



Melody Paradise, Mayor  
Russell Brewster, Mayor Pro Tem

# AGENDA

## TOWN COUNCIL

### April 28, 2014

#### COUNCIL MEMBERS:

Charlie Price  
Don Funderlic  
Jane Barrett  
Don Surratt

Matthew Fielder, City Manager

**Work Session 6:30 p.m.**  
**Regular Session 7:30 p.m.**  
**Council Chamber**  
**1614 South Bowen Road**

#### WORK SESSION 6:30 P.M.

REVIEW AND DISCUSS ITEMS ON THE REGULAR AGENDA, AND CONSIDER PLACING APPROVED ITEMS ON CONSENT AGENDA.

*All consent agenda items are considered to be routine by the Council and will be enacted with one motion. There will be no separate discussion of items unless a Council Member so requests, in which event, the item will be removed from the general order of business and considered in its normal sequence.*

#### 1. City Manager Report

- Update on the Road Projects
- Update on the Mosquito Spraying Plan
- Update on the Personnel Vacancies
- Update on the March 2014 Financial Report
- Update on a Solicitation Ordinance
- Update on the Wagon Wheel Bridge
- Update on the Laserfische system migration
- Update on Board Appointments

#### 2. Approval of Bills Payable and Purchase Orders in excess of \$1,000.

*A summary of invoices, purchase orders, and applicable copies are included in the agenda packet.*

#### 3. Approval and Acceptance of Minutes

Approval of Town Council Minutes:

- Town Council minutes from April 14, 2014

Acceptance of Minutes of Boards and Commissions:

- PEDC minutes from March 26, 2014
- PEDC minutes from April 9, 2014

#### REGULAR SESSION 7:30 P. M.

#### CALL TO ORDER/WELCOME

INVOCATION BY: Julie Arrington, City Secretary

#### PLEDGE OF ALLEGIANCE

#### MAYOR/COUNCIL/STAFF COMMENTS OF COMMUNITY INTERESTS

#### RECOGNITION

- Texas State Fire Marshall Recognition of Pantego for Class 2 rating.

#### COUNCIL LIAISON TO BOARD REPORT

- Community Relations Board
- Pantego Youth Leadership Council

#### PEDC REPORT

#### CITIZENS OPEN FORUM

This is a time for the public to address the Town Council on any subject not on this agenda. However, in accordance with the Open Meetings Act Section 551.042, the Town Council cannot discuss issues raised or make any decisions on that subject at this time. The Town Council or an appropriate Town official may make a statement of factual information or policy on the subject in response to an inquiry by a member of the public. Issues raised may be referred to Town Staff for research and possible future action.

#### APPROVAL OF CONSENT AGENDA ITEMS

Approval of the Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations and all votes on final reading will be recorded as reflected on first reading unless otherwise indicated. Public comment will be accepted on items, with the exception of those items on which a public hearing has been held and closed by Council.

#### NEW BUSINESS FOR DISCUSSION, REVIEW, APPROVAL AND / OR DIRECT STAFF

4. Discuss and direct staff regarding the Boat and RV ordinance.
5. Discuss, direct, and consider action upon an Ordinance for the Municipal Bond requirements for the City Manager and the Finance Director.
6. Discussion on a Presentation from the Arlington Independent School District Board regarding the Bond Election for the May 10, 2014 Election.

#### OLD BUSINESS FOR DISCUSSION, REVIEW, APPROVAL AND/OR DIRECT STAFF

7. Discuss, direct, and consider action upon a preliminary plan for PantegoFest 2014.

#### RESOLUTIONS

8. Discuss, direct, and consider action upon a Resolution Approving the Investment Policy and the Investment Strategy for the Town of Pantego; and Providing an Effective Date.
9. Discuss, direct, and consider Action upon a Resolution Approving the Financial Policy for the Town of Pantego; and providing an Effective Date.

Following the Scheduled Executive Session, the Council will reconvene in public session and may take any and all action necessary concerning the Executive Session.

#### SCHEDULED EXECUTIVE SESSION ITEMS

- The Council will convene in the City Manager's Office pursuant to the Texas Government Code for an executive session on the following items:
  1. Pursuant to Government Code Section 551.071 Litigation Matters, to discuss pending or contemplating litigation, settlement offers, and other legal matters that implicates the attorney-client privilege – Litigation Van Hoosier.
  2. Pursuant to Government Code Section 551.071 Consultation with Attorney, to discuss pending or contemplating litigation, settlement offers, and other legal matters that implicates the attorney-client privilege – Peak Energy.

#### COUNCIL INQUIRY

If a member of the Council makes a spontaneous inquiry about a subject not on this agenda, then the Town Council or an appropriate Town official may make a statement of factual information or policy in response to such an inquiry. However, in accordance with Open Meetings Act Section 551.042, the Town Council cannot discuss issues raised or make any decisions on that subject at this time. Issues raised may be referred to Town Staff for research and possible future action.

#### ADJOURNMENT

#### CERTIFICATION

Prepared and posted in accordance with Chapter 551 of the Texas Government Code. I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the outside window of a display cabinet at the Town Hall of the Town of Pantego, Texas, a place of convenience and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Friday, April 25, 2014 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

  
Julie Arrington, City Secretary

Auxiliary aids and services are available to a person who requests them. To request an opportunity to participate in Town functions and activities, Auxiliary aids and services or accommodations should be requested in writing (48 hours prior to the scheduled starting time by calling the City Secretary's Office at (817) 548-5852.

Complete Council Agenda and background information are available for review at the City Secretary's Office and on the Town's website: [www.townofpantego.com](http://www.townofpantego.com).





# City Manager's Report

**To:** Mayor Paradise and Members of the Town Council

**From:** Matt Fielder, City Manager

**Date:** April 28, 2014

## **Update on Road Projects**

All major aspects of the Country Club Court and Peach Tree projects have been completed, except for three items. They include the correction of one area of pavement, the repair of a mail box, and the delivery of the maintenance bond.

## **Update on Mosquito Spraying Plans**

Staff proposes to contract for mosquito spraying in mid-May and mid-June. Prior to spraying in May, staff will utilize mosquito traps to establish a baseline level of mosquito activity. After the second spraying in mid-June, staff proposes to again utilize mosquito traps to establish the level of activity post-spraying and assess whether additional sprayings are warranted.

## **Personnel Vacancies**

The Police Department has a new vacancy with the departure of Officer Cepeda, who did not complete his probationary period. The Police Department now has two vacancies. The Fire Department also has two vacancies. The Public Works department has a vacancy for the Director and one maintenance worker.

## **Update on March 2014 Financial Report**

At the previous Town Council meeting, two questions were raised regarding negative amounts in the revenue report. The line item Transfers Out is negative because it represents a reduction to the General Fund as those funds are transferred to other funds. It is a non-departmental expense that reduces current year revenue or fund balance and was approved in the current year's budget. In this particular instance, funds were transferred as a result of the 2013 Pantego Fest to a separate fund for that particular event. The Other Revenues line item showed a reduction due to a reclassification of funds due to sale of assets.

## **Update on a Solicitation Ordinance**

Staff has received numerous complaints regarding the frequency and behavior of solicitors at the intersection of Park Row and Bowen. However, the Town's solicitation ordinance does not provide any authority to address this. In addition, the ordinance has not been reviewed by Council in some time. If the Council would like to review the ordinance, and consider updating it, staff can place it on a future agenda for discussion.



# City Manager's Report

## **Update on Wagon Wheel Bridge**

After receiving a complaint from a resident regarding a failing sidewalk on the Wagon Wheel Bridge, the Town Engineer recommended that we have a structural engineer inspect the bridge for damage. This was done, and the engineer determined that the wing walls on the western side are failing, resulting in water entering and causing erosion under the roadway and sidewalk. The proposed solution would be to replace the wing walls and repair the areas of the road and sidewalk where erosion has occurred. The bridge structure is not affected and remains safe for the public to use.

## **Update on the Laserfische system migration**

Staff met with representatives of iWerks and reviewed the contract for the server migration. Like the Town, iWerks has experienced staff turnover over the course of the last few months. However, in reviewing their billing, there was no work performed specific to Laserfische. In reviewing the contract there was no information included relative to Laserfische, or any requirement to utilize an outside vendor to migrate it to the new server.

## **Update on Boards and Commissions Appointments**

Please see the memo provided by City Secretary Julie Arrington.



## G/A MEMO

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To: Matt Fielder, City Manager

From: Julie Arrington, City Secretary

Date: April 23, 2014

Re: Board Appointments

As you are aware several seats from the various boards are up for re-appointment in June 2014. I have sent requests to the current board members, whose terms are expiring, for confirmation of re-appointment. I am still waiting to hear from William Nolen on the Planning and Zoning Commission; Janice Wood on the Zoning Board of Adjustments; and Randy Siddens on the Zoning Board of Adjustments.

There are currently two board members who will not seek re-appointment for their seat on their board. They are Barbara Rogers on the Pantego Economic Development Corporation and William Holland on the Planning and Zoning Commission.

The following board members would like to continue their appointments:

Paul Mayo, PEDC Board  
Fred Adair, PEDC Board  
Don Surratt, PEDC Board  
Jason Bergin, P & Z Commission  
Charles Jones, ZBA



# AGENDA BACKGROUND

**AGENDA ITEM:** Approval of Bills Payable and Purchase Orders over \$1,000.

**DATE:** April 28, 2014

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**PRESENTER:** Matthew Fielder, City Manager

**BACKGROUND:**

This agenda item includes a listing of bills payable over \$1,000. Included are copies of invoices for professional services and purchase orders over \$1,000, their attached memo, and invoice copies, if available.

**FISCAL IMPACT:**

Please review report for individual account number.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of the listing of bills payable over \$1,000 and purchase orders as submitted.

**ATTACHMENTS:**

Expenditure Summary of approval list over \$1,000 and purchase orders for April 28, 2014:

Professional Services:

- Bill Lane

Purchase Orders:

- 1585 – Watts Drilling Co.
- 1587 – Siddons-Martin
- 1588 – Metro Fire

**Summary of Bills Payable over \$1,000.00 and Purchase Orders Requiring Council Approval  
4/28/2014**

<u>PROFESSIONAL SERVICES</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
Bill Lane, Attorney	\$1,837.50	April 2014 Invoice

<u>PURCHASE ORDERS</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1585 - Watts Drilling Co.	\$40,255.10	Nora Well Installation
1587 - Siddons-Martin	\$3,070.00	Preventative Maintenance on Quint 1
1588 - Metro Fire	\$4,316.50	Replacement of Tank to Pump Valve and the Pumping Action on Engine 1

<u>GENERAL BILLS</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
Verizon Wireless	\$1,188.23	April 2014 Cell Phone Bill
Time Warner Cable	\$2,185.72	Telephone Bill Thru 5/16/14
Wells Fargo	\$1,445.54	April 2014 Copier Lease Payment
City of Arlington	\$7,401.10	March 2014 Wastewater Services
Iwerk - TX	\$2,420.65	March 2014 Tech Support Services
Swank Motion Pictures	\$1,147.00	Movies for CRB Movie Night (3 Events)
City of Ft. Worth	\$20,366.24	March Wastewater Services

# BILL LANE

INVOICE

1110 Tennison Road  
Azle, Texas 76020  
Phone 817-276-4709

DATE: March 10, 2014

**Bill To:**  
**VIA FACSIMILE 817-261-4538**

Tom Griffith  
Interim City Manager  
Town of Pantego  
1614 S Bowen Road  
Pantego, Texas 76013

DESCRIPTION	AMOUNT
Court Services for April 2014	\$1,837.50
<b>TOTAL</b>	<b>1,837.50</b>

Make all checks payable to **BILL LANE**  
If you have any questions concerning this Invoice, contact Alma Roden 817-276-4710

# TOWN OF PANTEGO

1614 S. BOWEN  
PANTEGO, TEXAS 76013

No. 1585

**INSTRUCTIONS TO VENDOR**

1. PURCHASE ORDER NUMBER. Vendor must show purchase order number on all packages, shipping papers, invoices and relative correspondence.
2. INVOICING. Send invoices in duplicate to:  
TOWN OF PANTEGO  
PURCHASING DEPARTMENT  
CITY HALL  
PANTEGO, TEXAS 76013
3. TAXES. Municipality Tax Exempt Entity I.D. #75-1291097

TO Watts Drilling Co.  
14310 Hwy 377 South  
Fort Worth, TX 76126

SHIP TO Pantego Pwh works

DATE		ACCT#	DEPT.			
4-8-2014		700-5-000-359.00	PW			
QUANTITY		STOCK NUMBER / DESCRIPTION	PRICE	PER	AMOUNT	
ORDERED	RECEIVED					
1	1	Gruntfos Pump			5245	00
1	1	Franklin motor - 40 hp			6100	00
1	1	42' of 3" Black Tape			579	60
1	1	Ground Cable			4867	50
2	2	2" Poly Wrap			36	20
1	1	Ground Splice			65	00
3	3	Terminal Connectors at Junction Box			485	00
1	1	1646' of 1/4" Poly Air Line			810	20
2	2	3" Crown Check Valves			1600	00
1	1	22' of 3/4" Stainless Steel Bands			180	00
1	1	6" Motor Circuit			175	00
1	1	Wells Survey of Well			2900	00
1	1	Sand and Brush Well			2500	00
1	1	Fabricate Well Head			1875	00
1	1	3" Couplings			100	00
1	1	Re-plumb Well Head			550	00
		Relocation of Junction Box			1550	00
		Total Labor			6307	00
					<b>TOTAL</b>	

APPROVED BY

40,255.<sup>00</sup>



## PUBLIC WORKS MEMO

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To: Matthew Fielder, City Manager  
Chad Joyce, Interim Public Works Director

From: Joshua Brown, Foreman of Public Works

Date: April 8, 2014

Re: Nora Well Installation

I am requesting approval of this purchase order for Watts Drilling Co. for the installation of a new pump and motor at the Nora Well Site. The well was tripping on the SCADA system and would not come on. Public Works was unable to get the well running so Watts Drilling was called to look at the well. Watts indicated the well shorted possibly due to the unbalanced electrical load and the length of time the well has been in service. The unbalanced load issue has been resolved by installing a closed delta transformer bank after the well was installed.

**WATTS DRILLING CO  
14310 HWY 377 S  
FORT WORTH, TX 76126  
817-443-0244**

04/07/14

Town Of Pantego  
Attn: Josh Brown  
1614 S Bowen Rd  
Pantego, TX 76013

RE: NORA WELL SITE #5

Mr. Brown,

Here is the breakdown of protocol used in the replacement of the pump and motor.

**Sept 24<sup>th</sup> 2013.** Public Works Director Ron Edwards called to request a site visit at Nora Rd Well #5.

**Sept 27<sup>th</sup> 2013** Service call was made by Watts Drilling Co to check for reasons why well was not running. Once test were performed on the pumping equipment, we found the motor in the well was shorted and had to be pulled.

**Oct 3<sup>rd</sup> 2013.** We removed pumping equipment from the well. Evaluation of equipment was done. Due to the original construction time of the well to current date, we did not find in any of the past records where the well had been cleaned or a video well inspection had been done.

**Oct 7<sup>th</sup> 2013** A video inspection was performed. Then an estimated cost for well rehabilitation and replacement of pumping equipment cost was sent to Mr. Edwards. On **Oct 8<sup>th</sup> 2013**, the cost estimate was verbally approved and Watts Drilling began said work.

**Oct 11 2013** After rehabilitation of the well, a 2<sup>nd</sup> video inspection (at no charge) was ran to check the results of the well rehab.

**Oct 11 2013** Installed pump equipment listed on the attached invoice.

**Mid Nov 2013** Met with Mr. Edwards and Oncor at Nora well to check on adding another transformer to balance out the phases at the well site.

**Jan 15<sup>th</sup> 2014** Transformers were set and upgrades nearing completion.

**Feb 20<sup>th</sup> 2014** Disconnect relocated from north side of well pad to west side of well pad.

Tim Watts

\* \* \* I N V O I C E \* \* \*

Watts Drilling Co.  
14310 Hwy 377 South  
817-443-0244  
Fort Worth, TX 76126

INVOICE NO.:000129790001  
CUSTOMER NO.:03983  
DATE: 04/04/14

SOLD TO:  
THE TOWN OF PANTEGO  
1614 S BOWEN RD  
PANTEGO, TX 76013

SHIP TO:  
TOWN OF PANTEGO  
NORA RD WELL #5  
PANTEGO, TX

DUE ON RECEIPT

SERVICE CALL 10/03/13 CHECKED WELL SYSTEM AND FOUND WIRES/MOTOR SHORTED IN THE WELL. PULLED 810' OF 3" BLACK PIPE. RAN VIDEO CAMERA IN WELL. FOUND WELL NEEDS TO HAVE BRUSHES AND SAND PUMP TO CLEAN UP THE INSIDE OF 6" WELL CSING. INSTALLED PUMP, MOTOR, SUBM PUMP, CABLE , AIR LINE AND CHECK VALVES.

NOTE: 10/11/13 WELL DEPTH VIDEO 782' SAND PUMP WELL TO 813' WATER LEVEL: 558' TOP OF 7" LINER: 553'

REPLACED WITH:

- 1 - 150S400-20 STG GRUNFOS PUMP \$8,245.00
- 1 - 40 HP FRANKLIN 460V 3 PHSE FRANKLIN STANDARD MOTOR 6,100.00
- 42' OF 3" BLACK TAPE 579.60
- #4-3 FLAT W/ GROUND CABLE 4,867.50
- 2 - ROLLS OF 2" PIPE WRAP 36.00
- 1 - 4-3 W/ GROUND SPLICE 65.00
- 3 - TERMINAL CONNECTORS AT J-BOX 485.00
- 1,646' OF 1/4" POLY AIR LINE 810.00
- 2 - 3" CROWN CHECK VALVES 1,600.00
- 38' OF 3/4" STAINLESS STEEL BANDS 180.50
- 1 - 6" MOTOR SHROUD 175.00
- 1 - VIDEO SURVEY OF WELL 2,800.00
- 1 - SAND PUMP AND BRUSH WELL 3,500.00
- 1 - STEEL FABRICATED WELL HEAD AND WELL PLATE WITH 5" LANDING JOINT 3" 1,875.00
- 3 - 3" API COUPLINGS 139.50
- 1 - REPLUMBED WELL HEAD 850.00
- 1 - RELOCATION OF JUNCTION BOX AWAY FROM WELL HEAD 1,550.00
- LABOR 6,397.00

NOTE: REQUEST FOR CURRENT TAX EXEMPTION CERTIFICATE

NOTE: THIS INVOICE REPLACES INVOICE #000129440000

\* T H A N K Y O U \*

SUB-TOTAL (NON-TAXABLE)	40,255.10
SUB-TOTAL (TAXABLE) ...	0.00
TAX .....	0.00
TOTAL DUE .....	40,255.10

## Josh Brown

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**From:** wattsdrilling@aol.com  
**Sent:** Monday, April 07, 2014 11:13 AM  
**To:** Josh Brown  
**Subject:** Fwd: Estimated replacement costs for Nora Rd. Well #5

For your information.....here is the Estimated costs for Nora Well that I had sent Ron.

Tim

-----Original Message-----

**From:** wattsdrilling <[wattsdrilling@aol.com](mailto:wattsdrilling@aol.com)>  
**To:** redwards <[redwards@townofpantego.com](mailto:redwards@townofpantego.com)>  
**Sent:** Tue, Oct 8, 2013 10:00 am  
**Subject:** Estimated replacement costs for Nora Rd. Well #5

Ron,

Here are the estimated costs for work being performed at above well site

Estimated amounts are \$42k - \$45k

Estimate includes a new 40hp motor and 150 gpm Grundfos Pump.

New #4-3w/ground cable

New well head and plumbing

2- 1/4' poly airlines

2- 3" check valves

Figured on 105' 3" a-53 GRADE B pipe

Video survey of well

Sand pumping and brushing of well.

This does include a load reactor if needed, but not installed.

Thanks,

Tim

# TOWN OF PANTEGO

1614 S. BOWEN  
PANTEGO, TEXAS 76013

No. 1587

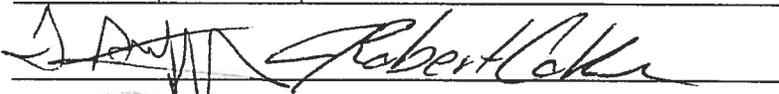
**INSTRUCTIONS TO VENDOR**

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TOWN OF PANTEGO  
PURCHASING DEPARTMENT  
CITY HALL  
PANTEGO, TEXAS 76013
3. TAXES. Municipality Tax Exempt Entity I.D. #75-1291097

TO Siddons - Martin

SHIP TO Pantego Fire.

DATE		ACCT #	DEPT.		
4/9/14		100-5-150-356.00	Fire		
QUANTITY		STOCK NUMBER / DESCRIPTION	PRICE	PER	AMOUNT
ORDERED	RECEIVED				
1		Major P.M for Q1 in Shop w Transynd	1795 00	1	1795 00
1		Aerial Device Maintenance in Shop	1275 00	1	1275 00
				TOTAL	3070 00

  
  
 APPROVED BY



**Pantego Fire Department**

**Memo# 000**

**To:** City Manager Matt Fielder  
**From:** Assistant Chief Robert Coker  
**Through:** Public Safety Chief Thomas Griffith  
**Subject:** Request to expend funds  
  
**Release Date:** 04-20-2014

Sir I am requesting to expend budget funds for the preventive maintenance on Quint One. The total requested funds are 3,070.00. This is a budgeted request for the 2013-2014 budget.

This purchase was approved in the 2013-2014 budget.

Cc: A. Carmona

# ***Siddons-Martin***

## ***Emergency group***

***Protecting the Southwest***

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### ***Maintenance Information***

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*Our service centers are fully equipped to handle all of your fire apparatus service and repair needs including all makes and models of fire apparatus. All of our technicians are factory trained as well as EVT and ASE certified including factory trained on most major component manufacturers such as Hale, Waterous, Akron, Harrison, and Hendrickson.*

*Our facilities are stocked with up to date tools, specialty equipment and an inventory of over \$500,000.00 in specialty truck parts. The service centers feature state of the art equipment such as wheel lift systems.*

*We currently have mobile service units available in Texas, New Mexico, and Louisiana to handle your repair and service needs in the station or on the road in an emergency situation.*

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#### **Chassis Maintenance Service Pricing**

**Minor P.M.: (Recommended every 6 months depending upon operational use of vehicle)**

*A Minor Preventative Maintenance includes performing a 104 point visual inspection report identifying needed / recommended repairs. Services performed include changing engine oil and oil filter(s); a check of the transmission, pump, differential and coolant fluid levels; and a complete chassis lubrication.*

***In shop - \$695\****

***in the field - \$ 895\****

**\***

***prices exclude travel costs***



***\*Power steering filter replacement and flush (add \$150.00)***

***\*Pierce Quantum Air Step Maintenance (add \$375.00)***

***\* Prices subject to change***

**Pump Test :**

***Annual Pump Testing: \$360.00 (In Shop)***

# TOWN OF PANTEGO

1614 S. BOWEN  
PANTEGO, TEXAS 76013

No. 1588

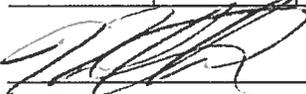
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TOWN OF PANTEGO  
PURCHASING DEPARTMENT  
CITY HALL  
PANTEGO, TEXAS 76013
3. TAXES. Municipality Tax Exempt  
Entity I.D. #75-1291097

TO Metro Fire.

