbursement).

**Summary of Additional City Infrastructure Requirements Requested, subject to final measured quantities from contract unit prices:**

For item II B - Storm Water Drainage:	<b>\$ 237,737.70</b>
For item II C – Water Main Replacement / Relocation:	<b><u>\$ 54,600.00</u></b>
<b>Infrastructural Requirement Funding Requested from Impact Fees, City Funds, and / or EDC:</b>	<b>\$ 292,337.70</b>

**Summary of Economic Development Incentives Requested, limited to following specific requested incentives:**

For Item II D - Landscaping & Bio-Swale:	<b>\$ 104,950.00</b>
For Item II E – Architectural Incentives:	<b><u>\$ 105,000.00</u></b>
<b>Economic Development Incentives Requested:</b>	<b>\$ 209,950.00</b>

Certification:

I certify that the information contained in this application (including all attachments) to be true and accurate to the best of my knowledge. I further certify that I have read the "City of Corinth Chapter 380 Economic Development Program Policies and Procedures," and that I agree to comply with the guidelines and criteria stated therein, and that participation in such incentives does not eliminate any obligation on my part to satisfy all codes, ordinances, and regulations of the City of Corinth, Texas, or any other governmental entity that has jurisdiction regarding this project. The undersigned is authorized in all respects to submit this application on behalf of the named company:

Print Name: S Ray Huffines

Preliminary Application signed by Project Facilitator: Don Paschal



Signature: \_\_\_\_\_

Company: Huffines Automotive Group on behalf of Huffines Children's Trust and Huffines Denton Auto, Inc.

Title: President and CEO

Date: December 22, 2017

Applicants may attached additional sheets as necessary to complete the application. Upon receipt of this application the City of Corinth shall require financial and other information as may be deemed appropriate for evaluating the financial capacity and other relevant factors of the applicant.

**RESOLUTION NO.** \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS APPROVING  
A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE  
CITY OF CORINTH, TEXAS, THE CORINTH ECONOMIC DEVELOPMENT CORPORATION  
AND HUFFINES CHILDREN’S TRUST PROVIDING ECONOMIC DEVELOPMENT  
INCENTIVES FOR THE RELOCATION AND EXPANSION OF HUFFINES KIA AND SUBARU;  
AUTHORIZING THE CITY MANAGER AND THE CORINTH ECONOMIC DEVELOPMENT  
CORPORATION TO EXECUTE SAID AGREEMENT; AND DECLARING AN EFFECTIVE  
DATE.**

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

**PART 1.** That the attached Chapter 380 Economic Development Incentive Agreement (the “**AGREEMENT**”) is hereby approved.

**PART 2.** That the City Manager is authorized to execute the Agreement on behalf of the City and the Corinth Economic Development Corporation is authorized to execute the Agreement.

**PART 3.** That this Resolution shall be in full force and effect immediately from and after its passage.

**ADOPTED** on the 15th day of February, 2018.

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Bill Heidemann

Mayor

**ATTEST:**

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Kimberly Pence

City Secretary

**APPROVED TO FORM:**

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City Attorney



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**EXHIBIT “A”**

**CHAPTER 380**

**ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT**

As of the 15th day of February, 2018 (the “**EFFECTIVE DATE**”), this Chapter 380 Economic Development Incentive Agreement (the “**AGREEMENT**”) is entered into between the City of Corinth, Texas (the “**CITY**”), the Corinth Economic Development Corporation (the “**CEDC**”) and Huffines Children’s Trust (the “**COMPANY**”). The City, the CEDC and the Company may also be referred to collectively as the “**PARTIES**” or individually as a “**PARTY**”. Capitalized terms not otherwise defined have the meaning given them in Article I.

**RECITALS**

**PART 1.**

The Company has commenced relocation and expansion of its automotive retail sales operations in the City.

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PART 2.

19 The City and the CEDC believe that the relocation and expansion of such automotive retail sales operations  
20 will advance the City's interests by creating jobs, increasing sales and property tax revenues and enhancing  
21 the image of the City and wish to provide an economic development incentive to the Company.

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PART 3.

24 The City is authorized under Chapter 380 of the Texas Local Government Code to offer certain economic  
25 development incentives for public purposes, including promotion of local economic development and the  
26 stimulation of business and commercial activity in the City.

27

28 For the reasons stated in these Recitals, which are incorporated into and made a part of this Agreement, and  
29 in consideration of the mutual benefits and obligations set forth herein, the Parties enter into this Agreement  
30 and agree to the terms and conditions set forth in this Agreement.

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ARTICLE I.

33

**DEFINITIONS**

34           **PARAGRAPH 1.01.**   “**BUSINESS**” means the business activities of the Company’s automotive  
35 retail sales operations conducted in the City of Corinth, Texas on the Site (as defined below).

36           **PARAGRAPH 1.02.**   “**JOB**” means a full-time employment position at the Site, resulting from  
37 the Business, which position:

38                           (A)    Is not seasonal; **AND**

39                           (B)    Is provided with at least 30 hours of employment per week.

40           Any position not meeting such criteria does not qualify as a “**JOB**” for purposes of this Agreement.

41           **PARAGRAPH 1.03.**   “**PERSONAL PROPERTY**” means all the materials, equipment or other  
42 business personal property in connection with the construction, equipping or maintenance of the Business  
43 on the Site that is subject to sales and use tax imposed by the Texas Tax Code, but excluding personal  
44 property held for resale by the Business or acquired by the Business for the purpose of transfer to another  
45 party.