SHIP TO Pantego Fire.

DATE		ACCT #	DEPT.			
4-20-14		100-5-150-356.00	Fire			
QUANTITY		STOCK NUMBER / DESCRIPTION	PRICE	PER	AMOUNT	
ORDERED	RECEIVED					
		Replace pump packing, Adj to MFG Spec.				
		Replace tank to pump valve. + Test.				
		Labor 8 hours and 54 min	125.00		1,112.50	
		Parts	2869.00		2,869.00	
		Shipping	335.00		335.00	
					TOTAL	4,316.50



APPROVED BY \_\_\_\_\_



**Pantego Fire Department**

**Memo# 000**

**To:** City Manager Matt Fielder  
**From:** Assistant Chief Robert Coker  
**Through:** Public Safety Chief Thomas Griffith  
**Subject:** Request to expend funds  
  
**Release Date:** 04-20-2014

Sir I am requesting to expend budget funds for the replacement of the tank to pump valve and the pump packing on Engine One. This request was approved 11-20-2013. The quoted amount was 3,073.62 to be done by First vehicle services. After approval to expend the funds this company closed the offices in this part of the state I then found another company to perform the repairs for virtually the same price. I contacted Metro Fire apparatus specialist Inc. to perform the repairs. During the repairs the technician had a very difficult time with the pump packing. The pump packing had to be replaced rather than adjusting it. The problems caused the repairs to take a much longer time and additional parts. The new requested amount is 4,316.50

This purchase was approved in the 2013-2014 budget.

Cc: A. Carmona



Remit to:  
 1745 Parana Dr.  
 Houston, TX 77080-7115  
 (713) 692-0911 Phone  
 (713) 692-1591 Fax

# INVOICE

Number	71717-1
Invoice Date	04/08/2014
Ordered Date	04/07/2014
Page	1

Bill to: PANTEGO FIRE DEPARTMENT  
 1614 SOUTH BOWEN  
 PANTEGO, TX 76013

Ship to: PANTEGO FIRE DEPARTMENT  
 1614 SOUTH BOWEN  
 PANTEGO, TX 76013

Phone: (817)480-2035

Phone: (817)480-2035

Cust Code	Ordered By	Salesman	Job/Rel#	Customer PO
PAN001	RICHARD WOOD	HOUSE ACCOUNT	1142	RICHARD WOOD
Entered By	FOB	Ship Via	Terms	
ROBBIN TAUCH	CUSTOMER PAYS FREIGHT	DELIVERED	NET 30 DAYS	
Customer/Order Instructions				

VIN: 4P1CT02P3WA000292

MILEAGE: 23940

UNIT: E-1

**PLEASE SEE ATTACHED WORK ORDER NOTES FOR DETAILS.**

Quantity			U/M	Item #	Description	Price	Extension
Order	Ship	B/O					
8	8	0	HR	MET-FAS-LABOR	LABOR	125.0000	1000.00
54	54	0	MIN	MET-FAS-LABOR	LABOR	125.0000	112.50
1	1	0	EA	FAST-PARTS	PARTS	2869.0000	2869.00
1	1	0	EA	FAST-MISC	UPS RED OVERNIGHT SHIP	335.0000	335.00
<b>SubTotal</b>							<b>4,316.50</b>
<b>Total</b>							<b>4,316.50</b>

4/8/2014 8:16:12 AM

**WORK ORDER: 1142**  
**ASSET NUMBER: A000292**

Work Order Status: C - Closed

Date In: 03/31/2014

Work Order Shop: 003 - MANSFIELD SHOP

Date Out: 04/07/2014

**ASSET NUMBER INFORMATION**

YEAR: 1997	ORG: CUSTOMER ASSETS	TIRE SIZE: 385/65R22.5, 12/R22.5
MAKE: PIERCE	BILL TO: PANTEGO FIRE DEPARTMENT	ENGINE SIZE: DERTOIT SERIES 50
MODEL: QUANTUM	BILL CODE: BILL ALL	TRANS: 4060P
LICENSE: EB097	SITE: CUSTOMER SITE	FUEL TYPE: D
OPERATOR:	SERIAL NUMBER: 4P1CT02P3WA000292	ASSET AVAIL CODE: AVAILABLE

CLASS: FIRE TRUCK, PUMPER

CURRENT METERS:

**TECHNICIAN REPAIRS PERFORMED**

REPAIR DESCRIPTION	HOURS	RATE MODIFIER
Replace - PUMP FIRE / Packing	4.00	Standard
Repair - PUMP FIRE / Plumbing	4.90	Standard

**PARTS ISSUED**

PART NUMBER/NAME	S/NS	ISS QTY	ISSUE DATE	REPAIR DESCRIPTION
WAT-K667-8	NS	1.000	04/03/2014	Replace - PUMP FIRE / Packing
WAT-9266-2.6T	NS	1.000	04/03/2014	Repair - PUMP FIRE / Plumbing

**MISCELLANEOUS COSTS**

CODE	DESCRIPTION	POSTED DATE
FREIGHT	FREIGHT	04/03/2014

**NOTES**

DATE/TIME	SUBJECT	NOTE TEXT	USER
3/31/2014 7:57:25 PM	COMPLAINT	Monday, March 31, 2014 2:56:56 PM TANK TO PUMP VALVE IS LEAKING PUMP PACKING IS LEAKING	Kelly Hogan
	TRAVEL TO THE STATION	Thursday, April 03, 2014 7:37:20 AM	
	REPLACE THE PUMP PACKING	Thursday, April 03, 2014 7:37:56 AM Tried to adust the pump packing. The nuts did not trun on either side because the packing had not been serviced on a regular basis. Removed the pump packing because the drip rate was outside of 10-120 drops per minute. Removed the front and rear and installed the packing and made adjustments according to MFG specifications. Ran the truck to 150 PSI and verified repair. Note: there was an additional leak comeing from the tank fill valve hose. Recommended to the coustomer to repalace the hose and fittings. The repair took a longer than quoted because the packing had not been serviced adjusted on a regular basis. There was to much scale and water corrosion on both adjusting colers to safely make adjustment without braking something.	

4/8/2014 8:16:12 AM

4/4/2014 7:57:12 PM REPLACED THE  
TANK TO PUMP  
VLAVE

Friday, April 03, 2014 Removed the tank to pump valve because Steven Pena the valve linkage was badly corroded and required to maney parts to fix, Remvoed the valve and instilled a brand new valve, filled the tank with water and tested for leaks.

4/7/2014 8:12:23 PM V2 ORDER

Monday, April 07, 2014 3:11:54 PM 71717

Robbin Tauch

# TOWN OF PANTEGO

1614 S. BOWEN  
PANTEGO, TEXAS 76013

No. 1589

- INSTRUCTIONS TO VENDOR**
1. PURCHASE ORDER NUMBER. Vendor must show purchase order number on all packages, shipping papers, Invoices and relative correspondence.
  2. INVOICING. Send invoices in duplicate to:  
TOWN OF PANTEGO  
PURCHASING DEPARTMENT  
CITY HALL  
PANTEGO, TEXAS 76013
  3. TAXES. Municipality Tax Exempt  
Entity I.D. #75-1291097

TO Lowe's

SHIP TO Pantego Fire Dept.

DATE		ACCT #	DEPT.		
4-20-14		300-5-000-480.00	Fire		
QUANTITY		STOCK NUMBER / DESCRIPTION	PRICE	PER	AMOUNT
ORDERED	RECEIVED				
3		Frigidaire 18.5cuft Top Freezer Refrigerators.	400.00		1200.00
1		Whirlpool 30.0cu ft 5 Burner Free-standing 5cuft Gas Range.	550.00		550.00
1		Maytag 24 in Built-In Dishwasher.	500.00		500.00
39		5 1/2 Ft wheat. 3cm Quartz Countertop. all cabinets.			1522.67
					4823.65

*Robert Baker*

TOTAL 8,596.32

*[Signature]*  
APPROVED BY



**Pantego Fire Department**

**Memo#**

**000**

**To:** City Manager Matt Fielder  
**From:** Assistant Chief Robert Coker  
**Through:** Public Safety Chief Thomas Griffith  
**Subject:** Request to expend funds

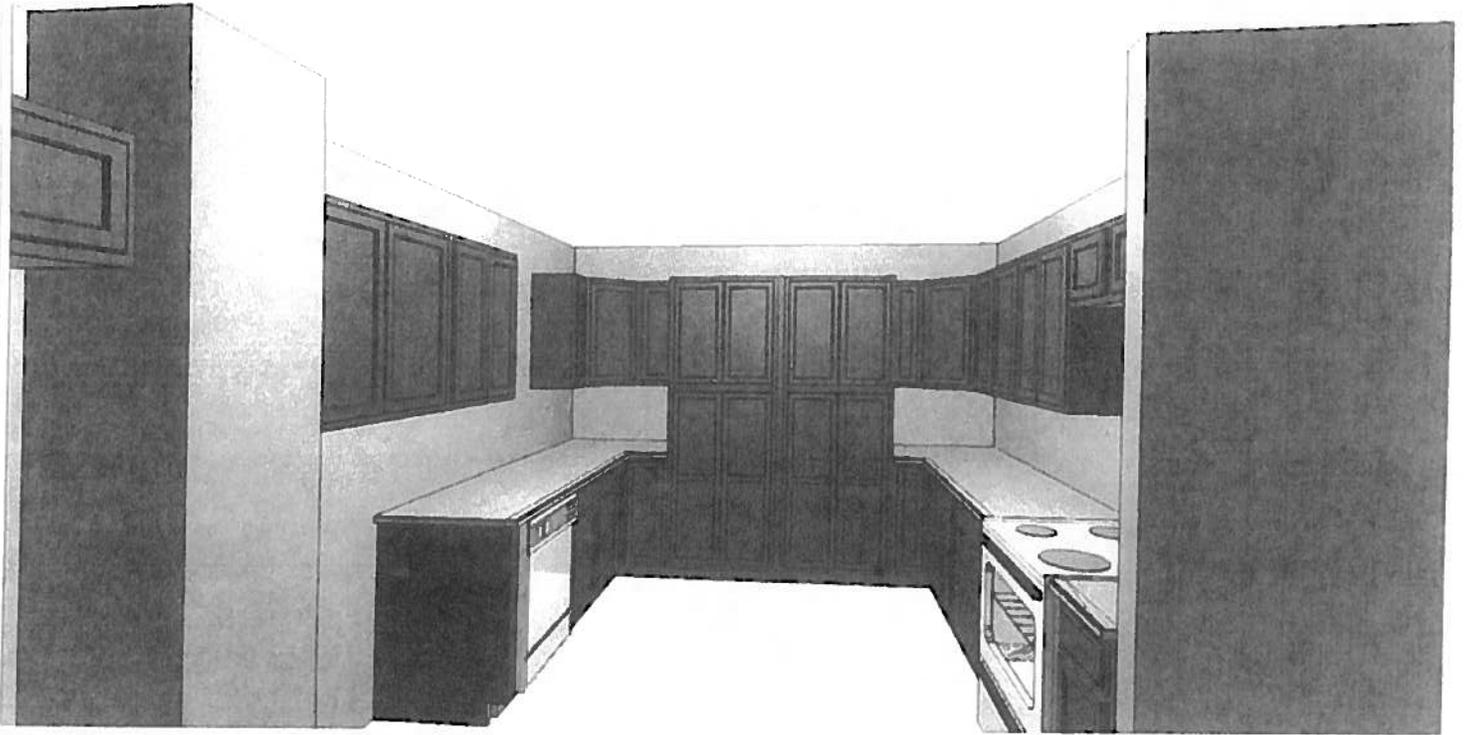
**Release Date:** 04-20-2014

Sir I am requesting to expend budget funds in the amount of 8,596.32, to purchase the cabinets, counter tops and appliances for the kitchen remodel that was approved as a capital purchase in the 2013-2014 budget. I have attached a copy of the quote from Lowes. This is the lowest of the quotes that we received from several different vendors. As budgeted the installation work will be done by staff.

This purchase was approved in the 2013-2014 budget.

Cc: A. Carmona

Kitchen Specialist Diana Dyers  
Appliance Specialist Jamie Clemens  
817-473-4412



★ Countertop \$1,522.67 NO tax  
★ Cabinets \$4,823.65 + Tax

Note: This drawing is an artistic interpretation of the general appearance of the design. It is not meant to be an exact rendition.



Designed: 4/17/2014  
Printed: 4/21/2014

# Lowe's Quote



Order type: New

Creation date: 04/09/2014

Store: 1511

Store Phone:

Customer  
Matt Fire Station

Customer Phone  
Phone Number 1: 469-878-4231  
Phone Number 2:

### Design

File name: dd1MattFirestation.kit  
Employee name: DIANA DYCUS  
Sort order: Tall/Wall/Base

## COUNTERTOPS

**\*NON-PLAN ITEMS**

Supplier: A+R 3cm Quartz

ITM#	Qty	UOM	Description	Item Total
27	39	Sq Ft	Wheat	1,521.00
27.1	167	Ln In	Eased Edge	1.67

Countertop total

*Countertop*

*\$ 1,522.67  
NO tax*



ITM#	Qty	Description	Dominion Maple Square
16	1	Left Dishwasher Return DWR3 {L}	53.01
17	1	Sink/Range Base SB36 BUTT	237.36
*17.1	1	All Plywood Construction Option %	47.47
18	1	Asym Base Easy Reach BER3336R	325.97
19	1	Asym Base Easy Reach BER3336L	325.97
20	1	Base Cabinet B24 BUTT	265.05
20.1	2	DROT Deep Roll Out Tray	212.04
21	1	3 Drawer Base DB27	445.05
22	1	Base Cabinet B15R	203.73
23	3	Base Toe Kick BTK8	46.29
24	1	Filler 3" X 92" UF392	51.03
25	1	Filler UF3 {30 1/8" High} UF3	17.41
*26	1	Cognac Maple	
*27	1	Putty Stick Exterior Qty1	3.96
*28	3	Scribe Molding	58.14
*29	1	Touch Up Marker Exterior Qty1	8.31

Cabinet total 5,623.05  
Cabinet Total Points: 49.40

CONSUMER DIRECT FREIGHT 250.00

Prom.  
time sensitive to 5-2  
Cabinets less promo 5,173.65  
Home tier discount 600.00

---

4573.65

Direct del 250.00

---

Cabinets 4823.65 + Tax

Countertop \$1,522.67 NO tax

Matt, I found some appliances that I think will work nicely in your firehouse. I was able to adjust the numbers a little to fit in your budget. This should give you about \$200 to spare. What do you think? - Jamie

Your Store:  
Mansfield, TX



**Frigidaire 18.3-cu ft Top-Freezer Refrigerator (Black)**

Item #: 170841 | Model #: LFTR1814LB

★★★★★

~~\$559.00~~  
**\$508.10**

Save 10% thru 04/22/2014

\$400.00

Get 5%\* Off Every Day or Special Financing\*\*  
Minimum Purchase Required

**FREE Store Pickup**  
Your order will be ready for pickup from  
Lowe's Of Mansfield, TX by  
04/27/2014.

**FREE Lowe's Truck Delivery**  
Your order will be ready for delivery to  
you from Lowe's Of Mansfield, TX by  
04/27/2014.

Tweet

8 1 5



Jamie Clemens  
Sales Specialist

1901 N Hwy 287  
Mansfield, TX 76063

Bus: 817-473-4412  
Fax: 817-473-6187

jamie.p.clemens@store.lowe.com

**Description**

18.3-cu ft Top-Freezer Refrigerator (Black)

- The StoreMore organizational system includes gallon door storage, StoreMore crisper drawers, and adj. keep food organized and easy to find when you need it
- Reversible door can be installed to open left or right based on your needs
- SpaceWise adjustable wire shelves easily adjust up and down to create more space for taller items
- StoreMore humidity controlled crisper drawer keeps fruits and vegetables fresh and crisp
- Store-More gallon door shelf gives you room for larger items like a gallon of milk
- Full-width wire freezer shelf and 2 full width white door racks give you more usable space for accessibility
- Ready-Select controls allow you to easily select options with the touch of a button
- Built with American pride - appliances that are high-performing, more accessible, and more innovative than ever
- Control lock option

(\$200-\$499.99)  
5-Year Major Appliance Extended Protection Plan (\$200-\$499.99) **\$99.97**

**Specifications**

Appliance Color/Finish	Black	Freezer Shelves	1
Overall Capacity (Cu. Feet)	18.3	Freezer Door Style	Side swing
Refrigerator Capacity (Cu. Feet)	14.2	Frost-Free	Yes
Freezer Capacity (Cu. Feet)	4.1	ENERGY STAR Qualified	No
Door Texture	Textured	CEE Tier Qualified	N/A
Door Style	Flat	Height to Top of Case (Inches)	65.88
Hidden Hinge	No	Height to Top of Door Hinge (Inches)	66.63
Handle Type	Standard	Width (Inches)	30.0
Water Filtration	No	Depth (Including Handles) (Inches)	32.63
Dispenser Options	N/A	Depth (Excluding Handles) (Inches)	30.13
Child Safety Locks	No	Depth (Less Door) (Inches)	28.88
Water Filter Indicator	No	Depth with Door Open (Inches)	58.5
Door Alarm	No	Manufacturer Color/Finish	Black
Dispenser Light	No	Cabinet Color	Black
Ice Maker	Optional (sold separately)	Door Handle(s) Color	Black
Air Filtration	No	Toe Grille Color	Black
Dual Evaporator Cooling System	No	Reversible Door	Yes
Refrigerator Interior Lighting	Incandescent	Custom Door Kit Compatible	No
Electronic Temperature Control	No	Manufacturer's Warranty (Labor)	1-year limited
Shelf Options	Wire shelves	Manufacturer's Warranty (Parts)	1-year limited
Snack/Deli Drawer	No	Lowe's Exclusive	Yes
Temperature Controlled Drawer	No		

\*All prices are good until 4/2

\*We have everything in store EXCEPT 20.5 CF frig on display

\*All items EXCEPT 20.5 CF frig available in our distribution center. Means 3-5 day delivery. 20.5 CF frig available in about 2 weeks

\*For more info or pictures, use the item # @ Lowes.com

Pantry Drawer	No	Color Finish Family	Black
Door Shelves	4.0	CSA Safety Listing	Yes
Gallon Door Storage	Yes	ETL Safety Listing	No
Humidity Controlled Crispers	1	I/L Safety Listing	No
Freezer Door Bins	2	ADA Compliant	No
Freezer Door Shelves	0	Sub Brand	N/A
Freezer Baskets	0	Series	N/A

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Your Store:  
Mansfield, TX



## Whirlpool 30-in 5-Burner Freestanding 5-cu ft Self-Cleaning Gas Range (Black)

Item # 134354 | Model # WFG524SLAB

★★★★★

View Price in Cart

MSRP \$849.00

Expires 04/27/2014

\$550.00

Get 5%\* Off Every Day or Special Financing\*\*  
Minimum Purchase Required

Twoel 8-1 0

### FREE Store Pickup

Your order will be ready for pickup from  
Lowe's Of Mansfield, TX by  
04/27/2014

### FREE Lowe's Truck Delivery

Your order will be ready for delivery to  
you from Lowe's Of Mansfield, TX by  
04/27/2014

### Parcel Shipping

Unavailable for This Order  
Sent by carriers like UPS,  
FedEx, USPS, etc.

**Whirlpool 30-in  
5-Burner  
Freestanding 5-cu ft  
Self-Cleaning Gas  
Range (Black)** **\$849.00**

**3-Year Major  
Appliance  
Extended  
Protection Plan  
(\$500-\$999.99)** **\$69.97**

**5-Year Major  
Appliance  
Extended  
Protection Plan  
(\$500-\$999.99)** **\$109.97**

### Description

30 in 5 Burner Freestanding 5-cu ft Self-Cleaning Gas Range (Black)

- AccuBake® temperature management system - a built-in sensor monitors oven temperature and controls the cooking elements to deliver consistent, delicious results every time
- Power™ burner generates the high heat needed for rapid boiling, searing and frying with burners that offer 15000 or 17000 BTUs
- 5000 BTU AccuSimmer® burner delivers precise temperature control that is perfect for melting chocolate or simmering sauces
- Full width cooktop grates - easy-to-clean, dishwasher-safe grates span the entire cooktop, so it's easier to shift pots and pans around
- Traditional self-cleaning oven
- Large oven window allows you to check cooking progress without opening the oven door and disturbing the temperature

### Specifications

Lowe's Exclusive	Yes	Control Lockout	Yes
Range Size (Inches)	30.0	Delay Bake	Yes
Capacity (Cu. Feet)	5.0	Time Bake	Yes
Appliance Color/Finish	Black	Favorite Setting	No
Cleaning Method	Self-cleaning	Dehydration	No
Ignition Type	Electronic	Sabbath Mode	Yes
Auto Re-Ignition	No	Keep Warm Setting	Yes
Cooking Surface Type	Standard	Digital Display	Yes
Stainless Steel Cooking Surface	No	Interior Light(s) Type	Standard (incandescent)
Convection Element Type	None	Temperature Sensor Baking	Yes
Power Burner (15000 BTU+)	Yes	Automatic Shut-Off	Yes
Simmer Burner	Yes	Self-Cleaning Oven Racks	No
Sealed Burners	Yes	Adjustable Cleaning Levels	Yes
Number of Burners/Cooking Zones	5.0	Lights Control	Oven light touch pad
Burner #1 Max BTU	15000.0	Control Location	Behind elements
Burner #1 Type	Power	Cooking Surface Control Type	Knobs
Burner #2 Max BTU	9500.0	Hot Surface Indicator Lights	No
Burner #2 Type	Standard	Oven Control Type	Electronic touch pad
Burner #3 Max BTU	15000.0	Door Lock	No
Burner #3 Type	Power	LP Convertible	Yes
Burner #4 Max BTU	5000.0		
Burner #4 Type	Simmer		
Burner #5 Max BTU	8000.0		

Burner #5 Type	Standard round	Height (Inches)	46.875
Burner #6 Max BTU	0.0	Width (Inches)	29.875
Burner #6 Type	N/A	Depth (Inches)	27.875
Burner Grate Material	Porcelain-coated cast iron	Cutout Height (Inches)	36.0
		Cutout Width (Inches)	30.0
		Cutout Depth (Inches)	24.0
Continuous Grates	Yes	Handle Color	Black
Integrated Griddle	No	Manufacturer Color/Finish	Black
Dishwasher Safe Grates	Yes	Cooktop Size (Inches)	30.0
Drip Pans	No	Cooktop Size Group	Medium (24 - 34 inches)
Wok Grate Included	No	Modular Design	No
Automatic Convection Conversion	No	Manufacturer's Warranty (Labor)	1 year limited
Oven Window	Yes	Manufacturer's Warranty (Parts)	1 year limited
Number of Oven Racks	2.0	Color/Finish Family	Black
Number of Oven Rack Positions	5.0	CSA Safety Listing	No
Half Split Rack	No	ETL Safety Listing	No
Glide/Rollout Racks	No	UL Safety Listing	Yes
		ADA Compliant	No
		Series	N/A

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Your Store:  
Mansfield, TX



**Maytag 24-in 50-Decibel Built-In Dishwasher with Hard Food Disposer and Stainless Steel Tub (Black) ENERGY STAR**

Item #: 472923 | Model #: MDB8959SBB

★★★★★

View Price in Cart

MSRP \$600.00

Expires 04/22/2014

\$500.00

Get 5%\* Off Every Day or Special Financing\*\*  
Minimum Purchase Required

Installation purchased separately; call 1-866-678-2761 to schedule

Tweet

FREE  
**Store Pickup**  
Your order will be ready for pickup from  
Lowe's Of Mansfield, TX by  
04/27/2014

FREE  
**Lowe's Truck Delivery**  
Your order will be ready for delivery to  
you from Lowe's Of Mansfield, TX by  
04/27/2014

**Parcel Shipping**  
Unavailable for This Order  
Sent by carriers like UPS,  
FedEx, USPS, etc

**Maytag 24-in 50-Decibel Built-In Dishwasher with Hard Food Disposer and Stainless Steel Tub (Black) ENERGY STAR** \$600.00

**3-Year Major Appliance Extended Protection Plan (\$500-\$999.99)** \$69.97

**5-Year Major Appliance Extended Protection Plan (\$500-\$999.99)** \$109.97

**Description**

24-in 50-Decibel Built-In Dishwasher with Hard Food Disposer and Stainless Steel Tub (Black) ENERGY STAR

- JetClean® plus steam cycle - high pressure spray jets and increased temperatures power off tough, stuck-on food while finishing steam helps clean and reduce spots on glassware
- A 4-blade stainless-steel chopper pulverizes food, preventing particles from plugging the wash system and spray jets, providing optimal cleaning without the need to pre-rinse
- Extra powerful motor - this motor has strength to power off your toughest soils and has been tested to twice as long as the average dishwasher life expectancy
- Premium rack glides - a sturdier design uses ball bearings to glide in and out effortlessly even when fully loaded
- Steam sanitize option - high-heat steam and high-temperature reduces 99.999% of harmful germs while helping reduce spots on glasses
- Auto clean cycle gauges the soil level of the load, then automatically adjusts temperature, wash time and the number of fills accordingly
- Split and Fit™ silverware basket can be divided into 2 halves and placed in various locations in the lower rack to accommodate almost any loading situation
- ToughScrub® plus option maintains or raises the temperature to 156°F, increases wash time and incorporates steam as an added attack against difficult food soils
- Designed, engineered and assembled in the USA

**Specifications**

Lowe's Exclusive	No	Pre-Soak Cycle	No
Manufacturer Color Finish	Black	Quick Rinse Cycle	Yes
ENERGY STAR Qualified	Yes	Quick Wash Cycle	Yes
CEE Tier Qualified	N/A	Rinse and Hold Cycle	No
Rack Material	Nylon	Unique or Exclusive Cycle	JetClean Plus steam
Tub Material	Stainless steel	Number of Cycles	6.0
Adjustable Upper Rack	Yes	Number of Wash Levels	2.0
Rack Options	None	Number of A/IAM Place Settings	15.0
Removable Top Rack	Yes	Sound Rating (Decibels)	50.0
Fold-Down Tines	None	Cycle Status Lights	No
Removable Silverware Basket	Yes	Rinse Aid Dispenser Indicator	Yes
Silverware Basket Covers	Yes	Control Panel Color	Black
Stemware Holder	Yes	Control Panel Style	Hidden
Air Dry	Yes	Control Type	Electronic
Automatic Temperature Control	Yes	Custom Door Panel Color	N/A
Delay Wash	Yes	Custom Door Panels	No
Delay Wash Time (Hours)	8.0	Tub Height	Tall
Direct Feed	Yes		

Hi Temp Wash Option	Yes	Height (Inches)	34.5
NSF Certified Sanitization Option	Yes	Width (Inches)	23.875
Soft Cleaning Filter	Yes	Depth - Door Shut (w/ Handle) (Inches)	27.5
Steam Option	Yes	Depth - Door Shut (w/o Handle) (Inches)	27.5
1/2 Rack Wash Option	No	Depth with Door Open (Inches)	49.5
Targeted Scouring Module	Yes		Drain hose included.
Targeted Silverware Wash Module	No		fill hose sold separately
Wash System	Chopper	Fill and Drain Hose Included	
Wash System Type	Direct food		
Water Filtration	Yes	Power Cord Included	No
Control Lock/Child Lock	Yes	Manufacturer's Warranty (Labor)	1-year limited
Hard Food Disposer or Filtration	Hard food disposer	Manufacturer's Warranty (Parts)	1-year limited
Sensor Wash Cycle	Yes	Color/Finish Family	Black
Advanced Sensor Wash Cycle	No	CSA Safety Listing	No
Gentle Wash Cycle	Yes	ETL Safety Listing	No
Heated Hi-Temp Dry	Yes	UL Safety Listing	Yes
Heavy Pots and Pans Cycle	No	Appliance Color/Finish	Black
Normal Cycle	Yes	ADA Compliant	No
		Dishwasher Size	24-in
		Sound Rating Range	54 DBA - 45 DBA
		Sub-Brand	N/A
		Series	N/A



# AGENDA BACKGROUND

**AGENDA ITEM:** The approval of Town Council minutes and acceptance of minutes of the various Boards and Commissions.

**Date:** April 28, 2014

---

**PRESENTER:**

Julie Arrington, City Secretary

**BACKGROUND:**

Minutes from Town Council and Pantego's various Boards and Commissions.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

Staff recommends the approval of the minutes as presented.

**ATTACHMENTS:**

Town Council minutes from April 14, 2014

PEDC minutes from March 26, 2014

PEDC minutes from April 9, 2014

Town Council Minutes  
April 14, 2014

STATE OF TEXAS §

COUNTY OF TARRANT §

TOWN OF PANTEGO §

The Town Council of the Town of Pantego, Texas, met in special session at 6:30 p.m. in the Council Chamber of Town Hall, 1614 South Bowen Road, Pantego, on the 14<sup>th</sup> day of April 2014 with the following members present:

Melody Paradise  
Russell Brewster  
Jane Barrett  
Don Surratt  
Don Funderlic  
Charlie Price

Mayor  
Mayor Pro Tem  
Council Members

Members absent:

None

constituting a quorum. The following staff members were present:

Matt Fielder  
Julie Arrington  
Jim Jeffery  
Chad Joyce  
Tom Griffith  
Barry Reeves  
Robert Coker  
Thressa Householder

City Manager  
City Secretary  
City Attorney  
Community Development Director  
Chief of Public Safety  
Assistant Police Chief  
Assistant Fire Chief  
Court Administrator

Also in attendance:

Fred Adair  
Pam Mundo

PEDC Secretary  
PEDC Consultant

WORK SESSION 6:30 P.M.

Mayor Paradise called the work session to order at 6:33 p.m.

Mayor, Council, and Staff discussed the following consent agenda items:

**1. City Manager Report**

Mr. Fielder informed Council all major aspects of the Country Club and Peachtree projects have been completed, except for some minor items remaining for the contractor to correct.

Mr. Fielder notified Council that Peak Energy will have a representative review the SCADA data that is available. According to the contract the Town is responsible for providing the electric bills for the creation of a savings analysis report. The money back guarantee requires proof that the Town did not receive the savings that was included in the proposal.

Mr. Fielder notified Council the Police Department filled one vacancy with Officer Cepeda and one more remains open. They are currently filling that with part time personnel. There are two vacancies in the Fire Department and they have started the assessments today. The department

Town Council Minutes  
April 14, 2014

will fill the vacancies with a combination of part time personnel and overtime. Mr. Fielder thought he had a Public Works Director candidate; however, his background fell through and Mr. Fielder has reopened the position and is starting from scratch. The Town lost a Public Works employee today. Mr. Fielder will start advertising for that position.

The documentation for the North Trinity Groundwater Conservation was provided to Council on drop box along with the legislation creating it, the regulations they created, the additional fees, and the groundwater management plan; which does discuss assumptions made of the Town's future use and potential long term use of surface water. Mr. Fielder also included the Texas Water Code and the relevant chapter governing Groundwater Conservation Districts. Mr. Fielder has a meeting scheduled with Tarrant County Commissioner Nguyen next Monday.

Mr. Fielder informed Council the Planning & Zoning Commission voted to recommend the new Zoning Ordinance. The ordinance will need to be reviewed by the city attorney. Once approved it will be posted in the newspaper and presented to Council. The ordinance is provided on drop box. Mayor Paradise would like an open forum at the Lions Club and to follow the same pattern as the comprehensive plan. Mr. Fielder suggested a workshop with Council then a forum/public hearing and to take several meetings due to the size of the ordinance. There was discussion on giving the public ample opportunity to be heard and the advertising of the zoning ordinance. Council requested cliff notes of the changes.

Mr. Fielder updated Council he spoke with the staff at the City of Arlington responsible for working on the Rush Creek Flood study. Arlington is continuing to review the new maps and once done they will talk to Town staff about the maps and one possible mitigation project that would limit the flooding at the lift station. The City of Arlington would like to partner with the Town of Pantego on this resolution. These meetings are a couple of months away. There was discussion on the flood insurance and the subsidizing of the insurance by the federal government. Mayor Paradise stated the insurance will no longer be subsidized. Council requested Mr. Fielder to make sure the Town is involved in this process and the residents are protected. There was discussion on the vegetation in the creek and the issue it may cause to the flooding.

## **2. Monthly Staff Reports**

Council inquired about the Other Revenues line item on the Financials showing a debit of \$11,356.24 instead of revenue and the Transfers Out line is a debit also of \$11,500 in the revenue section. Mr. Fielder informed Council he will have to come back at the next month with an answer after he has the opportunity to speaking with the Finance Director.

There was discussion on the Sexual Assault Case the Tarrant County District Attorney was able to receive a conviction thanks to the Town's past and present investigators ability to perform their job correctly and efficiently.

There was discussion on being proactive in the fight against mosquitoes, a scheduling of spraying, and spending the money earlier than in the past. There was also discussion on purchasing the necessary training and equipment to perform spraying with town staff instead of contracting with Tarrant County.

Council inquired about the transfer of the maintenance on 303 from TxDOT to the Town of Pantego. Mr. Joyce informed Council TxDOT is still not finished with 303 and the Town is waiting on TxDot to hand the project over to us. There was discussion on the vegetation, irrigation, and the walk through; plus the responsibility of watering the trees in regards to the warranty on the trees.

There was discussion on the difference in the Total Gross Collections and the Total Face Value of the warrants located in the Warrant Round-Up Summary. The Total Gross is what the Town has actually received thus far.

**3. Approval of Bills Payable and Purchase Orders in excess of \$1,000.**

Council inquired about the Easter expense reimbursement for Barbara Rogers, President of the Community Relations Board (CRB). Mr. Fielder explained this needs approval because the amount is over \$1000. There was discussion on the CRB budget and on future financial purchase procedures.

Council inquired about the trip and transportation costs for Magistrate Del Carmen and if the contractors abide by the same rules as the employees. Mrs. Householder informed Council that Ms. Del Carmen is only a magistrate for the Town of Pantego and does not work for other cities; therefore, her continuing education is completely for the Town and is not divided between other towns.

Council inquired on the generator for the Ambulance questioning if the work had already been done and approved at the last Council meeting. Chief Griffith informed Council the prior meetings were for approval of the estimates and to obtain permission for the work. This approval is for the actual invoice now that the work is complete.

Council questioned the Laserfische software migration invoice believing this was included in the Iwerks system update proposal. Ms. Arrington informed Council the two software programs would not communicate and extensive work was required to make the old version of Laserfische communicate with the new system upgrades. Mayor Paradise requested a list of what was approved, budgeted, and actually spent for the Iwerks system upgrade. Council asked if it would have been cheaper to upgrade the version of Laserfische versus just a migration. They decided to discuss this question during the budget and requested staff to let laserfische know they will be discussing this in the budget process. Mr. Fielder informed Council the Financial Director and he has met with Iwerks. They are working with them on separating the day-to-day costs from the server project costs.

Council asked about the submonitor replacement at the well and if we know the cause prior to repairs. Mr. Joyce explained the electrician cannot determine the actual cause until he gets the power to the well and he cannot get power to the well without the submonitor. Council requested an itemized invoice instead of a lump sum invoice.

There was discussion on the duplication of items in the Agenda. Mayor Paradise made Council aware the City Secretary was out of town for training last week; therefore, the Agenda Packet was finalized by one of the Support Specialist.

**4. Approval and Acceptance of Minutes**

Approval of Town Council Minutes:

- Town Council minutes from March 24, 2014

Councilmember Surratt requested a change to his comments on page 3 to read house patrol instead of a close patrol.

Acceptance of Minutes of Boards and Commissions:

- PEDC Minutes from March 12, 2014
- Planning and Zoning minutes from March 3, 2014
- CRB Minutes from February 4, 2013
- CRB Minutes from March 4, 2013
- CRB Minutes from March 20, 2014

No comments were given.

Mayor Paradise adjourned the work session at 7:22 p.m.

**REGULAR SESSION 7:30 P. M.**  
**CALL TO ORDER/WELCOME**

Mayor Paradise called the regular session to order at 7: 35 p.m.

Chad Joyce, Community Development Director, led the invocation which was immediately followed by the Pledge of Allegiance

**MAYOR/COUNCIL/STAFF COMMENTS OF COMMUNITY INTERESTS**

Councilmember Surratt informed Council, staff, and the audience on last Friday an elderly gentleman rang his doorbell and requested a taxi to be called. Councilmember Surratt felt the man looked confused and thought he would need more than a taxi. He called 911 and the Police Department, Assistant Chief Reeves, and the Fire Department responded. It turned out this gentleman was a missing person from Arlington, Mr. Wells. Councilmember Surratt knew he was very well taken care of with our Police Department and they coordinated with Arlington to get him home. Mayor Paradise thanked the Fire Department and the Police Department for their work.

Councilmember Funderlic expressed his agreement that our residents are very thankful for our police and fire service. Our refuge cleanup went very well the bins were full by 9:00 am and I think this was very beneficial to our town to have this opportunity. I believe our residents appreciate our clean up day. Maybe we need to think about getting more blurbs in the City by City page of the Forth Worth Star Telegram and take advantage of free news and circulation like this.

Barrett expressed she did not have anything to add.

Councilmember Price expressed he also took part in the cleanup day and does appreciate the day.

Mayor Pro-Tem Brewster expressed he also took part in the cleanup day and gives kudos to Public Work and the Community Development Departments for the huge success. The bins were all full by 9:00 a.m. It is a great service to the town. He thanked staff for putting this on and making it a success.

Mayor Paradise suggested at the next cleanup day to have PYLC members go around Town and pick up items for those who cannot take part themselves or needs help in getting this done. She informed the Council she attended a block party on Country Club Court. The Town use to do block parties but eliminated them due to a lack of volunteers, participation, and consolidating budgets. However, she did tell the citizens there the Town would look into how we might assist in developing an outline or encouraging other blocks in the town to get together and throw their own block party. She requested staff to look into ways they can get this started and asked if there is anything the Town can do to facilitate a crime watch in the community now that the crime watch board has been disbanded. Chief Griffith informed the Mayor he has already started looking into this issue.

**RECOGNITION/RECEPTION**

• **Oath of Office Micheal Cepeda, Police Officer**

Assistant Chief Reeves introduced Officer Michael Cepeda with a brief description of his previous employment with Pelican Bay, Grapevine–Colleyville School District, and the Miami-Dade School District.

Mayor Paradise delivered the Oath of Office to Officer Cepeda. Council welcomed Officer Cepeda to the Town of Pantego.

## **COUNCIL LIAISON TO BOARD REPORT**

### **Community Relations Board**

Councilmember Barrett advised this Saturday the Easter event will be at the park from 2:00 p.m. – 4:00 p.m. with an Easter egg hunt and all kinds of events, refreshments, train rides, and a scavenger hunt. The Memorial Day event will be Monday, May 20<sup>th</sup> at 7:00 p.m. at Bicentennial Park. The movie nights this summer will be the second Saturday in June, July, August, and September. The next CRB meeting is Tuesday, May 6<sup>th</sup> at 7:00 p.m. It is always the first Tuesday of the month.

### **Pantego Youth Leadership Council**

Mayor Paradise informed Council they meet tomorrow and are going to focus on a community project to develop and outline a plan for social media and how to make it successful. Last month they had Mark Joekle at the meeting and he discussed the importance of social media and showed them how far they can reach and the number of people they can reach through their contacts. The power our youth hold today in getting the word out is amazing so we are going to test them to see how they can utilize a project. We have several that have volunteered this year for the Easter Event.

Assistant Chief Reeves announced next week Officer Alvarez and himself will compete in the Police Officers Motorcycle Competition in Grand Prairie. Also, Texas Fitt is hosting an event on Saturday, May 3<sup>rd</sup> and has asked the Police Department and the Fire Department to put a team together to compete against each other in a flag football competition.

Mayor Paradise asked Chief Griffith to give a summation of the Tarrant County District Attorneys remarks discussed in the work session regarding the Town's past and present investigators ability to perform their duties effectively and efficiently. Chief Griffith advised recently a man was charged in a 10 year old sexual assault case and was found guilty. Our Police Department was given a high praise from the Tarrant County District Attorney for our skillful investigations and coordination with this case. The District Attorney was impressed with our work and because of that we were successful in getting him off the street. The Fire Department received a Cheers in the Cheers or Jeers section of the Fort Worth Star Telegram for their work and professionalism on a house fire in Arlington. Also, Officer Cisneros recently, within a one week period on four separate occasions, managed to stop potential burglars from breaking into some of our businesses. One person he stopped twice in the same week. He could not find just cause to arrest them but gave out their information to the City of Arlington's Police Department. Since then they have informed us they have actually been looking for one of the individuals. Officer Cisneros due to his due diligence and driving around these businesses Assistant Chief Reeves believes there is no doubt within a week's time he has potentially stopped four separate burglaries.

## **PEDC REPORT**

Councilmember Surratt informed Council PEDC met last week. The primary agenda topic was the Spring Promotional Event they are sponsoring called the Shopper Card. There are 23-24 businesses signed up for it. Our input was primarily printing costs; therefore, it was relatively low cost. The cards are located in the businesses when shoppers pick up the card they get it stamped. It has the addresses of the other businesses for the shopper to get a stamp from each business. Once the card is full the shopper brings the card to Town Hall and they are entered into the drawing where they will win various gift certificates. There was discussion on a way to measure the success of the event based off the number of cards printed and received. Councilmember Surratt stated Danny Lakey, owner of Shirtwerx and a PEDC Director, helped design the logos so some of the business received a free logo out of the deal.

## **CITIZENS OPEN FORUM**

Candi Cooper, 2708 Peachtree Lane, is a long time resident of Pantego, over 28 years, and has noticed in the last 10-15 years there has been a shift in pet owners and homeowners attitude within the Town. Some residents are more considerate and some adhere to the ordinances and laws of the town. Some believe they are above the laws and ordinances. However, the ordinances and laws are meant to keep an orderly, safe, and secure society providing the Town does not infringe on individual freedoms, rights, and liberty's, or violate our constitutional guarantee. I am asking the Town to examine the ordinances that are in place to ensure proper and timely enforcement; especially where they threaten the safety of other citizens, the health of. or wellbeing of the nearby neighbors, or that would be damaging to others property, or detrimental, harmful, or bothersome to the population as a whole. There are four items I would like to discuss. The first is an increasing number of loud vehicles; being loud mufflers, or stereos, or just sitting in the driveway early in the morning and letting the vehicle run. The second is the lack of upkeep of homes and yards; specifically fences, junk piles, and tall grass creating an environment for rodents. Also, there are houses with cars that have been sitting in front of the home for years without being moved. Then, there are several fences that need repair and did not get fixed after the storms. Some of the residents do not secure the paper in the recycle receptacles and allow them to blow down the street. Finally, the neglect of securing domestic animals, there appears to be an increase of unleashed or stray animals around town. Sometimes residents walk their animals without a leash. This is unsafe because others are not sure of the character of the animal and knowing if they are friendly. Last week there were two unleashed dogs, one had a tag, I called the Police because it was after hours and they took care of this but it removes the Officers from their regular duties of protecting the town. The same two dogs were out again this week. When the owner was confronted he gave a nonchalant reply. I would ask Council to consider not allowing the solicitation of funds at the corner of Park Row and Bowen and consider an ordinance to require a Town Permit first. This will ensure the legitimacy of the organization. Unfortunately the ordinances are violated repeatedly after hours and on weekends. Maybe the Town should have an on call person with a phone number or pager that residents could leave a message with. Mrs. Cooper also suggested four clean up days a year instead of two.

#### **APPROVAL OF CONSENT AGENDA ITEMS**

Mayor Pro-tem Brewster made a motion to approve the Consent Agenda items 1 thru 4 with corrections stated on the minutes as discussed in the work session. Councilmember Funderlic seconded the motion.

The vote was as follows:

Ayes: Surratt, Funderlic, Barrett, Price, and Brewster.

Nays: None

Abstention: None

Mayor Paradise declares the vote passed unanimously.

#### **PUBLIC HEARING/ORDINANCE**

- 5. Public Hearing, discuss, and consider action on an ordinance amending the Town of Pantego Municipal Code: Chapter 12 – Traffic & Vehicles; Article 12.05 Parking, Stopping, and Standing; Section 12.05.004 Removal of Vehicles, by Adding Additional Provisions; and Also Amending the Town of Pantego Municipal Code Appendix A – Fee Schedule Article A4.000 Police and Fire Department Fees by Adding Section A 4.008 Public Safety Fee for Police Pulls; Containing a Savings Clause; Repealing all Ordinances in Conflict Herewith; and Declaring an Effective Date.**

Ms. Arrington read the caption of the ordinance. Chief Griffith introduced the item and believes he has made the necessary corrections at the request of Council from the previous meeting discussing this item; which were to reduce the amount of time the towing company has to remit fees to the Town and to ensure the proper training will be conducted to ensure the officers understand the intent is not to strand the motorist in the middle of the road especially late at night.

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Mayor Paradise opened the Public Hearing at 8:19 p.m.  
There were no community comments.  
Mayor Paradise closed the Public Hearing at 8:19 p.m.

Mayor Paradise opened the discussion for Council. Councilmember Surratt pointed out a typo on the timing of the towing fee remittance and verified Cowboy towing is okay with the deadline of 30 days. He also asked if Cowboy Towing will know when to charge the fees for regular pulls instead of the Failure to Maintain Financial Responsibility pulls. Chief Griffith stated he will write a letter once the ordinance is approved outlining the duties of the Towing Company.

There was no more discussion. Ms. Arrington reminded Council the voting requirements for passage of the ordinance is 2/3 of Council, which translates to 4 Council Members.

Councilmember Surratt made a motion to approve the ordinance amending the Town of Pantego Municipal Code Chapter 12 Dealing with Traffic and Vehicles allowing for a safety fee for Police pulls for failure to maintain insurance. Mayor Pro-tem Brewster seconded the motion. Councilmember Barrett clarified who has the responsibility for paying the fee to the Town.

The vote was as follows:

Ayes: Surratt, Funderlic, Barrett, Price, and Brewster.

Nayes: None

Abstention: None

Mayor Paradise declares the vote passed unanimously.