46           **PARAGRAPH 1.04.**   “**SALES TAX REVENUE**” is the amount of sales and use tax revenues,  
47 not including Street Maintenance Sales Tax, the Crime Control and Prevention District Sales and Use Tax,  
48 or any other special purpose district sales and use tax, generated from Personal Property purchases  
49 attributable to the Business collected by the Texas Comptroller of Public Accounts (or any similar successor

50 tax collection entity or agency of the State of Texas) and that are paid to and actually received by the City  
51 and the CEDC.

52 (A) Said Sales Tax Revenue shall be collected under a Texas Direct Payment  
53 Sales Tax Permit issued by the Texas Comptroller of Public Accounts.

54 **PARAGRAPH 1.05. “SALES TAX REVENUE COMPUTATION QUARTER”** means each  
55 calendar quarter beginning on January 1, April 1, July 1, or October 1, as applicable, and ending on the  
56 succeeding March 31, June 30, September 30, or December 31, as applicable. The first Sales Tax Revenue  
57 Computation Quarter shall be deemed to have commenced on January 1, 2018 and ended March 31, 2018  
58 and is referred to herein as “**COMPUTATION QUARTER 1**”, with each succeeding Computation Quarter  
59 within the Term of this Agreement being consecutively numbered, concluding with Computation Quarter  
60 60, provided the Term is extended per Paragraph 3.03.

61 **PARAGRAPH 1.06. “SALES TAX REVENUE GRANT PAYMENTS”** means the City’s and  
62 the CEDC’s collective payments to the Company, at the end of every Sales Tax Revenue Computation  
63 Quarter, during the Term, in an amount equal to 50 percent of Sales Tax Revenue generated from Personal  
64 Property purchases attributable to the Business at the Site during the immediately preceding Sales Tax  
65 Revenue Computation Quarter.



82           **PARAGRAPH 2.02.** The Company shall begin operation of the Business on the Site on or prior  
83 to the 1st day of April, 2019, and shall  
84 continuously operate, maintain and manage the Business for the duration of the Term, unless the Company  
85 determines that continued operation of the Business is not commercially reasonable.

86           **PARAGRAPH 2.03.** On or before April 1, 2019, the Company shall employ a  
87 minimum of 70 persons in Jobs on the Site and maintain such level of employment during  
88 the Term.

89                   (A) Failure to meet the obligation under this Paragraph is not susceptible to a  
90 Cure (as defined below) and shall result in automatic forfeiture by the Company of the right to any Sales  
91 Tax Revenue Grant Payments for the applicable Sales Tax Revenue Computation Quarter during which  
92 such failure occurs.

93           **PARAGRAPH 2.04.** The Company agrees to adopt and follow employment policies, rules and  
94 procedures intended to ensure that no discrimination will occur in the creation of Jobs on the basis of race,  
95 creed, color, national origin, sex or disability or other characteristics for which protection is available under  
96 applicable local, state and federal anti-discrimination laws.

97           **PARAGRAPH 2.05.** In performing its obligations under this Article, the Company shall comply  
98 with all applicable laws, regulations and ordinances.

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ARTICLE III.

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**ECONOMIC DEVELOPMENT INCENTIVE PROVIDED BY THE CITY AND THE CEDC**

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**PARAGRAPH 3.01.** Subject to the requirements and limitations of this Article, other terms and

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conditions of this Agreement and the Company's compliance with its obligations under this Agreement,

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the City and the CEDC will collectively make Sales Tax Revenue Grant Payments to the Company at the

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end of every Sales Tax Revenue Computation Quarter, during the Term, in an amount equal to 50 percent

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of Sales Tax Revenue generated from Personal Property purchases attributable to the Business at the Site

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during the immediately preceding Sales Tax Revenue Computation Quarter.

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**PARAGRAPH 3.02.** Within 30 days following the end of each Sales Tax Revenue Computation

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Quarter, the Company may request in writing to the City, initiation of Sales Tax Revenue Grant Payments,

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as provided in this Article. The City shall not be required to make any Sales Tax Revenue Grant Payment

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during any applicable Computation Quarter unless and until:

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(A) The Company submits a certified statement acceptable to the City, that is

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signed by an authorized officer of the Company, providing the following information: (i) the total number

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of persons hired and employed in the preceding Computation Quarter and cumulatively since the Effective

115 Date and (ii) a statement that it is in full compliance with its obligations under this Agreement or, if not in  
116 full compliance, a statement disclosing the nature of any non-compliance and any reasons therefore;

117 (B) The Sales Tax Revenue for the applicable Computation Quarter is received  
118 by the City and the CEDC from the Texas Comptroller of Public Accounts, if any; **AND**

119 (C) The funds are appropriated by the City Council of the City for the specific  
120 purpose of making a Sales Tax Revenue Grant Payment under this Agreement as part of the City's and the  
121 CEDC's ordinary budget and appropriations approval process.

122 Provided the foregoing conditions have been satisfied and the Company is otherwise in compliance  
123 with this Agreement, the City and the CEDC shall collectively pay to the Company any Sales Tax Revenue  
124 Grant Payments due within 30 days after the last to occur of the events in sub-paragraphs (A), (B) and (C)  
125 of this Paragraph. The City agrees to provide written notice to the Company within five (5) days of receiving  
126 notice that payment of local sales tax revenues from the Texas Comptroller of Public Accounts is delayed  
127 for any reason.

128 **PARAGRAPH 3.03.** In the event that the Company performs all of its obligations under Article  
129 II. and is not operating under any notice of default from the City, at the end of the Term, this Agreement  
130 shall be automatically extended for five (5) years.



131           **PARAGRAPH 3.04.** The Sales Tax Revenue Grant Payments made and any other financial  
132 obligation of the City or the CEDC hereunder shall be paid solely from lawfully available funds that have  
133 been received by the Texas Comptroller of Public Accounts each applicable fiscal year of the City and the  
134 CEDC (beginning on October 1 and ending September 30) during the Term as provided in this Agreement.  
135 Under no circumstances shall the City's or the CEDC's obligations hereunder be deemed to create any debt  
136 within the meaning of any constitutional or statutory provision. Consequently, notwithstanding any other  
137 provision of this Agreement, the City and the CEDC shall have no obligation or liability to pay any Sales  
138 Tax Revenue Grant Payments or other payments unless the City and the CEDC receive Sales Tax Revenue  
139 from the Texas Comptroller of Public Accounts to make such payments under this Agreement.

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#### ARTICLE IV.

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#### **DEFAULT, TERMINATION AND REMEDIES**

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**PARAGRAPH 4.01.** Except as otherwise provided herein, at any time during the Term that the  
Company is not in compliance with its obligations under this Agreement, the City may send written notice  
of such non-compliance to Company. If such non-compliance is not cured within 30 days after the  
Company's receipt of such notice or, if non-compliance is not reasonably susceptible to cure within 30 days  
and a cure is not begun within such 30-day period and, thereafter, continuously and diligently pursued to

148 completion on a schedule approved by the City (in either event, a “CURE”), then the City may, at its sole  
149 discretion and option, terminate this Agreement or withhold Sales Tax Revenue Grant Payments otherwise  
150 due for the relevant time period in which the non-compliance occurred and continues.

151           **PARAGRAPH 4.02.** If the City elects to withhold Sales Tax Revenue Grant Payments under  
152 this Paragraph rather than to terminate this Agreement, then, upon a Cure by the Company, the Company  
153 will be eligible to receive future Sales Tax Revenue Grant Payments (provided it is otherwise in compliance  
154 and subject to other limitations of this Agreement) for the remainder of the Term. However, a Sales Tax  
155 Revenue Grant Payment withheld by the City shall be deemed forfeited by the Company, and the City (and  
156 the CEDC) shall not be liable for retroactive payment of such forfeited Sales Tax Revenue Grant Payment.  
157 As an example, if the Company is in default and has not affected a Cure in the Computation Quarter ended  
158 March 31, 2019, the Company will not receive a Sales Tax Revenue Grant Payment for that Computation  
159 Quarter. The Company will, however, be eligible to receive a Sales Tax Revenue Grant Payment for the  
160 subsequent Computation Quarter if the default is cured. Excepting as to circumstances arising from a Force  
161 Majeure Event (as defined below), the Term shall not be extended as a result of any Cure period agreed to  
162 by the City under this Paragraph.

163           **PARAGRAPH 4.03.** Notwithstanding any provision for written notice of non-compliance, and  
164 any opportunity to Cure, the City may terminate this Agreement immediately by providing written notice

165 to the Company if the Company, its officers or signatories to this Agreement misrepresented or misrepresent  
166 any material fact or information:

167 (A) Upon which the City and the CEDC relied in entering into this Agreement;

168 (B) Upon which the City and the CEDC rely in making a Sales Tax Revenue

169 Grant Payment to the Company; **OR**

170 (C) As an inducement for the City and the CEDC to make a Sales Tax Revenue

171 Grant Payment to the Company.

172 **PARAGRAPH 4.04.** Upon breach of any obligation under this Agreement, in addition to any  
173 other remedies expressly set forth in this Agreement with respect to such breach, the City may pursue such  
174 remedies as are available at law or in equity for breach of contract. Similarly, with regard to violations of  
175 applicable ordinances of the City, the City may seek such relief as is available for violation so such  
176 ordinances, including fines and injunctive relief.

177 **PARAGRAPH 4.05.** It is acknowledged and agreed that, because the Sales Tax Revenue Grant  
178 Payments are from public funds, any verified overpayments to the Company may be recovered by the City  
179 through available remedies at law or in equity or by reducing future Sales Tax Revenue Grant Payments by  
180 the amount of an overpayment.

181           **PARAGRAPH 4.06.** With 60 days prior written notice, the City may deduct from any Sales Tax  
182 Revenue Grant Payments, as an offset, any delinquent and unpaid fees, sums of money or other fees, charges  
183 or taxes assessed and owed to or for the benefit of the City by the Company, if such delinquency is not  
184 cured within the 60 days.

185           **PARAGRAPH 4.07.** A “**FORCE MAJEURE EVENT**” means an event beyond the reasonable  
186 control of a Party obligated to perform an act or take some action under this Agreement including, but not  
187 limited to, acts of God, earthquake, fire, explosion, war, civil insurrection, acts of the public enemy, act of  
188 civil or military authority, sabotage, terrorism, floods, lightning, hurricanes, tornadoes, severe snow storms  
189 or utility disruption, strikes, lockouts, major equipment failure or the failure of any major supplier to  
190 perform its obligations. If a Force Majeure Event occurs, and such event prevents a Party from fulfilling its  
191 obligations hereunder, the applicable time period for performing such obligations shall be extended by the  
192 period of delay resulting from the Force Majeure Event.

193           **PARAGRAPH 4.08.** The Company may terminate this Agreement at any time for convenience  
194 with at least 30 days prior written notice, such termination to be effective as of the end of the full Sales Tax  
195 Revenue Computation Quarter.

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ARTICLE V.