## **RESOLUTIONS**

**6. Discuss, direct, and consider action upon a Resolution authorizing the City Manager to enter into an Equipment Lease-Purchase Agreement; a Systems Purchase Agreement; and a System Upgrade agreement with Motorola Solutions, Inc.**

Chief Griffith informed Council this item is coming back for the second time and reminded them the Town has the requirement of replacing the Public Safety equipment due to obsolescence. There are two agreements attached that allows the Town to purchase the equipment from DFW Communications, which is a Motorola subsidiary, through the HGAC bi-board, which is the Houston Galveston Area Council of Governments. There is a standard agreement that has to be approved by any entity that executes this type of purchase through Motorola. The Town has a lease agreement stating Motorola will loan the Town the money necessary to purchase the equipment and allow the first payment to be due after the equipment is installed in October.

Mayor Paradise inquired if Chief Griffith, the City Attorney, or the City Manager have read every clause of these documents and can confidently stated there is nothing in any of these documents that would give Council concern? Chief Griffith claimed he has read them but not from a legal standpoint; therefore, he cannot give her a confirmation on that. Mr. Jeffrey's stated he has read the contracts and they are the same contracts received by the other municipality's he works with. He stated there are always concerns with any contract and like all other contracts there is concern it is written more for Motorola. However, if this is what Motorola wants and the Town needs this done then Council has to agree; especially if they want to get on board with the other cities. Mr. Jeffrey claims this is a pretty standard contract based on the other contracts he has read.

Council asked if the equipment does not get installed until October why are we signing a lease in April. Chief Griffith stated we are starting the installment once the lease is signed and it could take up to 120 days. The agreements need to be signed before the installment can start. The cut off or switch over is not until November. Council voiced their concerns with not getting the equipment until October with twelve months no interest but the first several months is the

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installation of the equipment. Chief Griffith informed Council this was something they worked out with Motorola to allow the Town to have time to obtain financing for the equipment. Council asked if the Town has to cover the insurance on this equipment that is leased. Chief Griffith stated the Town carries insurance through TML on the existing equipment and the value is equivalent. He believes the insurance cost would stay the same. Mr. Jeffrey informed Council the title transfers to the Town when the equipment is delivered. This means the Town does not have to reimburse others for the property taxes as is written in some of the Town's other leases. He went on to explain since the title passes, the Town has to cover what it owns. He recommends checking with TML and making sure the Town does not need to get this scheduled. Council expressed concerns that the warranty provision is not clear and inquired how long the warranty is for the equipment and when it starts. Council also asked for a definition of the term system acceptance as expressed in the contract and does this trigger the 12 month warranty. Chief Griffith explained he will have to look into the answers to their questions on the warranty and will get clarification. There was discussion on the interest amount of the loan versus the interest the Town is receiving through other lenders. Council is concerned about losing money on this loan and discussed other possibilities for payment. There was discussion on the System User Agreement and the cost for future upgrades. Chief Griffith will verify the HGAC Agreement that outlines the cost of the upgrades over the next 10 years with the first two years built into the overall upfront costs. Council confirmed the Town is receiving a discount because we are tying into the Fort Worth System. Chief Griffith confirmed the Town is receiving a match of the cost to Fort Worth.

Council inquired about possible continuous fees associated with the equipment lists that entail items such as master site licensing and license keys. There was discussion regarding the upgrades of the system and what happens if the Council chooses not to upgrade. Chief Griffith explained the potential issues if the system is not upgraded and kept to the standards of Arlington and Fort Worth. There was discussion on the version of windows needed to operate the equipment. Council inquired if the new system was a 1-1 comparison to the existing system or if the Town is receiving additional upgraded features that may not be a necessary requirement. Chief Griffith stated the Town is essentially received the same amount of equipment we currently have.

There was discussion on the recommended spares listed in the equipment list and who made the recommendations. Chief Griffith explained the recommendations were his recommendations in preparation for unforeseen incidents that may occur. Council inquired about the number of items requested and the type of items requested. Chief Griffith explained most of these items were for the communication between the Town and Arlington or Fort Worth and the preparation for possible major incidents requiring an all call. Chief Griffith explained the system will be better and there are some additional features. There was discussion on the age of the system, the technological upgrades in the last 10 years when the existing system was installed, and additional options that will be received with the new system. Chief Griffith verified the additional options were inexpensive compared to the overall system cost.

Council questioned the list of Town responsibilities in Exhibit C, the preparation of those responsibilities, and any hidden costs associated with them. Chief Griffith informed Council the Town has never experienced issues with Motorola or DFW Communications. There invoices have always been exactly what the contract states they will be. Chief Griffith stated he will address all of Councils concerns with Motorola and stated he has met with the engineers personally and specifically asked about our existing antennas; however, he would make sure there are not any unknowns and that everything was looked over. He went on to explain in the past the Town has not had any problems and has received really good service from Motorola and DFW Communications.

There was discussion on the maintenance of the system and any associated fees. After an in-depth discussion on this item the city attorney gave assurance these are standard contract documents. There was an in-depth discussion over specific line items and due diligence of Council. Mayor Paradise clarified with Mr. Jeffrey's the Certificate of Incumbency is signed and

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completed by the City Secretary, do we need to authorize her as well or just the City Manager. Mr. Jeffrey's explained they do not need to authorize the City Secretary because she is certifying to the facts has the authority to keep records, and has knowledge of the actions taken. Mayor Paradise commended staff for their hard work and effort for this project.

Councilmember Surratt made a motion to authorize the City Manager to enter into these agreements to allow the town to continue town wide communications for public safety and general operations of the city government the fiscal impact to us is \$429,361.00. Mayor Pro-tem Brewster seconded the motion.

The vote was as follows:

Ayes: Surratt, Funderlic, Barrett, Price, and Brewster.

Nays: None

Abstention: None

Mayor Paradise declares the vote passed unanimously.

Mayor Paradise recessed the regular session at 9:16 p.m.

Mayor Paradise called the executive session to order at 9:17 p.m.

SCHEDULED EXECUTIVE SESSION ITEMS

- The Council will convene in the City Manager's Office pursuant to the Texas Government Code for an executive session on the following items:
  1. Pursuant to Government Code Section 551.071 Litigation Matters, to discuss pending or contemplating litigation, settlement offers, and other legal matters that implicates the attorney-client privilege – Van Hoosier

Mayor Paradise adjourned the Executive Session at 9:25 p.m.

Mayor Paradise reconvened into Regular Session at 9:29 p.m.

Mayor Paradise declared no action was taken on Executive Session item # 1.

**NEW BUSINESS FOR DISCUSSION, REVIEW, APPROVAL AND / OR DIRECT STAFF**

- 7. Discuss the re-scheduling of the May 23, 2014 Regular Council meeting to be held on May 19, 2014 due to the Memorial Day Holiday.**

Mayor Paradise clarified this would give two meetings in a row to Council and they would say goodbye to Councilmember Price and Council will elect Fred Adair. She informed Mr. Adair on this day he will no longer be on the P & Z Board. Staff was requested to ensure P & Z can make a quorum at their meetings after May 19<sup>th</sup> until Council makes the necessary board appointments. Mayor Paradise asked Council if they can make the meeting and Council agreed. Mayor Paradise declared the directive for the regularly scheduled Council Meeting on May 26<sup>th</sup> to be re-scheduled for May 19<sup>th</sup>. Mayor Pro-tem Brewster clarified the dates of the 12<sup>th</sup> and the 19<sup>th</sup> and when the council turnover will take place. Mayor Paradise informed him there is a 6 day waiting period for canvassing of the election.

- 8. Discuss, direct, and consider action upon the Board Appointments for the 2014-2015 year.**

Mayor Paradise informed Council there is no action on this item. She informed Council that Ms. Arrington has attempted to communicate with each board member and then requested a

communication of the results from Ms. Arrington to be sent to Council. Mayor Paradise requested Ms. Arrington to follow up with the Presidents and Chairmen to speak to their members who are rolling off at their next meeting and find out who would like to stay. She also requested the application to be placed on the website and in the newsletter.

**9. Discuss, direct, and consider action upon the approval of the Pantego Economic Development Corporation 2013 Annual Report.**

Mayor Paradise introduced Pam Mundo, a consultant for the Pantego Economic Development Corporation, and Fred Adair, the Secretary of the Pantego Economic Development Corporation. Mrs. Mundo presented the Annual Report for 2013. Mayor Paradise discussed the similarities in the information contained in the 2012 and 2013 Annual Reports; such as the Certificate of Occupancy list, projects accomplished, etc. There was discussion regarding the inclusion of old Directors of the board and on the purpose and the audience of the report. Council suggested placing as much good news into this document as possible along with contact information.

There was discussion on the stakeholders, businesses, and residents in regards to the different information each of them would be interested in receiving. Council inquired about the methodology used to gauge success. Mrs. Mundo explained to Council the PEDC Board uses very few marketing pieces but this one seems well received. Councilmember Surratt informed Council the PEDC Board has discussed several options for gauging the success of their events. Council requested Mrs. Mundo to gather all marketing pieces and information for the Town of Pantego. Once completed the PEDC Board along with Town Council will discuss what will be handed out and how we are going to market the Town.

Mayor Paradise declared no action for this item.

**10. Discuss, direct, and consider action upon the approval of the Pantego Economic Development Corporation 2014 Strategic Plan.**

Mrs. Mundo introduced this item as the work program for the year and discussed the changes compared to last year informing Council the mission statement and goals normally do not change year to year. Mrs. Mundo stated one of the ideas the board had was a shopping bag for PantegoFest, which will give the merchants an opportunity to place information in it and hand them out, at no costs, to the citizens. In terms of reaching out and creating more activity to strengthen the businesses and establish a business appreciation program, the Board would like to do less festival sites and more like the shoppers coupon this year where board members actually take the list and go out to visit some of the businesses and thank them for choosing Pantego. Mrs. Mundo also stated the Board would like to consider options for public transportation to various events around town or in Arlington; for example bring people from Pantego to the Ballpark in Arlington or other special areas while continuing to foster business relationships or seeking investor and developers. Council inquired who is responsible for maintaining the Shop Pantego website. Mrs. Mundo explained a software company out of California maintains the site but it is up to the businesses to keep their information updated. The site currently has approximately 70 businesses. There was discussion regarding business exposure on the Town's website and the Shop Pantego website and who is responsible for the business list updates. Mrs. Mundo informed Council the last person responsible for the information was the previous City Secretary.

Mayor Paradise declares no action for this item.

**11. Discuss, direct, and consider action upon the approval of the Public Utility Commission's rate increase.**

Mr. Fielder reminded Council this was previously in his City Manager's Report and Council requested to have the item come back for consideration. The State PUC will tie rate increases to

the consumer price index. This rate increase is for the use of the Town's right of way used for their line placement. The fee is charged to the users of their utilities. They are proposing a minimal per line increase on a monthly basis. If Council does nothing then the increase will go into effect. If Council wants to stop it they must reply to this letter.

Councilmember Surratt understands the increase is insignificant but rarely does Council have the opportunity to not raise fees. He would like to decline. There was discussion on the financial impact to the Town if we decline.

Councilmember Surratt made a motion to take action via the City Manager to stop the automatic increase. No second. Motion failed due to a lack of a second.

**12. Discuss, direct, and consider action upon the Denitech Lease and Maintenance Agreement for the copiers and printers used by staff.**

Mr. Fielder informed Council this is an item that has generated some discussion due to the overages and the billing for printing and copying. He explained Mrs. Carmona and he sat down with representatives from Denitech; Nannie Reinert and Walter Lewis. In examining the cost and trying to come up with a solution Denitech looked at The Town's historical data of printing and associated costs. They are proposing revised fees to include our average of printing cost and our non-coverage cost. The bottom line is the Town currently pays \$1446.00 a month plus \$923.16 on average for overages. The base rate will increase to \$2,263.85 a month with no overages the average monthly savings is \$105.00. The allowed number of copies a month will increase which will decrease our overages. They are here tonight to talk to about how they came to those numbers.

Mayor Paradise inquired if either of the representatives present were involved in this initially, they both declined.

Ms. Reinert presented a summary sheet of the details found in their investigation. Mayor Pro-Tem Brewster inquired why the original representatives could not be here. Ms. Reinert informed Council the representatives had been reassigned. Ms. Reinert has been with the company for nine years in a different department. Council asked if the original numbers were investigated and if they can justify why Denitech bought out the Town's other contract and gave numbers that looked appetizing with few and far between overages. There was much discussion on how Denitech achieved the number counts at the beginning of the contract and the recommendations made to staff. Council was informed of the recommendations and the reasons why staff could not follow many of the recommendations due to inefficiency. The discussion went to great detail on when and who staff explained their reasoning for not following the discussion and how the contract was approved without Council's awareness of these issues. There was conversation on how, according to staff, Denitech achieved the number count on some of the printers without the capability for metering. The original proposal was to eliminate 50% of the Town's printer's city wide which forced some departments to collect their printed materials in other buildings. According to staff all department heads sat in the meeting and voiced their opinions with Denitech and the previous City Manager.

Mr. Lewis presented a new proposal to meet the town's needs stating there is 38 months remaining on the lease. Denitech will increase the current volume numbers keeping the cost fixed for the remainder of the lease. This is based on the overage counts. Council confirmed there is not a difference in the base rate and the overage rate; each copy has the same rate. Council verified the rates would continue to be 0.01725 for each black and white copy and 0.1725 for color copies. Ms. Reinert reminded Council there is a cost difference between the printers and the copiers. Council inquired if the base rate included the cost of the machine or maintenance. Ms. Reinert stated the rate includes the toner and the maintenance. She went on to inform Council the copiers are a three tier copier meaning it is an environmental machine the cost for the black and white copies are the same cost as for the Color with one impression at \$0.0015, the color tier

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with graphs or logos are \$0.04, and full color impressions are \$0.075. Council inquired on a previous comment regarding a possible reason for the overage count stating that the copier was set on color so everything was printed in color and the cost associated with this setting. Ms. Reinert state the cost was split between the first and middle tier; however, a large volume of the overage cost was on the desktop printers. Council clarified there were overages due to equipment error. Mr. Lewis informed Council he has reset several machines but they have reverted back to color automatically. He will come back and fix the settings. Ms. Reinert informed Council they have explored the last three quarters of data and re-analyzed everything to ensure no overages based on the trends within the last three quarters. Council inquired if overages are due to the machines defaulting to color how would that affect the trend report. Mrs. Reinert explained the volume would trend to color and would change to black and white which will lower your costs further.

There was discussion on base rate and how many copies that would be a month. Council asked staff if this was a feasible number to meet each month. Mr. Fielder informed Council the three heaviest users of paper are here at the meeting; the Court, Police Department, and the City Secretary. He went on to explain the Town must print on average 1100 water bills a month and 1100 newsletters a month, there is some discretionary areas but for the most of it the numbers are locked in. Mrs. Householder informed Council each time an alias warrant is printed there are three pages per violation in black and white; however, the deal is the number they put down for court to use and there is no way courts can meet the number.

Council verified the base rate is inflexible and regardless of the number of copies the base rate will never lower but will increase if the numbers of copies are more than the number allowed. Mr. Lewis informed Council the allowance offsets the overage; therefore, the allowance gives you a cost break. Mrs. Reinert expressed they will continue to look at the trends and will meet up again in the future to make any changes needed at that time. Council requested Denitech to investigate the color settings, to look at the issues staff has been having with the printers, to make sure everything is defaulted to black and white, create a new analysis of the equipment to make sure staff has what they need, to research, based on what the town has gone through, what type of credits Denitech can offer the Town for these issues. Mr. Lewis stated he will need a month to gather the information.

No action was taken on this item

#### COUNCIL INQUIRY

Mayor Paradise inquired about bee issues located on the cul de sac at Country Club and asked staff to investigate. She reminded staff previously there was communication on the maintenance of the cul de sac and the Town had left this up to the citizens. She requested Mr. Joyce to pull the information in order for Mr. Fielder to be enlightened on the situation and previous decisions.

Councilmember Surratt informed Mr. Fielder there is an ordinance for the well sight that requires the landscaping to be in reasonable condition and there are two trees gone at the North edge. He requested a call to Enervest to remind them of their responsibilities for the landscaping.

Councilmember Funderlic inquired about PantegoFest 2014 and having a work session with PEDC and the Event Coordinator for their input. He is concerned with the amount of dialogue and the amount of items on the agenda expressing Council may want organize their questions to make good use of our time and to expedite the meeting.

#### ADJOURNMENT

Mayor Paradise adjourned the regular session at 11:02 p.m.

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APPROVED:

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Melody Paradise, Mayor

ATTEST:

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Julie Arrington, City Secretary

Pantego Economic Development Corporation  
March 26, 2014

STATE OF TEXAS §

COUNTY OF TARRANT §

TOWN OF PANTEGO §

The Pantego Economic Development Corporation of the Town of Pantego, Texas, met in regular session at 7:00 p.m. in the Council Chamber, 1614 South Bowen Road, Pantego, on the 26<sup>th</sup> day of March 2014 with the following members present:

Bill Brown	President
Paul Mayo	Vice-President
Fred Adair	Secretary
Arsalan Gittiban	Treasurer
Danny Lakey	Director
Barbara Rogers	
Don Surratt	

Constituting a quorum. Staff present was:

Matt Fielder	City Manager
Julie Arrington	City Secretary
Ariel Carmona	Finance Director
Chad Joyce	Community Development Director

Also in attendance:

Pam Mundo	Economic Development Coordinator
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**REGULAR SESSION 7:00 P.M.**  
**CALL TO ORDER AND GENERAL COMMENTS**

President Bill Brown called the meeting to order at 7:00 p.m.

**INVOCATION**

Ms. Arrington led the invocation which was followed by the Pledge of Allegiance.

**PRESIDENT'S COMMENTS**

None.

**PEDC MEMBER REPORTS/COMMENTS OF COMMUNITY INTEREST**

None.

**REGULAR BUSINESS**

**1. Executive Director Report**

Mr. Fielder updated the Board on his research of the online marketing and linking Pantego to Google searches in Arlington. He informed the Board their request cannot be made unless they brand themselves as part of Arlington in the name and the ideas. The Board gave direction to contact Google and speak to someone at Google.

President Brown informed the Board the Town Council decided to hire an event planner for PantegoFest 2014. Mr. Fielder announced the Council hired April Coltharp with Flair Events.

**2. Approval of PEDC Minutes**

- **March 12, 2014**

Vice President Mayo made a motion to approve the minutes as submitted. Secretary Adair seconded the motion with the date fixed on the minutes.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstention: None

President Brown declared the motion passed unanimously.

**3. Summary of Revenues and Expenditures**

- **March 26, 2014**

The Board asked if the grass purchased was planted. Mr. Joyce informed the Board it has not been planted. There was discussion on the procedures for planting grass and the use of the sprinkler system.

The Board inquired about the Jacobs Engineering Invoice from 2012. Mr. Joyce was not sure what the purpose was for the invoice not being paid. This was something the last Public Works Director had requested to be held until complete. This project is complete at this time; however, due to the recent personnel changes the invoice has not been addressed. The Board clarified the items listed on the invoice was for the comprehensive plan.

Director Mayo made a motion to accept the Financials as presented. Director Surratt seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstention: None

President Brown declared the motion passed unanimously.

**CITIZEN'S OPEN FORUM**

None at this time.

**DISCUSS, REVIEW AND CONSIDER ANY ACTION AND/OR DIRECT STAFF ON THE FOLLOWING ITEMS OF BUSINESS**

**4. Discuss and update on the Shopping Card Promotional Event.**

Mrs. Mundo informed the Board she has received 24 participating businesses with one left to verify participation. There are a few more prizes to be picked up. The next step is to have the cards printed and passed out to the participating businesses. There was some discussion on the stamps and authenticating the stamps.

Director Surratt made a motion to approve a budget not to exceed \$2,000 for cards, stamps, and all other needed supplies. Vice President Mayo seconded the motion.

The Vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstentions: None.

President Brown declared the motion passed unanimously.

**5. Discuss, direct, and consider action on the approval of the printing costs for the 2013 Annual Report.**

Vice President Mayo clarified staffs recommendations then made a motion to approve the printing cost of \$2,632.76 for 250 of the 2013 Annual Report. Director Rogers seconded the motion.

The Vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstentions: None.

President Brown declared the motion passed unanimously.

**6. Discuss, direct, and consider action on the authorization to reserve a trade show booth at the NTCAR Trade Show.**

Ms. Mundo informed the Board they have a premium booth location at this trade show that is held every year on a first rights of refusal for the location. The trade show organizers are requesting our reservation for this location at the NTCAR Trade Show.

Vice President Mayo made a motion to authorize the reservation of a trade show booth at the NTCAR Trade Show. Director Rogers seconded the motion.

The Vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstentions: None.

President Brown declared the motion passed unanimously.

**7. Discuss, direct, and consider action on the authorization to reserve a trade show booth at the International Council of Shopping Centers Texas Deal Making trade show.**

Ms. Mundo informed the Board this is a different trade show scheduled in November. There is no guarantee of the booth location this show is on a first come first serve basis.

Vice President Mayo made a motion to authorize the reservation of a trade show booth at the International Council of Shopping Centers Texas Deal Making trade show. Secretary Adair seconded the motion.

The Vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstentions: None.

President Brown declared the motion passed unanimously.

**8. Discuss and direct staff on a plan for new trade show panels.**

Ms. Mundo explained the existing panels are three (3) years old. Last year there was work started on new panels but not finished due to the Board running out of time to have them ready for the trade shows. There was discussion on the selected photos to be used. Ms. Mundo informed the Board Southern Flair Photography has quoted 10 photos for each location at \$400.00 and expects to have them ready by June for approval and printing in July. There was discussion on the mock up of the new panels from last year and the purpose for Liquor Depot.

Vice President Mayo made a motion authorizing the \$400 to Southern Flair Photography for photos to be used on the new trade show panels. Treasurer Gittiban seconded the motion.

The Vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, Rogers, Mayo, and Gittiban

Nays: None

Abstentions: None.

President Brown declared the motion passed unanimously.

### **PEDC MEMBER INQUIRY**

President Brown inquired about the Arch lighting on Park Row. Mr. Joyce informed the Board he has one contractor with three (3) different samples. There was discussion on the locations of the lights on the arch.

### **ADJOURNMENT**

President Brown adjourned the regular session at 7:44 p.m.

**APPROVED:**

  
\_\_\_\_\_  
Bill Brown, President

**ATTEST:**

  
\_\_\_\_\_  
Fred Adair, Secretary

Pantego Economic Development Corporation  
April 9, 2014

STATE OF TEXAS           §  
COUNTY OF TARRANT    §  
TOWN OF PANTEGO         §

The Pantego Economic Development Corporation of the Town of Pantego, Texas, met in regular session at 7:00 p.m. in the Council Chamber, 1614 South Bowen Road, Pantego, on the 9<sup>th</sup> day of April 2014 with the following members present:

Bill Brown	President
Fred Adair	Secretary
Arsalan Gittiban	Treasurer
Danny Lakey	Director
Don Surratt	Director

Constituting a quorum. Staff present was:

Matt Fielder	City Manager
Jennifer Pauley	Support Specialist
Chad Joyce	Community Development Director

Also in attendance:

Pam Mundo	Economic Development Coordinator
-----------	----------------------------------

**REGULAR SESSION 7:00 P.M.**  
**CALL TO ORDER AND GENERAL COMMENTS**

President Bill Brown called the meeting to order at 7:00 p.m.

**INVOCATION**

President Bill Brown led the invocation which was followed by the Pledge of Allegiance.

**PRESIDENT'S COMMENTS**

None.

**PEDC MEMBER REPORTS/COMMENTS OF COMMUNITY INTEREST**

Director Surratt inquired about the lighting of the Arch on Park Row and was informed this will be an item on the next agenda.

Treasurer Gittiban questioned whose responsibility it is to maintain the lane indicators on the road and was informed it was the Town's responsibility. Mr. Joyce stated he would inspect the area of Treasurer Gittiban's concern; Bowen and Pioneer Parkway.

**REGULAR BUSINESS**

**1. Executive Director Report**

Mr. Fielder has nothing to report at this time.

**2. Approval of PEDC Minutes**

- **March 26, 2014**

Director Surratt made a motion to approve the March 26, 2014 minutes. President Brown informed the Board the motion to the 2013 Annual Report does not contain the approved monetary amount or the quantity of the order and would like this added to the motion.

Director Surratt amended his motion to approve the March 26, 2014 minutes with the recommendation to add the dollar amount of \$2,632.76 and the quantity amount of 250 to the original motion of the 2013 Annual Report. Director Lakey seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, and Gittiban

Nays: None

Abstention: None

President Brown declared the motion passed unanimously.

### **3. Summary of Revenues and Expenditures**

- **April 9, 2014**

Director Surratt questioned the sod invoice in the expenses the last two meetings. Mr. Fielder informed the Board the previous expense report was the approval of the estimate and the work. This report is the approval of the payment to the invoice. Director Surratt inquired about the water of the new sod. Mr. Joyce informed him the public works employees are watering appropriately and would continue to monitor it.

Secretary Adair inquired about the statute repair invoices reminding the Board there was an approved invoice for the statutes a few months ago. Mr. Joyce informed the Board the previous invoice was for annual maintenance and this invoice is for repairs. He was given a repair list from the previous Public Works Director on statutes that need repairs. Director Surratt clarified the list was created from the notes of the restoration. Mr. Joyce went on to explain the repairs have not been made and this is an estimate for the work.

Secretary Adair made a motion to accept the Financials as presented. Treasurer Gittiban seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Brown, and Gittiban

Nays: None

Abstention: None

President Brown declared the motion passed unanimously.

### **CITIZEN'S OPEN FORUM**

None at this time.

### **DISCUSS, REVIEW AND CONSIDER ANY ACTION AND/OR DIRECT STAFF ON THE FOLLOWING ITEMS OF BUSINESS**

#### **4. Discuss and update on the Spring Promotional Event the Pantego Shopper's Card.**

Ms. Mundo informed the board the cards were delivered today. The printing company made an error on the printing of the second card and will have them corrected and to Town Hall tomorrow.

All stamps and 50-100 cards were delivered to each store and the remaining balance will be at Town Hall. There are 1200 of both styles of the cards. The drawing will be May 15, 2014 at 11:00 a.m. The Bulchick's logo will act as a free space since they are out of business.

There was discussion on Bulchicks going out of business, the lighting, and visibility of the location.

There was discussion on the Boutique U customer traffic due to their location.

**PEDC MEMBER INQUIRY**

None

**ADJOURNMENT**

President Brown adjourned the regular session at 7:33 p.m.

**APPROVED:**



**Bill Brown, President**

**ATTEST:**



**Fred Adair, Secretary**



# AGENDA BACKGROUND

**AGENDA ITEM:** The Texas State Fire Marshall Recognition of the Pantego Fire Department for a Class 2 Rating.

**Date:** April 28, 2014

---

**PRESENTER:**

Jesse James Williams, PPC Oversight Officer, Texas State Fire Marshall's Office

**BACKGROUND:**

The Town of Pantego Fire Department has been recognized by the Texas State Fire Marshall's Officer for obtaining a Class 2 Rating.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

N/A

**ATTACHMENTS:**

N/A



# AGENDA BACKGROUND

**AGENDA ITEM:** Review and direct staff on possible changes to Chapter 12 “Traffic and Vehicles”, Article 12.05 “Parking, Stopping and Standing”, Section 12.05.002 “General Restrictions”, Subsection (b) “Parking on Private Property”.

**DATE:** April 28, 2014

---

**PRESENTER:**

Chad Joyce, Community Development Director

**BACKGROUND:**

The Town Council approved ordinance revisions in October 2011 that restricted the parking of motorhomes, campers, boats and trailers in residential areas. Since that time, there has been discussion of possibly amending or removing these requirements to better suit the needs of the Town and its citizens. Staff has compiled a presentation including examples of these types of violations throughout Town. Staff would like to ask Town Council for direction on the following questions:

1. Should vehicles over twenty-five feet (25') continue to be restricted?
2. Should the restriction of vehicles in the front yard be amended to (a) the required front yard or (b) behind the front building line of the main structure?
3. Should the term “screened from view” be (a) removed completely, (b) changed to partially screened, or (c) required to block vehicles from sight completely?
4. Should the twenty-four (24) hour requirement for loading and unloading be extended?
5. Should the requirements be removed completely? There were no such requirements of any kind until this ordinance.

**FISCAL IMPACT**

N/A

**RECOMMENDATION:**

N/A

**ATTACHMENTS:**

Presentation

Director’s Review: _____ City Manager’s Review: _____
--

# PRESENT CODE REQUIREMENTS

- (B) Motorhomes, campers, boats and trailers which have a length of less than twenty-five (25) feet:
  - (i) Shall not be parked in the front yard;
  - (ii) May be parked on any side or rear yard when such vehicle is parked upon an all-weather surface and screened from view from any public way or from private property by a screening fence which complies with the town's standards for fences.
- (C) All other vehicles are prohibited in these areas, except that vehicles may be parked in these districts when actively loading or unloading for a maximum period of twenty-four (24) hours not more than two (2) times on nonconsecutive days in any calendar week (Sunday through Saturday).

Newsom Court – Boat is not screened from view



Country Club Road – Boat is not screened from view



Arrowhead Court – Boat is not screened from view



Hilltop Lane – Boat is not screened from view.



Whispering Trail – Boat is not screened from view



Hilltop Lane – Boat is not screened from view.



Newsom Court – Boat is not screened from view



Woodwind Drive – Trailers are not screened from view



Forest Glen Court – Trailer is not screened from view



Nora Drive – Trailer is not screened from view



Miller Court – Trailer is not screened from view.



Kidd Drive – Trailer is not screened from view.



Dickerson Drive – Trailer is not screened from view.



Sarah Court (Picture taken from Melbourne Drive) – Trailer is not screened from view.



Melbourne Drive – Trailer is not screened from view.



Oakridge Drive – Trailer is not screened from view.



Kidd Drive – Trailer is not screened from view. RV is not completely screened from view.



Arrowhead Drive – RV is not screened from view



Whispering Trail – RV is not screened from view



Country Club Road – RV is not screened from view



Whispering Trail – Trailer is not screened from view



Oakridge Drive – RV is not screened from view.



Smith Barry Road (Picture taken from Stolper Lane) – RV is behind a fence as required, but is not completely screened from view. Possibly not 25 feet or less either.



Peachtree Lane – Is behind a fence as required, but is not completely screened from view. Possibly not 25 feet or less either.



Trail Glen Court (Picture from Nora Drive) – Is behind a fence as required, but is not completely screened from view. Possibly not 25 feet or less either.



Peachtree Lane – Boat is parked in the front yard and is not screened from view.



Parkdale Court – Boat is parked in the front yard and is not screened from view.



Parkdale Court – Boat is parked in the front yard and is not screened from view.



# PRESENT CODE REQUIREMENTS

- (B) Motorhomes, campers, boats and trailers which have a length of less than **twenty-five (25) feet**:
  - (i) **Shall not be parked in the front yard**;
  - (ii) May be parked on any side or rear yard when such vehicle is parked upon an all-weather surface and **screened from view** from any public way or from private property by a screening fence which complies with the town's standards for fences.
- (C) All other vehicles are prohibited in these areas, except that vehicles may be parked in these districts when actively loading or unloading for a maximum period of **twenty-four (24) hours** not more than two (2) times on nonconsecutive days in any calendar week (Sunday through Saturday).



# AGENDA BACKGROUND

**AGENDA ITEM:** Discuss, direct, and consider action upon an Ordinance for the Municipal Bond requirements for the City Manager and the Finance Director.

**Date:** April 23, 2014

---

**PRESENTER:**

Matt Fielder, City Manager

**BACKGROUND:**

State law requires that the City Manager and Finance Director (acting as Treasurer) be bonded in an amount deemed sufficient by the governing body of the municipality. This item has been placed on the agenda to receive direction from Council regarding the bonding amount. The previous City Manager was bonded in the amount of \$10,000. Once direction from Council has been received, Staff will prepare and ordinance, in accordance with state law, and submit it for consideration.

**FISCAL IMPACT:**

Dependent upon the amount of bond deemed necessary.

**RECOMMENDATION:**

Staff is seeking direction from Council in the form of an ordinance, as required by state law, on the amount of bonding required for the City Manager and Finance Director.

**ATTACHMENTS:**

Excerpt of the Texas Local Government Code.

## Texas Local Government Code (Excerpt)

### CHAPTER 22. ALDERMANIC FORM OF GOVERNMENT IN TYPE A GENERAL-LAW MUNICIPALITY, SUBCHAPTER C. OTHER MUNICIPAL OFFICERS

#### Sec. 22.075. BOND AND DUTIES OF TREASURER.

(a) The treasurer of the municipality shall execute a bond. The bond must:

(1) be in favor of the municipality;

(2) be in the form and amount required by the governing body of the municipality;

(3) have security approved as sufficient by the governing body; and

(4) be conditioned that the treasurer will faithfully discharge the duties of the office.

(b) The treasurer shall receive and securely keep all money belonging to the municipality. The treasurer shall make all payments on the order of the mayor, attested by the secretary of the municipality under the seal of the municipality. The treasurer may not pay an order unless the face of the order shows that the governing body directed the issuance of the order and shows the purpose for which it is issued.

(c) The treasurer shall render to the governing body a full statement of the receipts and payments. The statement must be rendered at the governing body's first regular meeting in every quarter and at other times as required by the governing body.

(d) The treasurer shall perform other acts and duties as the governing body requires.

### CHAPTER 25. CITY MANAGER FORM OF GOVERNMENT IN GENERAL-LAW MUNICIPALITY, SUBCHAPTER B. CITY MANAGER

#### Sec. 25.029. POWERS AND DUTIES OF CITY MANAGER; BOND.

(a) The city manager shall administer the municipal business and the governing body of the municipality shall ensure that the administration is efficient.

(b) The governing body by ordinance may delegate to the city manager any additional powers or duties the governing body considers proper for the efficient administration of municipal affairs.

(c) The city manager must execute a bond. The bond must be conditioned that the manager will faithfully perform the duties of manager and must be in an amount prescribed by ordinance.



# AGENDA BACKGROUND

**AGENDA ITEM:** Discussion on a Presentation from the Arlington Independent School District Board regarding the Bond Election for the May 10, 2014 Election.

**Date:** April 28, 2014

---

**PRESENTER:**

Matt Fielder, City Manager

**BACKGROUND:**

A representative of the Arlington Independent School District will be present to provide information on and answer questions about their upcoming bond election.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

N/A

**ATTACHMENTS:**

N/A



# AGENDA BACKGROUND

**AGENDA ITEM:** Discuss, direct, and consider action upon a preliminary plan for Pantego Fest 2014.

**Date:** April 28, 2014

---

**PRESENTER:**

Matt Fielder, City Manager

**BACKGROUND:**

April Coltharp, with Flair Events, will be presenting the basis for a plan for Pantego Fest 2014. This will be used in developing a full plan in the following weeks.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

N/A

**ATTACHMENTS:**

N/A



# AGENDA BACKGROUND

**AGENDA ITEM:** Review and Consider Action on a Resolution Authorizing the Town's Investment Policy and Investment Strategies.

**DATE:** April 28, 2014

---

**PRESENTER:** Ariel Carmona, Finance Director

**BACKGROUND:**

The staff has reviewed and updated the Investment Policy and Investment Strategies. This Policy serves to satisfy the statutory requirements of defining and adopting a formal written Investment Policy and Investment Strategies that are in compliance with the Public Funds Investment Act (PFIA), Chapter 2256, Government Code.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

Staff recommends that the Investment Policy and Investment Strategies be approved as presented.

**ATTACHMENTS:**

Proposed Resolution  
Investment Policy and Investment Strategies  
GTOT Certificate of Distinction for Investment Policy  
Public Funds Investment Act, Chapter 2256, Government Code  
Investment Policy and Investment Strategy approved January 14, 2013 – Resolution No. 13-01

**RESOLUTION NO. 14-XX**

**A RESOLUTION OF THE TOWN COUNCIL ADOPTING AN INVESTMENT POLICY AND INVESTMENT STRATEGIES FOR THE TOWN OF PANTEGO; PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, Section 2256.005 of the Public Funds Investment Act (PFIA) directs the governing body of an investing entity to adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control; and

**WHEREAS**, the Town Council has reviewed the attached Investment Policy and Investment Strategies for the Town of Pantego; and

**WHEREAS**, the Investment Policy outlines the provisions affecting Municipalities included in Title 4 of the Texas Local Government Code; and

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS:**

**Section 1:** the Town Council hereby adopts the attached Investment Policy and Investment Strategies as the Town's Investment Policy.

**Section 2:** the Town Council agrees and accepts the terms and conditions of the Investment Policy and Investment Strategies as presented by the Finance Director in "Exhibit A."

**Section 3:** all policies or resolutions in conflict with the provisions of this resolution or which are inconsistent or in conflict with the terms or provisions contained in this resolution are hereby repealed to the extent of any such conflict only. The non-conflicting sections, sentences, paragraphs, and phrases shall remain in full force and effect.

**Section 4:** this resolution shall be in full force and is effective immediately upon passage.

**PASSED AND APPROVED** this the 28<sup>th</sup> day of April 2014, at a regular meeting of the Town Council of the Town of Pantego, Texas, by a vote of \_\_ ayes, \_\_ nays and \_\_ abstentions.

\_\_\_\_\_  
**Melody Paradise, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Julie Arrington, City Secretary**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**James T. Jeffrey, Jr., City Attorney**



**INVESTMENT POLICY  
AND  
INVESTMENT STRATEGIES**

Revised April 28, 2014

Prepared by the Finance Department

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## I. POLICY STATEMENT

It is the Policy of the Town of Pantego (the "Town") that the administration of its funds and the investment of those funds shall be handled at its highest public trust. Investments shall be made in a manner which will provide the maximum security of the principal through established limitations and diversification while meeting the daily cash flow needs of the Town and conforming to all applicable state statutes governing the investment of public funds.

This Policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The Policy and investment strategies shall be reviewed annually by the Town Council who will formally approve any modifications. This Investment Policy, as approved, is in compliance with all state laws and statutes which govern the investments of public funds, including but not by way of limitation, the Public Funds Investment Act (PFIA), Chapter 2256, Government Code.

## II. SCOPE

- A. This investment policy applies to all the financial assets and funds of the Town of Pantego and the Pantego Economic Development Corporation. The Town commingles its funds into one pooled investment portfolio for efficiency and maximum investment opportunity. These funds are defined in the Town's Annual Financial Report and include any new funds created by the Town unless specifically exempted by the Town Council and this Policy.

In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) shall be governed by and controlled by their governing ordinance and by the provisions of the Tax Reform Act of 1986, including all regulations and ruling promulgated there under applicable to the issuance of tax-exempt obligations.

- B. Funds covered by this Policy and managed as a pooled fund group:
1. General Fund – used to account for resources traditionally associated with government, which are not required to be accounted for in another fund.
  2. Special Revenue Funds – used to account for the proceeds from specific revenue sources which are restricted to expenditures for specific purposes.
  3. Debt Service Funds – including reserves and sinking funds to the extent not required by law or existing contract to be kept segregated and managed separately - and used to account for resources to be used for the payment of principal, interest and related costs on general obligation debt.
  4. Capital Projects Funds – used to account for resources to enable the acquisition or construction of major capital facilities which are not financed by enterprise funds, internal service funds, or trust funds.
  5. Enterprise Funds – used to account for operations that are financed and operated in a manner similar to private business enterprises.

6. Trust and Agency Funds – used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.
  7. Any new fund created by the Town unless specifically exempted from this policy by the Town or the law.
- C. Funds covered by this Policy and managed as separately invested assets as defined in PFIA 2256.002(9):
1. Bond Funds – funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the pooled fund's portfolio will result in maximum interest earning retention under the provisions of the Tax Reform Act of 1986.
  2. Endowment funds – funds given to the Town with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specific purposes.
  3. Trust of Escrowed Funds – funds held outside the Town by a trust or escrow agent but belonging to the Town.

This Policy shall not govern funds, which are managed under separate investment programs in accordance with the PFIA 2256.004.

### III. GENERAL OBJECTIVES

It is the policy of the Town that, giving due regard to the safety and risk investments, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Ordinance requirements, adopted Investment Policy and adopted Investment Strategies. In accordance with the Public Funds Investment Act Section 2256.005(d), the following prioritized objectives (in order of importance) apply to each of the Town's investment strategies:

- A. Suitability – Understanding the suitability of the investment to the financial requirements of the Town is important. Any investment eligible in the Investment Policy is suitable for all Town funds.
- B. Safety of Principal – Preservation and safety of principal are the foremost objective of the Town. Investments of the Town shall be undertaken in a manner that seeks to insure preservation of capital in the overall portfolio.
- C. Liquidity – The Town's investment portfolio will be based on a cash flow analysis of cash needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with estimated cash flow requirements and by investing in securities with active secondary markets.
- D. Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security type or less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Diversification of the portfolio will include diversification by maturity and market sector to protect against credit and market risk. The Town will diversify its investments in an effort to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

- F. Yield – Attaining a competitive market yield, commensurate with the Town’s investment risk constraints and the cash flow characteristics of the portfolio, is the desired objective. The goal of the Town’s investment portfolio is to regularly meet or exceed the average rate of return on U.S. Treasury Bills at a maturity level comparable to the portfolio’s weighted average in days. The yield of an equally weighted, six month Treasury Bill portfolio shall be the minimum yield objective or “benchmark”. A secondary objective will be to obtain a yield equal to or in excess of a local government investment pool or money market mutual fund.

Applicable tax exempt debt proceeds shall attempt to achieve a return equal to the above unless that return exceeds applicable arbitrage yield limit on the debt. In certain interest rate environments the Town may need to restrict yields in order not to exceed arbitrage limits.

#### **IV. STANDARDS OF CARE**

- A. Prudent Person Rule. The Town’s staff will follow the “Prudent Person” statement relating to the standard of care that must be exercised when investing public funds as expressed in PFIA Sec. 2256.006(a-b):

“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”.

Investment of funds shall be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

The Investment Officers and those delegated investment authority under this Policy shall seek to act responsibly as custodians of the public trust. Investment participants shall avoid any transactions that might impair public confidence in the Town’s ability to govern effectively. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable and must be considered within the context of the overall portfolio’s investment rate of return, provided that adequate diversification has been implemented.

In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
2. Whether the investment decision was consistent with the written investment policy of the Town.

The Investment Officers, when acting in accordance with the written procedures and due diligence, shall not be held personally responsible for market price changes, provided that deviations from expectations are reported in a timely manner and that appropriate action is taken to control adverse market effects. The governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity.

#### B. Delegation of Investment Authority

The Town Manager and Finance Director, acting on behalf of the Town, are designated as the Investment Officers of the Town and are responsible for management decisions and activities. The Investment Officers are also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures.

The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. The Investment Officers shall also designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officers are not available.

The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. No officer or designee, shall engage in an investment transaction except as provided under the terms of this policy, the procedures established by the Finance Director and the explicit authorization by the Town Manager to withdraw, transfer, deposit and invest the Town's funds.

#### C. Internal Controls

The Investment Officers shall establish a system of written internal controls which will be reviewed annually with the independent auditors of the Town. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Town. Controls deemed most important include: control of collusion, separation of duties, third party custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions,

minimizing the number of authorized investment officials, and documentation and rationale for investment transactions.

**D. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Investment Officers involved shall disclose in writing to the Town Council any financial interest in financial institutions that conduct business with the Town or any personal financial/investment position that could be related to the performance of the Town.

The Investment policy requires the investment officers to file a disclosure statement with the Texas Ethics Commission and the governing body if the investment officer has a personal business relationship or is related within the second degree of affinity or consanguinity to an individual or organization seeking to sell an investment to the Town. For purposes of this section, an investment officer has a personal relationship with a business organization if and as defined in PFIA 2256.005(i)(1-3):

1. The Investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
3. The Investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

**E. Investment Training Requirements**

Town of Pantego shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the Town's investment personnel making investment decisions in compliance with the PFIA 2256.005(b)(3).

All Investment Officers shall attend ten (10) hours of training within twelve (12) months of taking office or assuming duties and ten (10) hours in each succeeding two year period as defined in PFIA 2256.008. The training provider must be an independent source approved by Town Council or investment committee.

For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institute or higher learning or any other sponsor other than a business organization with whom the Town of Pantego may engage in an investment transaction. Such training shall include education in investment controls, credit risk, market risk, investment

strategies, and compliance with investment laws, including the Texas State Public Funds Investment Act.

F. Investment Committee

The Finance/Audit Committee shall function as the Town's Investment Committee. This Committee shall recommend strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than U.S. Treasury Bills, U.S. Treasury Notes and Investment Pool(s). The recommendations of the Investment Committee will be presented to the Town Council for final approval.

V. **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

All investments made by the Town will be made through either the Town's banking services or an authorized broker/dealer.

A. Depository – The Town Council shall, by ordinance, “select and designate one or more banking institutions as the depository for the monies and funds of the Town” in accordance with PFIA. At least every five years a depository shall be selected through the Town's banking services procurement process, which shall include a formal request for proposal (RFP). The selection of the depository will be determined by a competitive process and evaluated on the following criteria:

1. Qualified as a depository for public funds in accordance with state and local laws.
2. Provided requested information or financial statements for the periods specified.
3. Complied with all requirements in the banking RFP.
4. Completed responses to all required items on the proposal form.
5. Offered lowest net banking service cost, consistent with the ability to provide an appropriate level of service.
6. Met credit worthiness and financial standards.

B. Investment Broker/Dealers – If the Town has not retained an investment advisor, then the Investment Committee shall be responsible for adopting the list of qualified brokers/dealers and financial institutions authorized to engage in investment transactions with the Town. The Town Council will, at least annually, review, revise and approve a list of authorized/qualified broker/dealers along with this investment policy. These firms may include:

1. All primary government securities dealers; and
2. Those regional broker/dealers who qualify under Securities and Exchange Commission rule 15C3 (Uniform Net Capital Rule), and who meet other financial criteria standards in the industry.

A list of no less than three (3) and no more than five (5) authorized brokers/dealers will be established and maintained. These firms will be selected based on their competitiveness, participation in agency selling groups, and experience and background of the salesperson handling the account.