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**INFORMATION**

**PARAGRAPH 5.01.** The Company shall, at such times and in such form as the City may request from the Company, provide information concerning the performance of the Company’s obligations under this Agreement.

**PARAGRAPH 5.02.** The Company agrees that the City will have the right to review the business records of the Company that relate to its performance under this Agreement in order to determine the Company’s compliance with the terms of this Agreement, subject to the Company’s obligations of confidentiality and pursuant to applicable state and federal laws. Such review shall occur at any reasonable time and upon at least seven (7) days’ prior written notice to the Company, and only once per Sales Tax Revenue Computation Quarter. To the extent reasonably possible, the Company shall make all such records available in electronic form or otherwise available to be accessed through the internet.

**PARAGRAPH 5.03.** Subject to the requirements of the Texas Public Information Act, or order of a court of competent jurisdiction, the Company may be required to disclose or make available to the City any information relating to this Agreement. The Company agrees to cooperate with the City in response to any request for information under the Texas Public Information Act or court order. The City will endeavor to provide the Company with advance written notice of any such request for information or court order so that the Company may seek any relief to which the Company believes it is entitled. The City’s obligations

215 under this Paragraph do not impose a duty upon the City to challenge any court order or ruling of the Texas  
216 Attorney General to release information in response to a specific request for information under the Texas  
217 Public Information Act.

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219 **ARTICLE VI.**

220 **REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

221 **PARAGRAPH 6.01.** The Company is a duly organized, validly existing company, in good  
222 standing under the laws of the State of Texas and is authorized to conduct business or own real property in  
223 the State of Texas. The activities that Company proposes to carry on at the Site may lawfully be conducted  
224 by the Company.

225 **PARAGRAPH 6.02.** The execution, delivery and performance by the Company of this  
226 Agreement are within Company's powers and have been duly authorized.

227 **PARAGRAPH 6.03.** This Agreement is the legal, valid and binding obligation of the Company,  
228 and is enforceable against the Company in accordance with its terms except as limited by applicable relief,  
229 liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar  
230 laws affecting the rights or remedies of creditors generally, as in effect from time to time.



248 **OR RESULTING FROM THE PERFORMANCE OF THIS AGREEMENT, AND BY THE STATE**  
249 **OF TEXAS THAT THE INDEMNITEES HAVE BEEN PAID ERRONEOUSLY, OVER-PAID OR**  
250 **INCORRECTLY ALLOCATED SALES TAX REVENUE ATTRIBUTED TO THE SALE OF**  
251 **TAXABLE ITEMS BY THE COMPANY CONSUMMATED AT THE SITE FOR ANY SALES TAX**  
252 **REVENUE COMPUTATION QUARTER DURING THE TERM OF THIS AGREEMENT**  
253 **(“CLAIM”). IT BEING THE INTENTION OF THE PARTIES THAT THE COMPANY SHALL**  
254 **BE RESPONSIBLE FOR THE REPAYMENT OF SALES TAX REVENUE GRANT PAYMENTS**  
255 **REFUNDED TO THE COMPANY HEREIN BY THE INDEMNITEES THAT THE STATE OF**  
256 **TEXAS HAS DETERMINED WERE ERRONEOUSLY PAID, COLLECTED, DISTRIBUTED OR**  
257 **ALLOCATED TO THE INDEMNITEES. THE INDEMNIFICATION PROVIDED HEREIN**  
258 **SHALL NOT APPLY TO ANY LIABILITY RESULTING SOLELY FROM THE ACTIONS OR**  
259 **NEGLIGENCE OF THE CITY. THE CITY AND THE CEDC SHALL NOT BE OBLIGATED TO**  
260 **PAY ANY INDEBTEDNESS OR OBLIGATIONS OF THE COMPANY.**

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**ARTICLE VIII.**

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**MISCELLANEOUS**





281 E-mail: jason.alexander@cityofcorinth.com

282 **COMPANY:**

283 S. Ray Huffines, President and Chief Executive Officer

284 Huffines Denton County Autos, Inc.

285 4500 Plano Parkway

286 Plano, Texas 75093

287 E-mail: ray.huffines@huffines.net

288 **And to:**

289 Eric Hartter, Chief Financial Officer

290 Huffines Denton County Autos, Inc.

291 4500 Plano Parkway

292 Plano, Texas 75093

293 E-mail: eric.hartter@huffines.net

294 Each Party will notify the other Parties in writing of any change in information required for notice  
295 under this Paragraph.

296 **PARAGRAPH 8.04.** This Agreement will be construed under the laws of the State of Texas and  
297 the United States of America. This Agreement is performable in Denton County, Texas. Mandatory venue

298 for any action under this Agreement will be in the state court of appropriate jurisdiction for the action in  
299 Denton County, Texas. Mandatory venue for any matters in federal court will be in the United States District  
300 Court for the Eastern District of Texas, Sherman Division.

301 **PARAGRAPH 8.05.** Nothing in this Agreement, and no action of the City or the CEDC under  
302 this Agreement, will constitute a waiver of any immunity of the City or the CEDC to suit or to liability or  
303 of any limitations on liability granted by law or the Texas Constitution.

304 **PARAGRAPH 8.06.** It is acknowledged and agreed between the Parties that the City, the CEDC  
305 and the Company, in executing this Agreement, and in performing their respective obligations, are acting  
306 independently, and not in any form of partnership or joint venture. **THE CITY AND THE CEDC**  
307 **ASSUME NO RESPONSIBILITY OR LIABILITY TO ANY THIRD PARTIES IN CONNECTION**  
308 **WITH THIS AGREEMENT, AND THE COMPANY AGREES TO INDEMNIFY, DEFEND AND**  
309 **HOLD THE CITY AND THE CEDC, AND THEIR OFFICERS AND EMPLOYEES, HARMLESS**  
310 **FROM ANY SUCH LIABILITIES.**

311 **PARAGRAPH 8.07.** This Agreement is for the exclusive benefit of the Parties and no third party  
312 may claim any right, title or interest in any benefit arising under this Agreement. The Company may not  
313 assign any of its rights, or delegate or sub-contract any of its duties under this Agreement, in whole or in  
314 part, without the prior written consent of the City Council of the City.

315           **PARAGRAPH 8.08.** If any provision of this Agreement is held to be illegal, invalid or  
316 unenforceable under present or future laws effective while this Agreement is in effect, such provision shall  
317 be automatically deleted from this Agreement and the legality, validity and enforceability of the remaining  
318 provisions of this Agreement shall not be affected thereby, and in lieu of such deleted provision, there shall  
319 be added as part of this Agreement a provision that is legal, valid and enforceable and that is as similar as  
320 possible in terms and substance as possible to the deleted provision.

321           **PARAGRAPH 8.09.** The Company agrees not to knowingly employ an “**UNDOCUMENTED**  
322 **WORKER**” as defined in Texas Government Code Section 2264.001. If convicted of a violation under 8  
323 U.S.C. Section 1324a(f), the Company shall repay the full amount of the Sales Tax Revenue Grant  
324 Payments received by the Company from the City and the CEDC as of the date of such violation not later  
325 than one hundred twenty (120) days after the date the Company is notified by the City of a violation of this  
326 Paragraph, plus interest from the date the Sales Tax Revenue Grant Payments were paid to the Company,  
327 at the rate of five (5) percent per annum. The interest shall accrue from the date the Sales Tax Revenue  
328 Grant Payments were paid to the Company until the date that the payments are repaid to the City and the  
329 CEDC. The City and the CEDC may also recover court costs and reasonable attorneys’ fees incurred from  
330 an action to recover the Sales Tax Revenue Grant Payments subject to repayment under this Paragraph.

331 However, the Company will not be liable for a violation by its subsidiary, affiliate or person which whom  
332 the Company contracts.

333 **PARAGRAPH 8.10.** Subject to the requirements of Texas Government Code Chapter 2270, the  
334 Company certifies that it does not boycott Israel, and it will not boycott Israel during the Term. Pursuant to  
335 Texas Government Code Chapter 2252, Subchapter F, the Company affirms that is it not identified on a list  
336 created by the Texas Comptroller of Public Accounts as a company known to have contracts with or provide  
337 supplies or services to a foreign terrorist organization.

338 **PARAGRAPH 8.11.** Upon written request by the Company, the City shall execute and deliver  
339 to the Company an estoppel certificate certifying as follows: (i) whether this Agreement is unmodified and  
340 in full force and effect (or if modified, disclosure of such modifications and whether this Agreement is in  
341 full force and effect as modified); (ii) whether to the City's knowledge, the Company is in default under  
342 this Agreement; and (iii) any other reasonable factual inquiries a party may request regarding this  
343 Agreement.

344 **PARAGRAPH 8.12.** No term or condition of this Agreement shall be deemed to have been  
345 waived, nor shall there be any estoppel to enforce any provision of this Agreement, except by written  
346 instrument of the Party charged with such waiver or estoppel.

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352           **EXECUTED** to be effective as of the Effective Date.