- C. Signed Investment Policy Certification Form. Investments shall only be made with those business organizations, including money market mutual funds and local government investment pools, that have provided the Town with a written instrument, executed by a qualified representative of the firm, acknowledging that the business organization has:
1. Received and reviewed the Town's Investment Policy; and
  2. Implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Town and the organization that are not authorized by the Town's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio or requires an interpretation of subjective investment standards. PFIA 256.005(k-l).
- D. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment officers with the following:
1. Audited financial statements;
  2. Proof of National Association of Securities Dealers (NASD) certification, unless it is a bank;
  3. Resumes of all sales representatives who will represent the financial institution or broker/dealer firm in dealings with the Town, and
  4. Any other document that should help evaluate the financial institution's and broker/dealers' soundness such as rating agency reports, review of call reports and analysis of management profitability, capitalization and assets quality.
- E. Financial/Investment Advisor – The Town may retain the services of an investment advisory firm registered under the Investment Advisers Act of 1940 or with the State Securities Board to assist in the review of cash flow requirements, the formulation of investment strategies, and the execution of security purchases, sales and deliveries. The investment advisory contract with the Town may not be for a term longer than two years and its renewal or extension must be approved by the Town Council by ordinance or resolution as required by PFIA 2256.003(b). If the Town has contracted with an investment advisor, the advisor shall be responsible for performing financial due diligence on the Town's behalf. On an annual basis, the advisor will provide the Town with a list of its authorized broker/dealers as well as the written instrument above.

## **VI. SAFEKEEPING AND CUSTODY OF INVESTMENT ASSETS**

- A. As specified in PFIA 2256.005(b)(4)(E), the laws of the State of Texas and prudent treasury management require that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third party financial institution, or the Town's designated banking services depository. Funds shall not be wired or paid until verification has been made that the correct security was received by the safekeeping bank. The only exception to DVP settlement shall be wire transactions for money market funds and government

investment pools. The safekeeping or custody bank is responsible for matching up instructions from the Town's investment officers or an investment settlement with what is wired from the broker/dealer, prior to releasing the Town's designated fund for a given purchase.

- B. All safekeeping arrangements shall be approved by the Investment Officers and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the Town or its agent a listing of each specific security, rate, description, maturity, par amount, CUSIP number and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the Town or pledge to the Town.
- C. All securities pledged to the Town for certificates of deposit or demand deposits shall be held by an independent third party bank doing business in the State of Texas. The safekeeping bank may not be within the same holding company as the bank from whom the securities are pledged.

## VII. SUITABLE AND AUTHORIZED INVESTMENTS

- A. Acceptable investments under this policy shall be limited to the investments authorized by PFIA listed in Sections 2256.009-2256.016 and 2256.019-2256.0201 and as shown below:
  - 1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
  - 2. Direct obligations of the State of Texas or its agencies and instrumentalities;
  - 3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States;
  - 4. Obligations fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States;
  - 5. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated not less than A or its equivalent;
  - 6. Bonds issued, assumed, or guaranteed by the State of Israel.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the Town until this policy has been amended and the amended version approved by the Town Council.

- B. Investment instruments **not** authorized for purchase by the Town of Pantego, including those specifically prohibited by PFIA 2256.009(b)(1-4), include:
  - 1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and bears no interest, such as banker's acceptances;

2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest, such as mutual funds;
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in the market index.

C. **Authorized Investments:**

1. Certificates of Deposit and Share Certificates – authorized investment if the certificate is issued by a depository institution that has its main office or a branch office in the State of Texas and is (1) guaranteed or insured, (2) collateralized, or (3) secured in any other manner provided by law. (PFIA 2256.010)
2. Repurchase agreements – is an authorized investment if (1) has a defined termination date, (2) is secured by obligations in Section 2256.009(a)(1) and (3) requires third-party safekeeping and (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.
  - Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date.
  - Reverse security repurchase agreement may not exceed 90 days.
  - Investments acquired must mature no later than the expiration in the reverse security repurchase agreement.
3. Securities Lending Program – to qualify as an authorized investment under PFIA 2256-0115:
  - The value of the securities loaned under the program must not be less than 100% collateralized, including accrued income;
  - A loan under this program must allow for termination at any time;
  - Must be secured by cash, letters of credit or securities described in PFIA 2256.009;
  - Collateral must be (1) pledged, (2) held in the Town's name and (3) be deposited with a third party.
  - A loan made under this program must be placed through a primary dealer or a financial institution doing business in the State of Texas.
  - An agreement to lend securities executed under this section must have a term of one (1) year or less.
4. Bankers' Acceptances – authorized investment under PFIA 2256.012 if it has a stated maturity of 270 days or fewer; will be liquidated in full at maturity; is eligible for collateral for borrowing from a Federal Reserve Bank; and is accepted by a U.S. bank rated no less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating.

5. Commercial Paper – authorized investment under PFIA 2256.013 if the commercial paper has a stated maturity of 270 days or fewer and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, or one credit rating agency and an irrevocable bank letter of credit.
6. Mutual Funds
  - a. A *no-load money market mutual fund* is an authorized investment under PFIA 2256.014 **if**:
    1. Is registered with and regulated by the Securities Exchange Commission (SEC);
    2. Has a dollar-weighted average stated maturity of 90 days or fewer; and
    3. Includes in its investment objectives the maintenance of a stable net asset value of one dollar for each share.
  - b. A *no-load mutual fund* is an authorized investment under this section **if**:
    1. Is registered with the SEC;
    2. Has an average weighted maturity of less than two years;
    3. Is invested exclusively in approved obligations;
    4. Is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
    5. Conforms to the requirement set forth in PFIA 2256.016(b-c) relating to the eligibility of investment pools to receive and invest funds of investing entities.
  - c. An entity is **not** authorized by this section to:
    1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described above;
    2. Invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described above; or
    3. Investing entity may not own more than 10 percent of the mutual fund's total net assets.
7. Guaranteed Investment Contracts – authorized investment for bond proceeds under PFIA 2256.015 if the guaranteed investment contract:
  - Has a defined termination date;
  - Is secured by obligations described in PFIA 2256.009(a)(1);
  - Is pledged to the entity and deposited with the entity or with a third-party selected and approved by the entity;
  - Term may not exceed 5 years from date of bond issuance, excluding reserves and debt service funds;
  - To be eligible as an authorized investment: (1) it must be specifically authorized when authorizing bond, (2) requires at least 3 bids from separate providers, (3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received, (4) must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested, and (5) must have reasonable administrative costs expected to be paid to third parties in connection with the guaranteed investment contract.

8. Investment Pools – An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in that particular pool. A 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.

To be eligible to receive fund from an invest funds on behalf of the Town, an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by PFIA 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and approval by the Town Council which shall at least annually review, revise and adopt the local government investment pool(s) list.

The Town shall take all prudent measures consistent with this Investment Policy to liquidate an investment that no longer meets the required minimum rating standards, as per PFIA 2256.021. However, if it is determined by the Investment Committee that the Town will benefit from holding the securities to maturity to recapture its initial investment then the Investment Officers may act accordingly. The Town is not required to liquidate investments that were authorized investments at the time of purchase. (PFIA 2256.017)

## **VIII. COLLATERALIZATION**

### **A. Market Value**

In order to anticipate market changes and provide a level of additional security for all funds, the market value of collateral will be maintained at 102% of total principal and accrued interest for cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) insurance coverage. The Town's depository will be contractually liable for monitoring and maintaining the collateral and margins at all times. The depository or custodian will also provide monthly reports to the Town detailing the collateral and including current market values. Only an authorized Town representative will approve and release all pledged collateral.

Collateral will be pledged under the terms of a written third-party depository agreement executed under the terms of the Financial Institutions Resource and Recovery Enforcement Act (if the custodian is the Federal Reserve the Town will execute a Circular 7 form). The agreement will be approved by resolution of the bank's board or loan committee.

### **B. Collateral Substitution**

Collateralized investments often require substitution of collateral. The safekeeping bank must contact the City for approval and settlement. The substitution will be approved if its value is equal to or greater than the required collateral value.

C. Collateral Reduction

Should the collateral's market value exceed the required amount, the Safekeeping bank may request approval from the Town to reduce collateral. Collateral reductions may be permitted only if the collateral's market value exceeds the required amount.

D. Letters of Credit

Letters of credit are acceptable collateral for Certificates of Deposit. Upon the discretion of the Town, a letter of credit can be acceptable collateral for Town funds held by the Town's bank depository.

E. Subject to Audit – All collateral shall be subject to inspection and audit by the Town Manager, or designee, as well as the Town's independent auditors.

**IX. INVESTMENT PARAMETERS**

A. Bidding Process for Investments

It is the Policy of the Town of Pantego to require at least 3 competitive bids or offers for all investment transactions (securities and CD's) except for:

1. Transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates); and
2. Treasury and agency securities purchased at issue through an approved broker/dealer.

B. Maximum Maturities

The maximum maturity for each fund group and instrument is set forth in the investment strategies under the Investment Strategies section of this Policy.

C. Maximum Dollar-Weighted Average Maturity

Under most market conditions, the composite portfolio will be managed to achieve a one (1) year or less dollar-weighted average maturity. However, under certain market conditions investment officers may need to shorten or lengthen the average life or duration of the portfolio to protect the Town. The maximum dollar-weighted average maturity based on the stated final maturity, authorized by this investment policy for the composite portfolio of the Town is two (2) years.

D. Diversification

It is the policy of the Town to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuers, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	not to exceed 75%
Fully insured or collateralized CDs	not to exceed 30%
Limitation by individual bank	not to exceed 15%
Repurchase agreements	100%
Money market funds	not to exceed 75%
Local government Investment Pools	100%
Maximum percent ownership of pool	10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk.

Investments in eligible investment pools are “diversified” by the very nature of their inclusion in a very large and active pool of investments. Consequently, concentrations of investment pools represent a lower risk than concentrations in such individual instrument as agency discount notes or certificates of deposit.

The Investment officers shall review diversification strategies and establish or confirm guidelines on at least an annual basis regarding the percentages of the total portfolio that may be invested in securities other than U.S. Government obligations.

## **X. INVESTMENT STRATEGIES**

- A. General. The Town will group investment instruments into a number of “pool investment groups”. These groups will reflect characteristics of maturity limits, diversity and liquidity, commensurate with the underlying purpose for which investments are intended to ultimately fund. Under this approach various individual investment instruments will comprise the total pool type. Individual funds will share equity interest in the assets and earnings of each pool (or pools), equal to their proportionate contributions to the pool (or pools). A pooled investment approach should provide several advantages including yield enhancement, improved diversity and improved liquidity, over a system that seeks to procure specific investment instruments for specific fund types and financial resources.
- B. Basic Pool Requirements. The Town requires the following basic types of pools:
  - a. Short Term/Operating Funds – Most of the Town’s fund types contain operating capital required to finance the particular activities for which the fund is responsible. Cash flows are reasonably predictable but occasional circumstances may require unforeseen or unpredicted cash requirements. Financial resources for this category should be maintained at relatively short levels. The weighted average maturity of operating funds may not exceed one (1) year.

This pooled investment group includes the total of cash and investment available for current operations plus all required operating reserves of the following fund types:

- General Fund
- Debt Service Funds
- Special Revenue Funds
- Enterprise Funds

A key investment strategy for operating funds is to assure that anticipated cash flows are matched with adequate investment liquidity. Diversification among authorized investment options is not restricted and will be determined and approved by the Investment Committee and Town Council in light of existing market conditions.

- b. Long term/Non Operating Funds – Various fund types may contain financial assets in excess of the amounts necessary to fund the sum of operating costs and operating reserves. Other financial assets may be designated for projects schedule to be implemented beyond the current operating period. The pool structured to invest these assets will require longer maximum maturity limit than the operating pool. The size of the pool may vary widely over time. The pool will expand rapidly with the receipt of bond fund proceeds and contract as the capital is used for project construction.

The primary revenue source of this pooled investment group is bond proceeds (which are typically subject to arbitrage yield limitations). This category also includes any amount of cash and investments in excess of the estimated required operating reserves in the general fund, enterprise funds or debt service funds. The maximum weighted average maturity of the portfolio shall not exceed two (2) years. Diversification among authorized investment options is not restricted and will be determined and approved by the Investment Committee and Town Council in light of existing market conditions.

- c. Yield/Restricted Funds – Proceeds from bond issuances subject to arbitrage restrictions may necessitate yield restrictions under some market conditions. Length of investment maturity may be dependent on market conditions as well as cash flow needs.

The Investment strategy for these funds is to limit investment yields to arbitrage ceilings. The maximum weighted average maturity of an individual investment shall not exceed two (2) years. Diversification among authorized investment options is not restricted and will be determined and approved by the Investment Committee and Town Council in light of existing market conditions.

- d. Debt Service Reserve Funds – These reserves are usually specifically defined in terms of amount and size. Bond covenants typically require that reserve balances be maintained with a third party financial institution or paying agent. These institutions invest deposited reserves on behalf of the Town and indirectly

on the behalf of investors in whose interest the reserves are established. In such instances, the Town may contract with such parties who will operate in the capacity of an investment advisor. These relationships will be approved by the Town Council. The Investment advisors will be confined to the particular instruments and parameters specified as appropriate for this pool of funds.

A primary investment strategy for debt service funds is to provide income to the reserve portions of revenue bonds. Because investments may be subject to arbitrage yield restrictions, the secondary investment strategy is to attempt to invest at a yield equal to the arbitrage limit applicable to the reserves. The maximum maturity of an individual investment may not exceed ten (10) years. Diversification among authorized investment options is not restricted and will be determined and approved by the Investment Committee and Town Council in light of existing market conditions.

- e. Interest and Sinking Fund Reserve – These funds are usually specifically defined in terms of amount and size. The primary investment strategy for debt service sinking funds is to match investment maturities with debt service payment requirements. The maximum maturity of an individual investment shall not exceed five (5) years unless a specific longer maturity is legally required. Diversification among authorized investment options is not restricted and will be determined and approved by the Investment Committee and Town Council in light of existing market conditions.

## **XI. PERFORMANCE EVALUATION AND REPORTING**

- A. Reporting. The Investment Officers shall submit an investment report at least quarterly to the Town Council (PFIA 2256.023) containing sufficient information to permit and informed outside reader to evaluate the performance of the investment program and consistent with the Act's statutory requirements. All reports shall be in compliance with the Act. At a minimum the report shall include:
  - 1. Description of each investment and depository position,
  - 2. Book and market values at the end of the reporting period,
  - 3. Be signed by all investment officers of the entity,
  - 4. Changes to the market value and accrued interest during the period,
  - 4. The maturity date of each separately invested asset,
  - 5. The account, fund, or pooled group fund for which investment was acquired,
  - 6. The earnings for the period and
  - 7. The overall yield for the portfolio in comparison to its benchmark yield for the period.
- B. Marking to Market. The market value of the portfolio must be determined at least quarterly and included in the quarterly investment reports. Market prices for all public fund investments will be obtained and monitored through the use of a third party independent pricing source or by meand oa an on-line financial data service.

- C. Annual Compliance Audit. If the Town invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the Investment Officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

The Town shall, in conjunction with its annual financial audit, perform a compliance audit of management controls on investments and adherence to the Town's Investment Policy.

- D. Monitoring. The Investment officer shall monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency and/or approved broker/dealer. If any security falls below the minimum rating required by Policy, the investment officer shall immediately solicit bids for and sell the security, if possible, regardless of a loss of principal.
- E. Policy Considerations. The Town's Investment Policy and investment strategies shall be reviewed, revised and adopted annually by the Town Council. A written resolution approving that review will be passed and recorded by the Town Council.

## GLOSSARY OF INVESTMENT POLICY TERMS

**Accrued Interest** – The accumulated interest due on a bond as of the last interest payment made by the issuer.

**Agency** – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government.

**Arbitrage** – The simultaneous purchase and sale of an asset in order to profit from a difference in the price (profiting from the mispricing in the market). Arbitrage exists as a result of market inefficiencies; it provides a mechanism to ensure prices do not deviate substantially from fair value for long periods of time.

**Banker's Acceptance** – A short-term debt instrument issued by a firm that is guaranteed by a commercial bank. Banker's acceptances are issued by firms as part of a commercial transaction. These instruments are similar to T-Bills and are frequently used in money market funds. Banker's acceptances are traded at a discount from face value on a secondary market, which can be an advantage because the banker's acceptance does not need to be held until maturity. The date of maturity typically ranges from between 30 and 180 days from the date of issue. Banker's acceptances are considered to be relatively safe investments, since the bank and the borrower are liable for the amount that is due when the instrument matures.

**Bid** – The anticipated price at which a buyer is willing to purchase a security or commodity.

**Bond covenant** – A legally binding term of an agreement between a bond issuer and a bond holder. Bond covenants are designed to protect the interest of both parties. Bond covenants may include restrictions on the issuer's ability to take on additional debt, requirements that the issuer provide audited financial statement to bond holders and limitations on the issuer's ability to make new capital investments. A common penalty for violating a bond covenant is the downgrading of a bond's rating, which could make it less attractive to investors and increase the issuer's borrowing costs.

**Book value** – The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

**Certificate of Deposit (CD)** – A savings certificate entitling the bearer to receive interest; a promissory note issued by a bank. It is a time deposit that restricts holders from withdrawing funds on demand. Although it is still possible to withdraw the money, this action will often incur a penalty. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks and are insured by the FDIC. The term of a CD generally ranges from one month to five years.

**Collateralization** – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

**Collateralized Mortgage Obligations (CMO's)** – A type of mortgage backed security in which principal repayments are organized according to their maturities and into different classes based on risk. A collateralized mortgage obligation is a special purpose entity that receives the mortgage repayments and owns the mortgages it receives cash flows from (called a pool). The mortgages serve as collateral, and are organized into classes based on their risk profile. Income

received from the mortgages is passed to investors based on a predetermined set of rules, and investors receive money based on the specified slice of mortgages invested in.

**Commercial paper** – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Coupon rate** – The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

**Delivery Versus Payment (DVP)** – A type of securities transaction in which the purchaser pays for the securities when they delivered either to the purchaser or his/her custodian.

**Discount** – The amount by which the par value of a security exceeds the price paid for the security.

**Diversification** – A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Fair value** – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Federal Funds (Fed Funds)** – Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Government Securities** – An obligation of the U.S. government backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes and Bonds.”

**Guaranteed Investment Contract** – Insurance contract that guarantees the owner principal repayment and a fixed or floating interest rate for a predetermined period of time. Guaranteed investment contracts are typically issued by insurance companies and marketed to institutions that qualify for favorable tax status under federal laws. These products provide institutions with guaranteed returns.

**Interest rate** – See “Coupon Rate.”

**Internal Controls** – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgment by management. Internal controls should address the following points:

1. Control of collusion – Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of duties – By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping – Securities purchased by any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. Avoidance of physical delivery securities – Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members – Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers – Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third party custodian – The designated official should ensure that an agreement will be entered into and will address the following points: control, security provisions, and responsibilities of each party making and receiving wire transfers.

**Investment Policy** – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Letter of Credit** – A letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.

**Liquidity** – An asset that can be converted easily and quickly into cash.

**Local Government Investment Pool (LGIP)** – An investment by local governments in which their money is pooled as a method for managing local funds.

**Mark-to-market** – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

**Market risk** – The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market value** – Current market price of a security.

**Maturity** – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

**Money Market Mutual Fund** – Mutual funds that invest solely in money market instruments (short-term instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos, and federal funds).

**Mutual Fund** – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.

2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator, or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

**National Association of Securities Dealers (NASD)** – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** – The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued interest earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price of each security in the fund's portfolio. (Total assets – liabilities/Number of shares outstanding)

**No Load Fund** – A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** – The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

**Offer** – An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

**Par** – Face value or principal value of a bond, typically \$1,000 per bond.

**Premium** – The amount by which the price paid for a security exceeds the security's par value.

**Primary Market** – A market that issues new securities on an exchange. Companies, governments and other groups obtain financing through debt or equity based securities. Primary markets are facilitated by underwriting groups, which consists of investment banks that will set a beginning price range for a given security and then oversee its sale directly to investors. Also known as "New Issue Market" (NIM).

**Prime rate** – A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** – A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management and certain certified financial statements.

**Prudent Person Rule** – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Repurchase Agreement (Repo)** – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement (Reverse Repo)** - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Safekeeping** – Holding of assets, such as securities, by a financial institution.

**Secondary Market** – A market where investors purchase securities or assets from other investors, rather than from issuing companies themselves. The national exchanges, such as the New York Exchange and the NASDAQ are secondary markets. In any secondary market trade, the cash proceeds go to an investor rather than to the underlying company/entity directly. In the primary market prices are often set beforehand, whereas in the secondary market only basic forces like supply and demand determine the price of the security.

**Security** – A financial instrument that represents: an ownership position in a publicly traded corporation (stock), a creditor relationship with a governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable instrument that represents some type of financial value.

**Securities Lending** – The act of loaning a stock, derivative, other security to an investor firm. Securities lending requires the borrower to put up collateral, whether cash, security or a letter of credit. When a security is loaned, the title and the ownership is also transferred to the borrower. The borrower hopes to profit by selling the security and buying it back at a lower price. Since ownership has been transferred temporarily to the borrower, the borrower is liable to pay any dividends out to the lender.

**Serial Bond** – A bond issue, usually a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Share Certificates** – A share certificate is a written document signed on behalf of a corporation, and serves a legal proof of ownership of the number of share indicated. Also refer to as “stock certificate.”

**Sinking Fund** – Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Treasury Bills** – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes** – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

**Treasury Bonds (T-bills)** – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently the longest outstanding maturity for such securities is 30 years.

**Uniform Net Capital Rule** – SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Weighted Average Maturity (WAM)** – The average maturity of all the securities that comprise a portfolio. According to the SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

**Yield** – The current rate of return on an investment security generally expressed as a percentage of the security's current price.

**Yield-to-call (YTC)** – The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**Yield-to-maturity** – The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

**Zero-coupon Securities** – Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

# Government Treasurers' Organization of Texas

March 13, 2014

Ms. Ariel Carmona  
Director of Finance  
Town of Pantego  
1614 S. Bowen Rd.  
Pantego, TX 76013

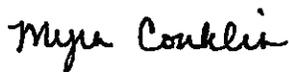
Dear Ms. Carmona:

On behalf of the Investment Policy Review Committee, I am pleased to inform you that the Government Treasurers' Organization of Texas (GTOT) has awarded the **Certificate of Distinction** to the Town of Pantego for its Investment Policy. Members of the Review Committee congratulate the Town of Pantego for its commitment to maintaining a comprehensive written investment policy that meets the criteria set forth in the GTOT Investment Policy Review Checklist.

As we reviewed your City's Investment Policy, we noted a few areas that would benefit from an additional clarification as detailed in the Public Funds Investment Act. Enclosed is a copy of our Checklist that provides our recommended Policy revision. Your certificate is being mailed under separate cover and is good for a two-year period ending March 31, 2016.

Congratulations once again on an excellent policy and thank you for participating in our certification program.

Sincerely,



Myra Conklin, Co-Chair  
GTOT Investment Policy Review Committee



Government Treasurers' Organization of Texas  
**Certification of Investment Policy**

Presented to

*Town of Pantego*

for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas.