353

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355

356   **CITY OF CORINTH, TEXAS**

357

358   By: \_\_\_\_\_

359           Bob Hart, City Manager

360

361   **CORINTH ECONOMIC DEVELOPMENT CORPORATION**

362

363   By: \_\_\_\_\_

364           Tina Henderson, President

365

366 **HUFFINES CHILDREN'S TRUST**

367

368 By: \_\_\_\_\_

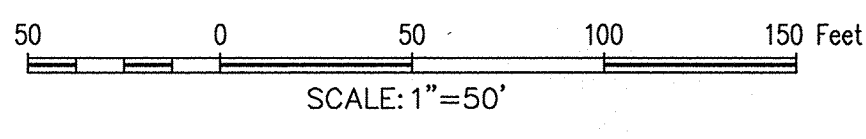
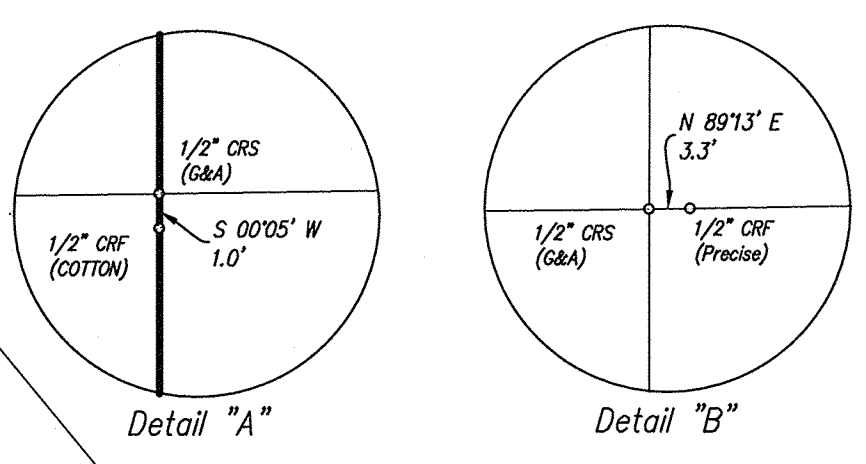
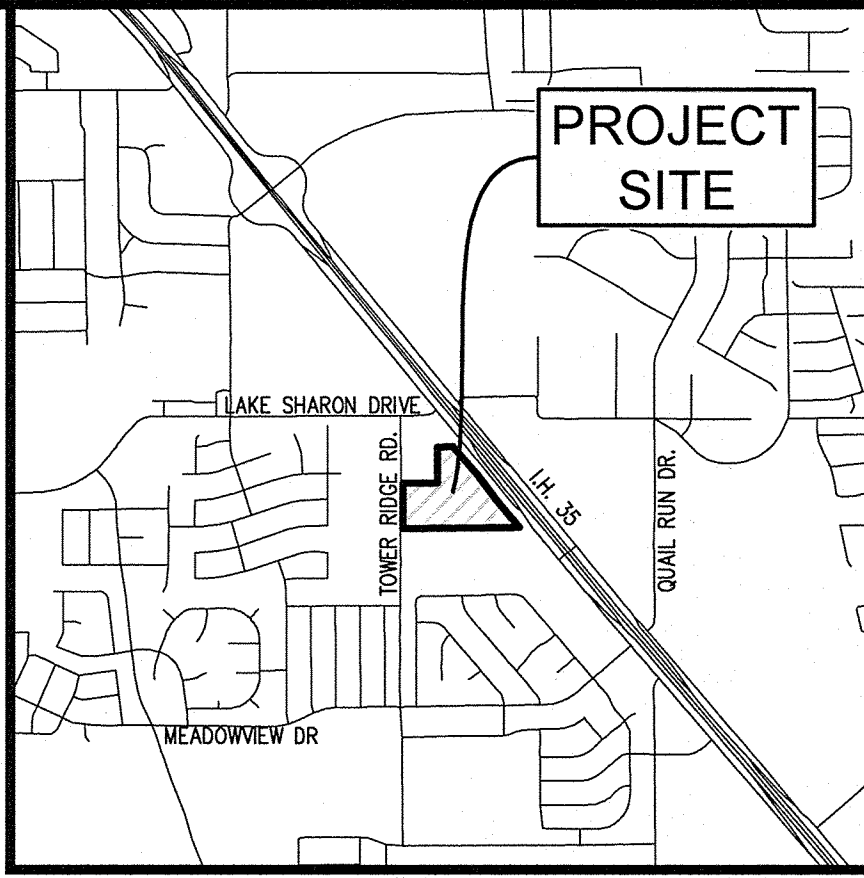
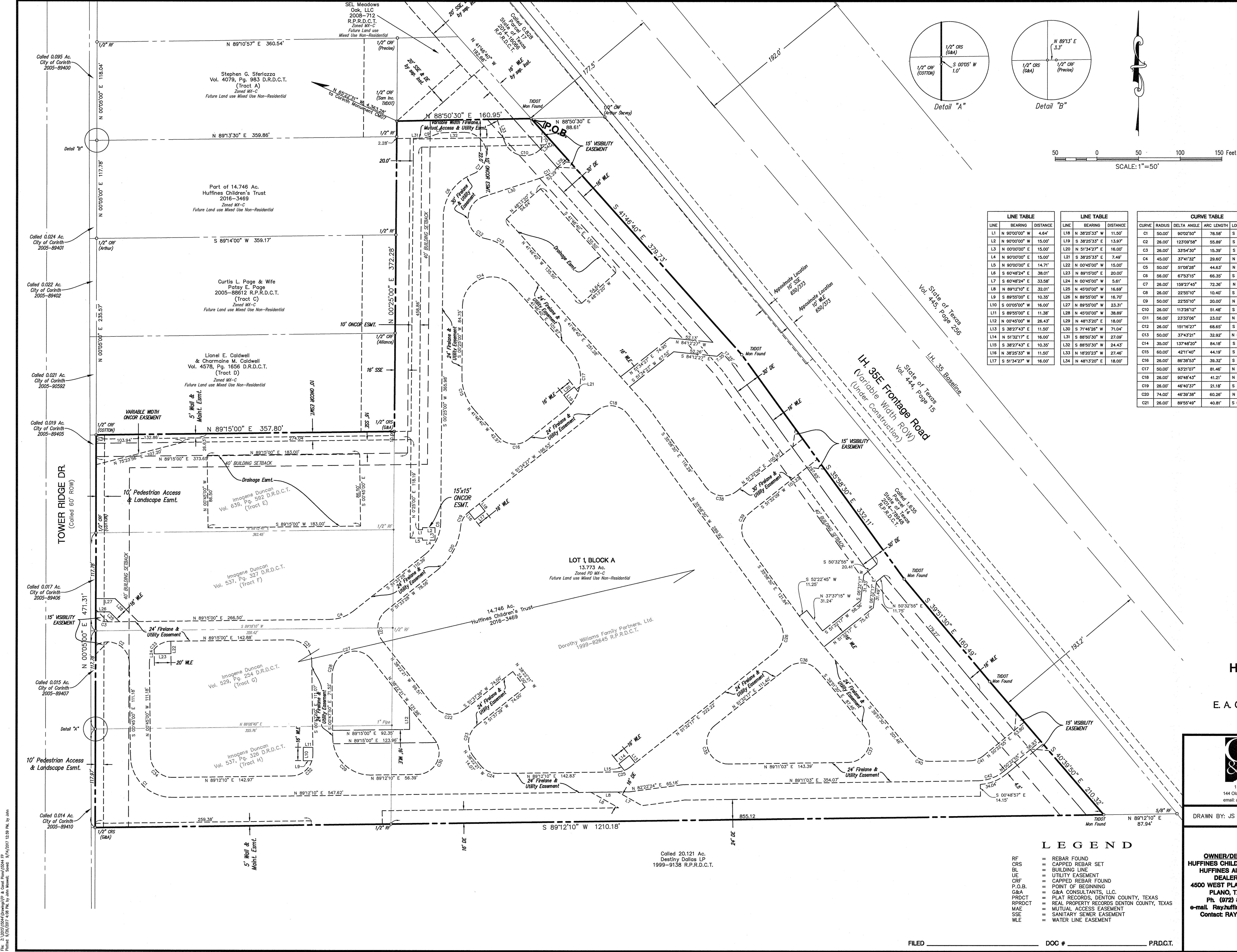
369 Name: \_\_\_\_\_