Government Treasurers' Organization of Texas  
President



Investment Policy Review Committee  
Chairperson

For the two-year period ending March 31, 2016

## GOVERNMENT CODE

## TITLE 10. GENERAL GOVERNMENT

## SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

## CHAPTER 2256. PUBLIC FUNDS INVESTMENT

## SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

- (A) are not required by law to be deposited in the state treasury; and
- (B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

- (A) preservation and safety of principal;
- (B) liquidity; and
- (C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the

National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

(1) a public retirement system as defined by Section 802.001;

(2) state funds invested as authorized by Section 404.024;

(3) an institution of higher education having total endowments of at least \$95 million in book value on May 1, 1995;

(4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;

(5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or

(6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

(1) be written;

(2) primarily emphasize safety of principal and liquidity;

(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

(1) orally;

(2) in writing;

(3) electronically; or

(4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the financial

requirements of the entity;

(2) preservation and safety of principal;

(3) liquidity;

(4) marketability of the investment if the need arises to liquidate the investment before maturity;

(5) diversification of the investment portfolio; and

(6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution 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 investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is

related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. For purposes of this subsection, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a person who has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor.

Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a

state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 1, eff. June 17, 2011.

Sec. 2256.006. STANDARD OF CARE. (a) 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. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

(1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

(2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1,

1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS. (a) Except as provided by Subsections (b) and (e), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) except as provided by Subsections (b) and (e), attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 3, eff. June 17, 2011.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- (2) direct obligations of this state or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and
- (6) bonds issued, assumed, or guaranteed by the State of Israel.

(b) The following are not authorized investments under this section:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 4, eff. June 17, 2011.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

- (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- (2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or
- (3) secured in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

- (1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) 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 investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. [256](#)), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 5, eff. June 17, 2011.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1); and

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 6, eff. June 17, 2011.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

- (1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;
- (2) a loan made under the program must allow for termination at any time;
- (3) a loan made under the program must be secured by:
  - (A) pledged securities described by Section 2256.009;
  - (B) pledged irrevocable letters of credit issued by a bank that is:
    - (i) organized and existing under the laws of the United States or any other state; and
    - (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
  - (C) cash invested in accordance with Section:
    - (i) 2256.009;
    - (ii) 2256.013;
    - (iii) 2256.014; or
    - (iv) 2256.016;
- (4) the terms of a loan made under the program must require that the securities being held as collateral be:
  - (A) pledged to the investing entity;
  - (B) held in the investing entity's name; and
  - (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;
- (5) a loan made under the program must be placed through:
  - (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or
  - (B) a financial institution doing business in this state; and
- (6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance;
- (2) will be, in accordance with its terms, liquidated in full at maturity;
- (3) is eligible for collateral for borrowing from a Federal Reserve Bank; and
- (4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance; and
- (2) is rated not less than A-1 or P-1 or an equivalent rating by at least:
  - (A) two nationally recognized credit rating agencies; or
  - (B) one nationally recognized credit rating agency and is fully secured by an

irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS. (a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

- (1) is registered with and regulated by the Securities and Exchange Commission;
- (2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
- (3) has a dollar-weighted average stated maturity of 90 days or fewer; and
- (4) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

- (1) is registered with the Securities and Exchange Commission;
- (2) has an average weighted maturity of less than two years;
- (3) is invested exclusively in obligations approved by this subchapter;
- (4) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
- (5) conforms to the requirements set forth in Sections 2256.016(b) and (c)

relating to the eligibility of investment pools to receive and invest funds of investing entities.

(c) An entity is not authorized by this section to:

- (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);
- (2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or
- (3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

- (1) has a defined termination date;

(2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;

(4) the objectives of the pool;

(5) the size of the pool;

(6) the names of the members of the advisory board of the pool and the dates their terms expire;

(7) the custodian bank that will safekeep the pool's assets;

(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value

or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool created to function as a money market mutual fund shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds

investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment 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.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 7, eff. June 17, 2011.

Sec. 2256.017. EXISTING INVESTMENTS. An entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment 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.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally

recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. 495), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. 894), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. 2346), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds;

and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. 1543), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as

required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. 1464), Sec. 1, eff. September 1, 2005.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

- (1) describe in detail the investment position of the entity on the date of the report;
- (2) be prepared jointly by all investment officers of the entity;
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement of each pooled fund group that states the:
  - (A) beginning market value for the reporting period;
  - (B) ending market value for the period; and
  - (C) fully accrued interest for the reporting period;
- (5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- (6) state the maturity date of each separately invested asset that has a maturity date;
- (7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the state agency or local government as it relates to:
  - (A) the investment strategy expressed in the agency's or local government's investment policy; and
  - (B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b), this subchapter does not:

- (1) prohibit an investment specifically authorized by other law; or
- (2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

- (1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;
- (2) an entity created under Chapter 392, Local Government Code; or
- (3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

#### SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

RESOLUTION NO 13-01

**A RESOLUTION APPROVING THE INVESTMENT POLICY AND THE INVESTMENT STRATEGY FOR THE TOWN OF PANTEGO; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Section 2256.005(a) of the Public Funds Investment Act (the "Act") directs the governing body of an investing entity to adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control; and

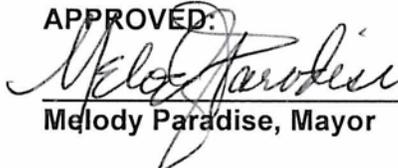
**WHEREAS**, the Town Council has reviewed the attached Investment Policy and Investment Strategy for the Town of Pantego and desires to approve the Investment Policy with no changes at this time.

**NOW THEREFORE, BE IT RESOLVED, BY THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS THAT:**

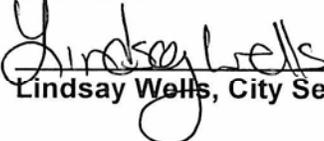
- Section 1.** the Town Council hereby adopts the attached Investment Policy as the Town's Investment Policy, and is incorporated in this resolution and made part of the same as if written word for word herein.
- Section 2.** the Town Council approves the list of brokers as recommended by the Town's Finance Director.
- Section 3.** all polices or resolutions in conflict with the provisions of this resolution or which are inconsistent or in conflict with the terms or provisions contained in this resolution are hereby repealed to the extent of any such conflict only. The non-conflicting sections, sentences, paragraphs, and phrases shall remain in full force and effect.
- Section 4.** this resolution shall become effective immediately upon its passage.

**PASSED AND APPROVED** this the 14<sup>th</sup> day of January 2013, at a regular meeting of the Town Council of the Town of Pantego, Texas, by a vote of 5 ayes, 0 nays, and 0 abstentions.

APPROVED:

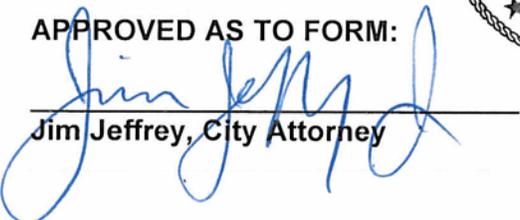
  
\_\_\_\_\_  
Melody Paradise, Mayor

ATTEST:

  
\_\_\_\_\_  
Lindsay Wells, City Secretary



APPROVED AS TO FORM:

  
\_\_\_\_\_  
Jim Jeffrey, City Attorney

## Title 3.08

### INVESTMENT POLICY

#### Section

- 3.08.010 Policy statement.
- 3.08.020 Scope.
- 3.08.030 Objectives and strategy.
- 3.08.040 Legal limitations, responsibilities, and authority.
- 3.08.050 Delegation of investment authority.
- 3.08.060 Prudence.
- 3.08.070 Internal controls.
- 3.08.080 Authorized investments.
- 3.08.090 Authorized financial dealers and institutions.
- 3.08.100 Diversification and maturity limitations.
- 3.08.110 Safekeeping.
- 3.08.120 Collateralization.
- 3.08.130 Performance evaluation and reporting.
- 3.08.140 Depositories.
- 3.08.150 Investment policy adoption by town council.

#### 3.08.010 Policy Statement

A. It is the policy of the Town of Pantego (the Town) that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of the principal through established limitations and diversification while meeting the daily cash flow needs of the Town and conforming to all applicable state statutes governing the investment of public funds.

B. The receipt of a market rate of return will be secondary to the requirements for safety

and liquidity. It is the intent of the Town to be in complete compliance with local statutes and the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "Act"). The earnings from investment will be used in a manner that best serves the interests of the Town. (Ord.78 § 2, 1982; Ord. 95-15, 1995; 2006-09, 2006)

#### 3.08.020 Scope.

This investment policy applies to all the financial assets and funds of the Town. The Town co-mingles its funds into one pooled investment portfolio for efficiency and maximum investment opportunity. These funds are defined in the Town's Annual Financial Reports and include any new funds created by the Town unless specifically exempted by the Town Council and this Policy. (Ord. 2006-09, 2006)

#### 3.08.030 Objectives and Strategy.

It is the policy of the Town that all funds be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit and maturity. The choice of high credit quality government investments and high credit quality money market instruments is designed to assure the marketability of those investments should liquidity needs arise.

To match anticipated cash flow requirements, the maximum dollar weighted average maturity of the overall portfolio may not exceed six (6) months.

A. Safety of Principal. Safety of principal is the foremost objective of the Town. Investments of the Town shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

B. Liquidity. The Town's investment portfolio will be based on a cash flow analysis of cash needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.

C. Diversification. Diversification of the portfolio will include diversification by maturity and market sector to protect against credit and market risk. The Town will diversify its investments in an effort to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

D. Yield. The Town's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the Town's risk constraints and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current six month U. S. Treasury Bill to match the cash flow requirements.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The Town shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services. (Ord. 2006-09, 2006)

#### **3.08.040      Legal limitations, responsibilities and authority.**

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (The "Act"). All investments will be made in accordance

with these statutes. The Public Funds Collateral Act, Chapter 2257 Texas Government Code, sets collateral requirements for all public fund deposits. (Ord. 2006-09, 2006)

#### **3.08.050      Delegation of investment authority.**

A. 1. The City Manager and Chief Financial Officer, acting on behalf of the Town, are designated as the Investment Officers of the Town and are responsible for management decisions and activities. The Investment Officers are also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

2. The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include the "Bond Market Master Repurchase Agreements" (as applicable), wire transfer agreements, banking services contracts, and other investment related activities.

3. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff.

4. The Investment Officers shall

designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officers are not available.

5. No officer or designee may engage in any investment transaction except as provided under the terms of this Policy and the procedures established.

6. Officers, and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Investment Officers involved shall disclose in writing to the Town Council any material financial interest in financial institutions that conduct business with the Town or any personal financial/investment positions that could be related to the performance of the Town.

7. An Investment Officer who has a personal or business relationship with an individual or organization seeking to sell an investment to the Town shall file a disclosure statement with the Texas Ethics Commission and the Town Council in accordance with the Act.

B. Authorization resolution. A Trading Resolution is established with this investment policy, attached hereto, authorizing the Investment Officers to engage in investment transactions on behalf of the Town. The persons authorized by the Trading Resolution to transact business for the owner are also authorized to approve wire transfers used in the process of investing.

C. Training. All Investment Officers shall attend ten (10) hours of training within twelve months of taking the position and ten (10) hours in each succeeding two year period relating to investment responsibilities. The training provider must be an independent source approved by the Town Council. (Ord. 78 § 2, 1982; Ord. 95-15, 1995; 2006-09, 2006)

#### **3.08.060 Prudence.**

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

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

A. Limitation of Personal Liability. The Investment Officers and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects. (Ord. 2006-09, 2006)

#### **3.08.070 Internal Controls.**

The Investment Officers shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the Town. The controls shall be

designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Town.

A. Cash Flow Forecasting. Cash flow forecasting is designed to protect and sustain cash flow requirements of the Town. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

B. Competitive Bidding Requirement. All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the Town is receiving fair market value/price for the investment. (Ord. 2006-09, 2006)

### 3.08.080 Authorized Investments.

A. Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Act.

1. Obligations of the United States Government, its agencies and instrumentalities, not to exceed one year to stated maturity, excluding collateralized mortgage obligations (CMOs);

2. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, collateralized in accordance with this Policy, not to exceed one year to stated maturity;

3. Repurchase agreements as defined by the Act, not to exceed 90 days to

stated maturity, executed under a written Bond Industry Association Agreement. Flex repurchase agreements used specifically for capital bond funds may extend over one year but only to match planned expenditures of the funds;

4. AAA – rated, SEC registered money market funds investing in only obligations of the U.S. Government and /or its agencies, each fund approved specifically before use by the Town's Council.

5. AAA- rated, Constant dollar Texas Local Government Investment Pools as Defined by the Public Funds Investment Act and approved by the Town Council.

6. Depository accounts of designated depositories including interest bearing accounts and money market accounts.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the Town until this policy has been amended and the amended version approved by the Town Council.

B. Delivery versus Payment. All security transactions, including collateral for repurchase agreements, entered into by the Town, shall be conducted on a delivery versus payment (DVP) basis. (Ord. 78 § 2, 1982; Ord 95-15, 1995; 2006-09, 2006)

### 3.08.090 Authorized Financial Dealers and Institutions.

A. All investments made by the Town will be made through either the Town's banking services bank or an authorized institutional dealer. The Town Council will review the list

of authorized broker/dealers annually.

B. A list of no less than three and no more than five (5) authorized brokers/banks will be established and maintained. The following criteria must be met by those firms:

1. provision of an audited financial statement for the most recent period,
2. proof of certification by the National Association of Securities Dealers (NASD),
3. proof of current registration with the State Securities Commission, and
4. completion of the Town's depository questionnaire.

C. Every broker/dealer and bank with whom the Town transacts business will be provided a copy of this Investment Policy to assure that they are familiar with goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the Town. (Ord. 78 § 2, 1982; Ord. 95-15, 1995; 2006-09, 2006)

### **3.08.100 Diversification And Maturity Limitations.**

A. It is the policy of the Town to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	not to exceed 100%
U.S. Government	

agencies and instrumentalities	not to exceed 75%
Fully insured or collateralized CDs	not to exceed 30%
Limitation by individual bank	not to exceed 15%
Repurchase agreements	100%
Money Market funds	not to exceed 75%
Local Government Investment Pools	100%
Maximum percent ownership of pool	10%

B. The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk (Ord. 2006-09, 2006)

### **3.08.110 Safekeeping.**

A. The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by either the Town, an independent third party financial institution, or the Town's designated banking services depository.

B. All safekeeping arrangements shall be approved by the Investment Officers and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the Town or its agent a listing of each specific security, rate, description, maturity, par amount, CUSIP number and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the Town or pledged to the Town.

C. All securities pledged to the Town for certificates of deposit or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from whom the securities are pledged. (Ord. 2006-09, 2006)

### **3.08.120 Collateralization.**

Collateralization is required on all bank time and demand deposits over the applicable FDIC insurance coverage of \$100,000.00. All securities pledged to the Town for these deposits shall be held by an independent third party institution outside the holding company of the pledging bank.

In order to anticipate market changes and provide a level of additional security for all funds, the market value of collateral will be maintained at 102% of total principal and accrued interest. The depository will be contractually liable for monitoring and maintaining the collateral and margins at all times. The depository or custodian will provide monthly reports to the Town detailing the collateral and including current market values.

Collateral will be pledged under the terms of a written tri-party depository agreement executed under the terms of The Financial Institutions Resource and Recovery Enforcement Act (If the custodian is the Federal Reserve the Town will execute a Circular 7 form.) The agreement will be approved by resolution of the bank's board or loan committee. (Ord. 2006-09, 2006)

### **3.08.130 Performance Evaluation and Reporting.**

The Investment Officers shall submit an investment report at least quarterly to the Town Council (section 2256.023 Public Funds Investment Act) containing sufficient

information to permit and informed outside reader to evaluate the performance of the investment program and consistent with the Act's statutory requirements. All reports shall be in compliance with the Act. At a minimum the report shall include:

A. Description of each investment and depository position,

B. Book and market values at the end of the reporting period,

C. Changes to the market value during the period,

D. The maturity date of each separately invested asset,

E. The account, fund, or pooled group fund for which investment was acquired,

F. The earnings for the period, and

G. The overall yield for the portfolio in comparison to its benchmark yield for the period.

Prices used for market evaluations shall be obtained from independent sources.(Ord.78 § 2, 1982; Ord. 95-15, 1995; 2006-09, 2006)

### **3.08.140 Depositories.**

The Town will designate one banking institution through a competitive process as its central banking services at least every five years. This financial institution will be used for normal banking services including disbursements, deposits, collections, and safekeeping of securities.

Other banking institutions from which the Town may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to the Town. (Ord.78 § 2, 1982; Ord. 95-15, 1995, 2006-09, 2006)

### **3.08.150 Investment Policy Adoption by Town Council.**

The Town's Investment Policy shall be adopted annually by the town council. The

policy and strategies shall be reviewed on an annual basis by the town council or a designated committee of the town council. A written resolution approving that review and changes to the policy from the review will be passed and recorded by the town council. (Ord 2006-09, 2006)



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BROKERS LIST

FROST CAPITAL MARKETS  
210-220-6156  
100 WEST HOUSTON ST.  
SAN ANTONIO, TEXAS 78296

JP MORGAN CHASE CAPITAL  
800-926-0762  
200 ROSS AVE 6<sup>TH</sup> FLOOR  
DALLAS, TEXAS 75201

BANK OF AMERICA SECURITIES  
214-752-3707  
901 MAIN STREET  
DALLAS, TEXAS 75202-3707

OTHER:

COASTAL SECURITIES  
713-4385-4334  
5555 SAN FELIPE, SUITE 2200  
HOUSTON, TEXAS 77056



# AGENDA BACKGROUND

**AGENDA ITEM:** Review and Consider Action on a Resolution Authorizing the Town's Financial Management Policies.

**DATE:** April 28, 2014

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**PRESENTER:** Ariel Carmona, Finance Director

**BACKGROUND:**

The staff has reviewed and updated the Financial Management Policies for the Town of Pantego. This set of financial policies serve as an effort to conduct and continue to improve financial operations and systems by identifying more efficient methods of operations regarding budget, accounting, financial reporting and auditing.

**FISCAL IMPACT:**

N/A

**RECOMMENDATION:**

Staff recommends that the Financial Management Policies be approved as presented.

**ATTACHMENTS:**

Proposed Resolution  
Financial Management Policies  
Financial Management Policy Statement approved October 8<sup>th</sup>, 2007 – Resolution No. 07-028

**RESOLUTION NO. 14-XX**

**A RESOLUTION OF THE TOWN COUNCIL ADOPTING A FINANCIAL MANAGEMENT POLICY FOR THE TOWN OF PANTEGO; PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, the Town Council has determined that it will be in the best interest of the Town of Pantego to adopt a Financial Management Policy and Procedure statement; and

**WHEREAS**, the purpose of this policy is to provide guidelines to the Finance Director and the Town Manager in planning and directing the Town's day-to-day financial affairs and in developing recommendations to the Town Council; and

**WHEREAS**, this set of financial policies serve as an effort to conduct and continue to improve financial operations and systems by identifying more efficient methods of operations regarding budget, accounting, financial reporting, and auditing; and

**WHEREAS**, the financial policy outlines the provisions affecting Municipalities included in Title 4 of the Texas Local Government Code; and

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS:**

**Section 1:** the Town Council hereby adopts the attached Financial Policy as presented by the Finance Director.

**Section 2:** the Town Council agrees and accepts the terms and conditions of the Financial Policy as presented by the Finance Director in "Exhibit A."

**Section 3:** this resolution shall be in full force and is effective immediately upon passage.

**PASSED AND APPROVED** this the 28<sup>th</sup> day of April 2014, at a regular meeting of the Town Council of the Town of Pantego, Texas, by a vote of \_\_ ayes, \_\_ nays and \_\_ abstentions.

\_\_\_\_\_  
**Melody Paradise, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Julie Arrington, City Secretary**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**James T. Jeffrey, Jr., City Attorney**



## FINANCIAL MANAGEMENT POLICIES REVISED 4/28/14

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## **I. PURPOSE STATEMENT**

The intent of the following Financial Management Policies is to enable the Town of Pantego (the "Town") to achieve a long-term stable and positive financial condition. The guiding principles of the Town's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The more specific purpose of this policy is to provide guidelines to the Finance Director and the Town Manager in planning and directing the Town's day-to-day financial affairs and in developing recommendations to the Town Council.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts, in order to:

- a) Present fairly and with full disclosure the financial position and results of financial operations of the Town in conformity to generally accepted accounting principles (GAAP) as set forth by the governmental accounting standards board (GASB), and
- b) Determine and demonstrate compliance with finance related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

## **II. GENERAL IMPLEMENTATION AND COMPLIANCE GUIDELINES**

- A. **FINANCE/AUDIT COMMITTEE.** A committee designated as the Finance Committee, will be appointed annually by the Town Council and will consist of two members of the Council, the Town Manager and the Finance Director. The committee will meet quarterly, or as needed. The committee will report to the Town Council within 10-14 days after each meeting. The function of the committee will be:
  - 1) Fiscal policy review,
  - 2) Auditor selection recommendation,
  - 3) Investment policy review and guidance, and
  - 4) Long Range Planning.
- B. **ANNUAL REVIEW.** Based upon the results and recommendations of the Finance Committee review, the Town will annually approve new or revisions to fiscal policies.
- C. **IMPLEMENTATION, COMPLIANCE AND REVIEW.** The Finance Director will be accountable for implementing these policies and will to the best of his/her knowledge make the Town Manager, Finance Committee and Town Council aware of any variances in, practice from these policies or any other deviation from prudent financial practices in accordance with GAAP, state/federal laws and/or ethics of the profession. Any variances will be presented at quarterly meetings of the Finance Committee, unless there is a need for a special meeting.

### III. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. ACCOUNTING. The Town is solely responsible for the reporting of its financial affairs, both internally and externally. The Town Manager serves as the Town's Chief Fiscal Officer and the head of the administrative branch of the Town.
- B. AUDITING. An independent certified public accounting (CPA) firm will perform annual financial audits.
- 1) Qualifications of the Auditor. In conformance with Texas Local Government Code, Title 4, Chapter 103, the Town shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit performed by external independent accountants ("auditor").
  - 2) Auditor Repute. The auditor must be a CPA firm of good reputation and must demonstrate that it has the breadth and depth of staff to conduct the Town's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be registered as a partnership or corporation or certified public accountants, holding a license in the state of Texas, capable of demonstrating that it has sufficient staff which will enable it to conduct the Town's audit.
  - 3) Timing. The auditor's report on the Town's financial statements will be completed within 150 days of the Town's fiscal year end.
  - 4) Management Letter. The independent CPA firm shall provide a management letter, if one is issued, no later than March 31 following the end of each fiscal year. The Finance Director shall respond in writing to the Town Manager and Town Council regarding the auditor's management letter, addressing the issues contained therein. The Council shall schedule its formal acceptance of the auditor's report upon the resolution of any issues resulting from the year end audit.
  - 5) Responsibility of Auditor to Town Council. The auditor is accountable to the Town Council and will have access to direct communication with the Town Council if the Town Staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill its legal and professional responsibilities.
  - 6) Rotation of Auditor. The Town will circulate requests for proposal for audit services at least every five years. Should the Town Council be dissatisfied with the auditor's performance, it may request new proposals at any time. Year to year authorization to continue shall be done by no later than July 1st of each year.
  - 7) Auditor Accountability to Staff. The auditor shall provide the Finance Director with copies of all work papers/support documentation and schedules upon completion of the audit. Originals will be maintained at the auditor's office.