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

EXHIBIT "A.1."

**LEGAL DESCRIPTION OF SITE**





LINE	BEARING	DISTANCE
L1	N 90°00'00" W	4.54'
L2	N 90°00'00" W	15.00'
L3	N 00°00'00" E	15.00'
L4	N 90°00'00" E	15.00'
L5	N 90°00'00" E	14.71'
L6	S 60°48'24" E	38.01'
L7	S 60°48'24" E	33.56'
L8	N 89°12'10" E	32.01'
L9	N 89°55'00" E	10.35'
L10	S 00°05'00" W	16.00'
L11	S 89°55'00" E	11.38'
L12	N 00°45'00" E	28.43'
L13	S 38°27'43" E	11.50'
L14	N 51°34'27" E	16.00'
L15	S 38°27'43" E	11.50'
L16	N 38°25'33" W	11.50'
L17	S 51°34'27" W	16.00'

LINE	BEARING	DISTANCE
L18	N 38°25'33" W	11.50'
L19	S 38°25'33" E	13.97'
L20	N 51°34'27" E	16.00'
L21	S 38°25'33" E	7.49'
L22	N 00°45'00" W	15.00'
L23	N 89°15'00" W	20.00'
L24	N 00°45'00" W	5.61'
L25	N 45°00'00" W	16.89'
L26	N 89°55'00" W	16.70'
L27	N 89°55'00" W	23.31'
L28	N 45°00'00" W	38.89'
L29	N 48°13'20" E	18.00'
L30	S 71°46'28" W	71.04'
L31	S 89°50'30" W	27.09'
L32	S 89°50'30" W	24.43'
L33	N 48°13'20" E	27.46'
L34	N 48°13'20" E	18.00'

CURVE	RADIUS	DELTA ANGLE	ARC LENGTH	LONG CHORD
C1	50.00'	90°02'59"	78.58'	S 45°46'25" E, 70.74'
C2	28.00'	123°09'58"	55.89'	S 62°19'59" E, 45.73'
C3	28.00'	33°54'30"	15.39'	S 73°47'45" E, 15.16'
C4	45.00'	37°41'32"	29.60'	N 70°24'14" E, 28.07'
C5	50.00'	61°08'28"	44.63'	N 25°59'14" E, 43.16'
C6	56.00'	67°53'15"	66.35'	S 34°21'37" W, 62.54'
C7	28.00'	159°27'45"	72.36'	N 11°25'38" W, 51.17'
C8	28.00'	22°55'10"	10.40'	S 77°22'54" W, 10.33'
C9	50.00'	22°55'10"	20.00'	N 77°22'54" E, 19.87'
C10	28.00'	113°38'12"	51.48'	S 75°03'29" E, 43.47'
C11	56.00'	233°30'6"	23.02'	N 59°59'53" E, 22.86'
C12	28.00'	15°11'27"	68.65'	S 03°51'47" E, 50.37'
C13	50.00'	37°42'21"	32.92'	N 60°38'20" W, 32.33'
C14	35.00'	137°48'20"	64.18'	S 69°19'10" W, 65.31'
C15	60.00'	42°11'40"	44.19'	S 20°40'50" E, 43.19'
C16	28.00'	86°38'53"	39.32'	S 85°06'07" E, 35.68'
C17	50.00'	93°21'07"	81.46'	N 04°53'53" E, 72.75'
C18	28.00'	90°48'43"	41.21'	N 83°01'12" W, 37.03'
C19	28.00'	46°40'37"	21.18'	S 28°14'08" W, 20.60'
C20	28.00'	46°39'38"	60.28'	N 28°13'39" E, 58.51'
C21	28.00'	89°55'49"	40.81'	S 06°35'34" W, 36.75'
C22	28.00'	90°00'00"	40.84'	S 83°22'21" E, 36.77'
C23	28.00'	90°00'00"	40.84'	S 06°37'39" W, 36.77'
C24	28.00'	52°25'29"	23.79'	S 64°35'05" E, 22.97'
C25	28.00'	37°39'53"	17.09'	N 70°22'14" E, 16.79'
C26	28.00'	67°30'47"	39.71'	N 07°46'54" E, 35.96'
C27	28.00'	123°34'42"	56.08'	S 79°50'18" W, 45.82'
C28	45.00'	185°04'47"	14.80'	S 08°37'34" W, 14.74'
C29	45.00'	90°00'00"	70.69'	S 45°47'50" E, 63.64'
C30	28.00'	127°34'31"	57.89'	N 25°24'50" E, 46.65'
C31	28.00'	89°57'10"	40.82'	N 45°46'20" W, 36.75'
C32	28.00'	90°00'00"	40.84'	N 44°12'07" E, 36.77'
C33	28.00'	90°00'00"	40.84'	S 44°15'00" W, 36.77'
C34	28.00'	90°02'59"	40.88'	S 45°46'25" E, 36.78'
C35	28.00'	142°21'14"	64.60'	S 19°38'20" E, 49.22'
C36	28.00'	88°55'25"	40.35'	N 83°59'58" W, 36.42'
C37	28.00'	129°02'33"	58.56'	S 24°39'47" E, 46.94'
C38	28.00'	92°29'21"	41.97'	S 82°13'41" E, 35.56'
C39	28.00'	90°48'43"	39.71'	S 07°46'49" W, 35.96'
C40	28.00'	50°57'27"	23.12'	S 65°20'13" E, 22.37'
C41	28.00'	38°38'08"	17.53'	N 69°51'59" E, 17.20'
C42	50.00'	38°38'08"	33.72'	N 69°51'59" E, 33.08'

PRELIMINARY DOCUMENT:  
THIS DOCUMENT SHALL NOT BE RECORDED FOR ANY  
PURPOSE AND SHALL NOT BE USED OR VIEWED OR  
RELIED UPON AS A FINAL SURVEY DOCUMENT.  
JAMES STOWELL, RPLS 6618 9/26/17

**FINAL PLAT**  
**Lot 1, Block A**  
**HUFFINES AUTO ADDITION**  
**13.773 Acres**  
in the  
**E. A. GARRISON SURVEY, ABSTRACT NO. 511**  
**CITY OF CORINTH**  
**DENTON COUNTY, TEXAS**

**SITE PLANNING CIVIL ENGINEERING PLATTING**  
**CONSULTANTS, LLC**  
LAND SURVEYING LANDSCAPE ARCHITECTURE  
111 Hillside Drive • Lewisville, TX 75057 • P: 972.436.9712 • F: 972.436.9715  
144 Old Town Blvd. North, Ste 2 • Argyle, TX 76226 • P: 940.240.1012 • F: 940.240.1028  
email: admin@gacon.com TBPE Firm No. 1798 TBPLS Firm No. 10047700

DRAWN BY: JS DATE: 1/4/2017 SCALE: 1"=50' JOB. No. 15044

- LEGEND**
- RF = REBAR FOUND
  - CRS = CAPPED REBAR SET
  - BL = BUILDING LINE
  - UE = UTILITY EASEMENT
  - CRF = CAPPED REBAR FOUND
  - P.O.B. = POINT OF BEGINNING
  - G&A = G&A CONSULTANTS, LLC
  - PRDCT = PLAT RECORDS, DENTON COUNTY, TEXAS
  - RPRDCT = REAL PROPERTY RECORDS DENTON COUNTY, TEXAS
  - MAE = MUTUAL ACCESS EASEMENT
  - SSE = SANITARY SEWER EASEMENT
  - WLE = WATER LINE EASEMENT

**OWNER/DEVELOPER**  
**HUFFINES CHILDRENS TRUST /**  
**HUFFINES AUTOMOTIVE**  
**DEALERSHIPS**  
**4600 WEST PLANO PARKWAY**  
**PLANO, TX 75093**  
**Ph. (972) 867-6000**  
e-mail: Ray@huffineshuffines.net  
Contact: RAY HUFFINES

PLAT NO. 15044 (REVISED) BY: J. Stowell, RPLS 6618, 9/26/17. DATE: 1/4/2017. SCALE: 1"=50'. JOB. NO. 15044.





EXHIBIT "A.2."

**TEXAS DIRECT PAYMENT SALES TAX PERMIT**



RESOLUTION NO. 18 - 02 - 05 - 01

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE CITY OF CORINTH ECONOMIC DEVELOPMENT CORPORATION (CEDC) AUTHORIZING THE PRESIDENT TO EXECUTE A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT WITH THE CITY OF CORINTH, TEXAS AND HUFFINES CHILDREN’S TRUST, TO RELOCATE AND EXPAND THEIR AUTOMOTIVE RETAIL SALES OPERATIONS IN THE CITY OF CORINTH, TEXAS (AGREEMENT) SUBJECT TO AMENDMENT AND APPROVAL BY THE CITY COUNCIL OF THE CITY OF CORINTH, TEXAS; AND SETTING AN EFFECTIVE DATE.**

**WHEREAS**, on the 5th day of February, 2018, the CEDC convened in Regular Session to discuss, consider and provide a recommendation to the City Council of the City of Corinth, Texas on the attached Agreement for purposes of inducing Huffines Children’s Trust to relocate and expand their automotive retail sales operations in Corinth;

**WHEREAS**, the CEDC discussed, considered and provided an affirmative recommendation on approval of the Agreement; **AND**

**WHEREAS**, the CEDC authorizes the President to execute the Agreement, subject to amendments and approval of the City Council of the City of Corinth, Texas.

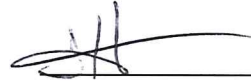
**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CEDC:**

**PART 1.** The President of the Corinth Economic Development Corporation is authorized to execute the Agreement on behalf of the Corinth Economic Development Corporation.

**PART 2.** This Resolution shall be effective immediately upon execution.

**PASSED AND APPROVED** by the Board of Directors of the Corinth Economic Development

Corporation on this 5th day of February, 2018.



Tina Henderson, President

Corinth Economic Development Corporation



Grady Ray, Secretary

Corinth Economic Development Corporation