### C. FINANCIAL REPORTING.

1. External Reporting.
  - a. Scope. The Financial Report shall be prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB).
  - b. Timing. The Report shall be presented to the Town Council within 150 calendar days of the Town's fiscal year end. If Town staffing limitations preclude such timely reporting, the Finance Director will inform the Town Council of the delay and the reasons thereof.
  - c. Awards. Upon approval of the Town Council, the Annual Financial Report may be presented annually to the Government Finance Officer's Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting. (For a discussion of this award, see Section XI-C below).
2. Internal Reporting. The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the Town's financial affairs. Internal financial reporting objectives are addressed throughout these policies. (See Section IV. Budgeting, C. Reporting, below).

## IV. OPERATING BUDGET.

- A. PREPARATION. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The Town's "operating budget" is the Town's annual financial operating plan.
  1. Scope. The scope of the budget includes all funds for which the Town will adopt a formal budget, including Governmental Funds, Proprietary Funds, and Fiduciary Funds.
  2. Budgetary Process. The budget is prepared by the Town Manager or his/her designee with the cooperation of all Town Departments. The budget should be presented to the Town Council between 60 and 90 days prior to fiscal year end, and should be enacted by the Town Council prior to fiscal year end.

The budget process is completed in several steps and it is initiated by the Town Manager each spring during the month of April. The first step is to calculate the year-end estimate of the current year. Departmental Directors/Managers begin the process by preparing estimates for the remainder of the year. Once the year-end estimates are completed, the departments begin preparing the proposed estimates for the upcoming fiscal year.

The second step is the calculation of the proposed base budget for the new year. This step is the proposed cost for maintaining current base operations, and assumes no additional personnel or additional equipment. Activities which require additional resources to maintain the service due to growth, new facilities, new equipment, etc., are considered enhancements to the base budget and must be explained and justified.

The third step is justification for any proposed new programs or enhancements/supplemental requests. This is defined as any proposed change

in program emphasis, expenditures of funds, allocation of personnel or equipment which will result in a change in the level of service currently being delivered. Departments will have to describe the program, itemize all new costs, proposed personnel as well as the reason supporting the request. Each enhancement is prioritized according to need as perceived by the departmental unit.

During the budget process, each department head will review and discuss their budgetary needs with the Town Manager. Once all departments have finalized their base and enhancement proposals, the Town Manager prepares a comprehensive report on all enhancements by priority and submits this information as part of the proposed budget to the Town Council.

3. Awards. If feasible and approved by the Town Council, the annual operating budget may be submitted to the GFOA annually for evaluation and consideration for the Award for Distinguished Budget Presentation.
4. Basis of Budgeting. The basis of budgeting will be the same as the basis of accounting; that is, budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are prepared on the modified accrual basis of accounting – this means that obligations of the Town (for example outstanding purchase orders) are budgeted as expenses but revenues are recognized only when they are actually received. Budgets for the Proprietary (Water and Sewer) Funds, on the other hand, are prepared on a full accrual basis – expenditures are recognized when a commitment is made and revenues are also recognized when they are obligated to the Town.
5. Financial Forecast. A five-year financial forecast shall be prepared annually projecting revenues and expenditures for all operating and capital project funds. This forecast shall be used as a planning tool in developing the following year's operating budget.
6. Proposed Budget Format. A proposed budget shall be prepared by the Town Manager with the participation of all of the Town's Directors/Managers. The budget shall include at least four basic segments for review and evaluation. These segments are: (1) personnel costs, (2) operations and maintenance costs, (3) capital and other (non-capital) project costs, and (4) revenues. A format should be used such that prior year actual, current year budget and revised, and next year proposed are all clearly shown.
7. Organization of the budget document. The budget document is divided into seven major sections.
  - The first section, **Budget Overview**, begins with the Town Manager's Budget Message to the Town Council with Budget Objectives and Major Issues included. The Budget Message is followed by an Executive Summary, which summarizes information about various funds that comprise the budget. Following the Executive Summary is a schedule of funds and organizational unit and departments. Next is a summary of the Accounting Basis and Municipal Fund Structure followed by a Description of Revenue Sources and Assumptions. Following this section is an overview of the budget process, the budget calendar and the Town's organizational chart.

- The second section, **Fund Summaries**, contains three-year comparison of actual, projected and budgeted amounts of each Governmental, Special Revenue, Capital Project, Debt Service and Proprietary Fund. This section also includes a combined summary of all budgeted accounts and personnel schedule.
  - The third section, **Governmental Funds**, includes detailed information for the General Fund, Debt Service, Special Revenue and Capital Project Funds. The information for each organizational unit (department) in the General Fund will include an expenditure summary, performance measures, mission statement, goals and objectives. The Debt Service Fund section will provide detailed information on all bond issues. Future payments of interest and principal on all outstanding bond issues are included with a summary of payments for each issuance.
  - The fourth section, **Capital Improvement Plan**, includes information for all Capital Projects Funds. A description of major individual capital projects is also included.
  - The fifth section, **Proprietary Funds**, includes detailed information for each unit within the Water and Sewer Fund. The information included for each organizational unit is an expenditure summary, personnel schedule, performance measures, mission statement, goals and objectives. A detailed expenditure summary is also included.
  - The sixth section, **Personnel Budget and Transfers**, includes a summary of salaries and benefits, a list of approved/authorized positions and salary ranges. It also includes a list of all budgetary inter-fund transfers.
  - The final section, **Appendix**, may contain supplemental information and could include a community profile, location map, statistical profile, demographics statistics, and miscellaneous data. Also included are copies of the ordinance adopting the budget, the ordinance establishing the tax rate and any other ordinance necessary to accomplish the proposed annual budget. A glossary of budgetary terms may also be included.
8. Council Participation. The budget review process shall include Council participation in the development of each of the four segments of the proposed budget and a Public Hearing to allow for citizen participation in the budget preparation. The budget process shall span sufficient time to address policy and fiscal issues by the Council. The budget process will be coordinated so as to identify major policy issues for Council consideration prior to the budget approval date so that proper decision analysis can be made.
  9. Filing and Adoption. Upon the presentation of a proposed budget document acceptable to the Council, the Council shall call and publicize a public hearing and adopt by Ordinance such budget as the Town's Official (Adopted) Budget, effective for the fiscal year beginning. A copy of the proposed budget shall be filed with the City Secretary.
  10. Amending the Official (Adopted) Budget. Council may amend the budget for municipal purposes in accordance with state law. The Town Manager is authorized to make line-item and departmental budget adjustments during the year in order to avoid over-expenditures of particular line items. Adjustments do not require further Council action if the total appropriation of each fund as set

forth in the adopted budget is not exceeded. Expenditures in excess of the adopted budget appropriations for each fund require budget amendments.

11. Encumbrances. Encumbrances outstanding at the end of each fiscal year shall expire at the end of the fiscal year, except for capital project funds. These shall be reflected as reservations of fund balance. Subsequent year's payments on previously encumbered capital project funds will be reflected as expenditures of the prior year with a corresponding decrease of the reservation of fund balance.

- B. **BALANCED BUDGET**. The operating budget will be balanced with current revenues and other resources greater than or equal to current expenditures/expenses. Use of beginning balances and other reserves to balance operations will be disclosed in the document with the underlying rationale. The adoption of a balanced budget, where current resources (current revenues plus fund balance or unassigned fund balance) shall be required. Current resources will equal or exceed current expenditures for each individual fund.
- C. **REPORTING**. Monthly financial reports will be prepared to enable the Department Managers/Directors to manage their budgets and to enable the Finance Director to monitor and control the budget as authorized by the Town Manager. Such reports will be in format appropriate to enable Council to understand the budget status at a level of summary executive detail.
- D. **CONTROL**. Operating Expenditure Control is addressed in Section VI-C.
- E. **ACTIVITY INDICATORS AND STATISTICS**. Where appropriate, activity indicators and statistics will be used as guidelines and reviewed for efficiency and effectiveness. This information will be considered in the annual budgeting process and reported to the Town Council regularly. The proposed annual budget shall integrate performance measures, goals and objectives, service levels and productivity measures where appropriate.
- F. **OPERATING POSITION**. The guidelines that the Town should be following to assure fiscal stability are those outlined in Financial Condition/ Reserves/Stability Ratios (Section IX - A and B).

## **V. REVENUE MANAGEMENT**

- A. **ANNUAL ESTIMATES**. Annual estimates of revenue in both the General Fund and Proprietary Funds shall be based on historical trends and reasonable expectation of growth. A conservative approach shall be observed in estimating revenues, so that revenue estimates will not be overstated. The Town will strive for the following optimum characteristics in its revenue system:
  - 1. **SIMPLICITY**. The Town, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs and to make it more understandable to the taxpayer or service recipient. The Town will avoid nuisance taxes or charges as revenue source.
  - 2. **CERTAINTY**. A knowledge and understanding of revenue sources increases the reliability of the revenue system. The Town will understand its revenue sources and

enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.

3. **EQUITY.** The Town shall make every effort to maintain equity in its revenue system structure; i.e., the Town shall seek to minimize or eliminate all forms of subsidy between entities, funds, services, utilities and customers. The Town shall require that there be a balance in the revenue system; i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay and ability to pay.
4. **ADMINISTRATION.** The benefits of a revenue source will exceed the cost of collecting and administering the revenue program. The cost of collection will be reviewed annually for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the Town will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
5. **DIVERSIFICATION AND STABILITY.** In order to protect from fluctuations in a revenue source due to fluctuations in the economy and variations in weather, a diversified revenue system will be maintained which has a stable source of income. This stability is also achieved by a balance between elastic and inelastic sources of revenues.
6. **GRANTS AND RESTRICTED REVENUES.** In order to maintain flexibility in the revenue system, restricted revenues will be kept to a minimum, and shall be pursued on a cost-benefit basis. All grants and other federal/state, and restricted funds shall be managed and accounted to comply with the laws, regulations, and guidance of the grantor.

The Town will review all grant submittals requiring an in-kind match requirements to determine their potential impact on the operating budget, and the extent to which they meet the Town's policy objectives. If there is a cash match requirement, the source of funding shall be identified and approved prior to application. Prior to submission, all grant requests/applications shall be reviewed by the Town Manager to ensure the benefits to the Town exceeds the administrative costs incurred through the life of the grant.

The Town will terminate grant-funded programs and associated positions as directed by the Town Council when grant funds are no longer available, unless alternate funding is identified.

- B. **SOURCES OF REVENUES.** The following considerations and issues will guide the Town in its revenue policies concerning specific sources of funds:
  1. **COST/BENEFIT OF ABATEMENT.** The Town will use due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such caution. Tax abatement may be offered on improvements to real property owned by the applicant, and/or on new personal property brought to the site by the applicant. The abatement will not be ordinarily considered for projects which would be developed without such incentives unless it can be demonstrated that higher development standards or other

development and community goals will be achieved through the use of the abatement.

2. **NON-RECURRING REVENUES.** One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs.
3. **PROPERTY TAX REVENUES.** All real and business personal property located within the Town shall be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the Town by Tarrant County Appraisal District. Total taxable valuation will be reappraised and reassessed in accordance with State statute, in order to maintain current market values.

A 98% collection rate shall serve each year as a goal for tax collections. All taxes shall be aggressively pursued each year by the Town's appointed tax assessor/collector. Tax accounts delinquent July 1st shall be submitted for collection each year to an attorney selected by the Town Council. A penalty shall be assessed on all property taxes delinquent in accordance with State law and shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's contract with the Town. Annual performance criteria will be developed for the attorney.

4. **SALES AND USE TAX REVENUE.** The State Comptroller Office collects, administers and disburses this revenue each month. The Texas sales and use tax rate is 6.25%, but local taxing jurisdictions may also impose a sales and use tax up to 2% for a total maximum combined rate of 8.25%.

The Town, through the Pantego Economic Development Corporation, will encourage and participate in economic development efforts to expand the Town's economy, to increase local employment and to invest in the community when there is a defined specific long-term return.

5. **INTEREST INCOME.** Interest earned from investment of available funds, whether pooled or not, will be distributed to the funds in accordance with the operating and capital budgets which, wherever possible, will be in accordance with the equity balance of the fund from which funds were provided to be invested.
6. **USER-BASED FEES AND SERVICE CHARGES.** For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as "Full Cost Recovery", "Partial Cost Recovery," and "Minimal Cost Recovery," based upon Town Council approval.
7. **UTILITY RATES.** The Town will review and/or adopt utility rates annually that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants (when applicable), and provide for an adequate level of working capital. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects. Components of Utility Rates will include transfers to the General Fund as follows:

- a. General and Administrative Charge. An administrative fee will be charged to the Utility Fund for services of general overhead, such as administration, finance, personnel, data processing and legal counsel. This fee will be documented through a cost allocation procedure.
  - b. Franchise payment. A rate consistent with those charged to private utilities will be charged to the Utility Fund. Presently these rates vary between 2% & 4% of gross sales. This rate may be either raised or lowered so as to be consistent with those of the private utilities.
8. REVENUE MONITORING. Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated. This process will be summarized in the appropriate budget report.

## VI. EXPENDITURE CONTROL

- A. APPROPRIATIONS. The level of budgetary control is at the Department level budget in the General and Proprietary Funds, and at the fund level in all other funds. When budget adjustments within a department are necessary, these must be approved by the Town Manager, provided the transfer amounts between general classifications of expenditures do not result in a net increase in total appropriations, and further provided that no amounts shall be transferred from or to any capital outlay line-item accounts. When budget adjustments between Departments and/or funds are necessary, these must be approved by the Town Council and through a budget amendment.

All budget appropriations (except for capital projects) lapse at year-end (September 30). Any encumbered appropriations at year-end may be re-appropriated by the Town Manager in the ensuing fiscal year. Such re-appropriations shall be subsequently reporting to the Town Council. Except in emergency situations, and only upon approval by the Town Council, no department shall exceed appropriations.

- B. AMENDMENTS TO THE BUDGET. The Town Council shall approve any budget modification resulting in net increase in appropriations, or any proposed use of contingency funds.
- C. CENTRAL CONTROL. Significant salary (vacancy) or capital budgetary savings in any Department will be centrally controlled and may not be spent by the Department without the prior authorization of the Town Manager and/or the Town Council.
- D. PURCHASING. All purchases should be in accordance with the Town's purchasing policies as defined in the Town's Purchasing Policy. The Town's procurement process is governed by state and federal law, as well as Town's Purchasing Policy. Generally, purchases are authorized as follows:
- 1. All purchases over \$500 but less than \$1,000 must be approved by the Town Manager. The purchase orders need to be approved before the purchase is completed, with the exception of emergency purchases. A department head may make the determination of an emergency but should make all efforts to contact the Town Manager before making emergency purchases. Any emergency purchase is subject to ratification at the following Council meeting.

2. All purchases over \$1,000 must be approved by the Town Council. A memo must be attached to the purchase order request.
  3. When the Town Manager and Department Head approves and issues a purchase order, it signifies that the proper approvals for expenditure authorization have been obtained and that an appropriation is available to accept the charge.
- E. **PROMPT PAYMENT.** All invoices approved for payment shall be paid by the Finance Department within thirty (30) calendar days of receipt. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the Town's investable cash, where such delays does not violate the agreed upon payment terms.
- F. **EQUIPMENT FINANCING.** Equipment is accounted for at the original acquisition cost, which includes purchase price plus any costs incurred to place the equipment in service. Equipment may be leased or financed when the unit purchase price is \$30,000 or more and the useful life is at least four years.
- G. **RISK MANAGEMENT.** The Town will aggressively pursue every opportunity to provide for the Public's and Town employees' safety and to manage its risks. The goal shall be to minimize and/or prevent the financial impact to the Town due to claims or losses through risk transfer and liability insurance.
- H. **INTERGOVERNMENTAL RELATIONS.** When feasible, the Town will coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis, support appropriate favorable legislation at the state and federal levels, share facilities and develop joint programs to improve service to its citizens.

## **VII. ASSET MANAGEMENT**

- A. **INVESTMENTS.** The Town shall invest the Town's funds in accordance with the provisions of the current Bank Depository Agreement and/or in any negotiable instrument that the Council has authorized under the provisions of the Public Funds Investment Act, and in accordance with the Town's Investment Policy.
- B. **CASH MANAGEMENT.** The Town's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including property tax payments, utility bills, municipal fines, building and related permits and licenses, and other collection as appropriate. Cycle billing will be used where appropriate.
- C. **FIXED ASSETS AND INVENTORY.** These assets will be reasonably safeguarded and properly accounted for, and prudently insured. A fixed asset of the Town shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, buildings, or infrastructure. The cost or value of any such acquisition must be \$5,000 or more within an expected useful life greater than two years. All departments with inventory are required to conduct a physical inventory under their control on at least an annual basis. Refer to the Town's Fixed Assets and Inventory Procedures for more detail.

- D. DEPOSITORIES. The Town will enter into a depository agreement with one or more banks for a specified period of time and specified fees for banking services. The term of each depository agreement shall not exceed five (5) years unless otherwise approved by the Town Council.

## VIII. CAPITAL BUDGET AND IMPROVEMENT PROGRAM

- A. PREPARATION. The Town will endeavor to develop a capital budget which will include all capital projects and all capital resources. The budget will be prepared annually on a fiscal year basis. The capital budget will be prepared by the Town Manager and Finance Director with the involvement of all required departments.

Capital improvements for planning purposes shall be considered all land, land improvements, building projects, infrastructure (i.e., streets/drainage, water and wastewater improvements) and equipment.

Final payments of construction contracts will be approved by Town Council. This will require previous involvement of departments in order to verify that all specifications have been satisfactorily met.

- B. CONTROL. All capital project expenditures must be appropriated in the capital budget. The Finance Department must certify the availability of such appropriations or the availability of resources so any appropriation can be made before a capital project contract is presented to the Town Council for approval.
- C. PROGRAM PLANNING. The capital budget will include capital improvements program plans for future years. The planning time frame should normally be at least five (5) years. The replacement and maintenance for capital items should also be projected for the next five (5) years. Future maintenance and operational costs will be considered, so that these costs are included in the annual operating budget.
- D. FINANCING PROGRAMS. Where applicable, assessments, impact fees, pro-rate charges, or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners.
- E. INFRASTRUCTURE MAINTENANCE. The Town recognizes that deferred maintenance increases future capital costs. Therefore, a portion of the appropriate fund's budget will be set aside each year to maintain the quality of the Town's infrastructure. The inclusion of infrastructure maintenance and replacement costs in the current operating budget places the burden of the costs and repairs on the current users of the systems.
- F. REPORTING. Periodic financial reports will be prepared to enable the Department Managers/Directors to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the Town Manager. Summary capital projects status reports should be presented to the Council periodically.

## IX. FINANCIAL CONDITIONS AND RESERVES

- A. OPERATIONAL COVERAGE -NO OPERATING DEFICITS. The Town will maintain an operational coverage factor of 1.00, such that current operating revenues (plus approved fund balance appropriations) will equal or exceed current operating expenditures.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated in Paragraph B, following.

- B. GENERAL GOVERNMENT RESERVES. A key element of the financial stability of the Town is to establish guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances.

It is the goal of the Town that the unassigned fund balance of the General Fund should be a minimum of 90 days (24.66%) of the General Fund annual expenditures. The Town will take action to reduce the fund balance if the unassigned fund balance grows beyond 120 days expenditures.

A reserve will be maintained for general governmental capital projects. The reserve will be funded with operating surpluses. The reserve will be used for major capital outlays related to unplanned/emergency projects. As soon as practicable after each fiscal year end when annual operating results are known, any General Fund operating surplus in excess of budget, not required to meet ending resource requirements, may be transferred to the reserve with the approval of Town Council.

Use of unassigned fund balance/net position (unrestricted retained earnings) may be used in a combination of the following:

- One time expenditures that do not increase recurring operating costs;
- Major capital purchases; and
- Start-up expenditures for new programs undertaken at mid-year provided such action is considered in the context of multiyear projections of program revenues and expenditures.

Should such use reduce the unrestricted balance below the appropriate level set as the objective for that fund, the Town will take action necessary to restore the unrestricted fund balance/net position to acceptable levels.

The Proprietary Fund working capital should be maintained at least at the 24.66% of total operating expenditures or the equivalent of 90 days. The Town will take action to reduce the net position balance if the working capital grows beyond 120 days.

Cash and investment balances in the Town's Economic Development Corporation funds should be maintained at a minimum of 25% of the current year budgeted expenditures and transfers.

## C. FUND BALANCE CLASSIFICATION – Governmental Funds

1. Governmental funds report aggregate amounts of five classifications of fund balance based on the constraints imposed on the use of these resources:
  - a. Nonspendable. Includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).
  - b. Restricted. Includes amounts restricted by external sources (such as creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
  - c. Committed. Includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority to be reported as committed. Amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint (such as a Town Ordinance or Resolution)
  - d. Assigned. Includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority. The Town Council has the authority to assign amounts for specific purposes.
  - e. Unassigned. All amounts not included in other spendable classification.

2. Ending fund balances of the Town shall be reported according to the following classifications:

### DEBT SERVICE FUNDS:

400 Interest & Sinking Fund – Restricted

### SPECIAL REVENUE FUNDS:

800 Court Security Fund - Restricted

825 Court Technology Fund - Restricted

850 Pantego Fest – Restricted

875 Shamburger Fund – Restricted

880 Cartwright Library Fund – Restricted

### CAPITAL PROJECT FUNDS:

300 Capital Projects Fund – Committed

500 Street Improvement Construction Fund – Restricted

3. Order of expenditure -- When committed, assigned and unassigned resources can be used for the same purpose, funds shall be spent in the sequence of committed resources first, assigned second, and unassigned last.
4. When it is appropriate for fund balance to be assigned, the Council delegates that authority to the Town Manager.

## D. CAPITAL PROJECTS AND DEBT SERVICE FUNDS

1. Items in the Capital Projects Funds will be completed and paid for within 36 months of receipt of bonds proceeds. Balances will be used to generate interest income to offset construction costs.
2. General Obligation Debt Service Funds will not have reserves or balances in excess of one month of principal and interest plus fifteen (15) percent of the principal outstanding for non-refunded debt issued prior to September 1, 1986. This maximum is dictated by Federal law and does not include the amounts accrued for the next debt service payment. Total direct debt shall not exceed ten (10) percent of the assessed value of taxable property.

The policy above does not preclude the debt service reserves normally established to market revenue bonds. The Town's policy and bond ordinance requirements are to maintain these debt service reserves at the level of the average annual debt service.

3. Revenue obligations will maintain Debt Coverage Ratios as specified by the bond covenants. The Town is currently required to have net revenues in excess of average annual debt by 1.25 times. Net revenues must also exceed the maximum outstanding debt by 1.10 times. Both these tests must be met in order to issue additional bonds.
4. Obligations of the Pantego Economic Development Corporation will maintain coverage ratios as specified by bond covenants. If the Town issues obligations partially secured by a limited pledge of the corporations' sales tax revenues, not subject to the coverage ratios of the revenue bond covenants, coverage shall be maintained at no less than 1.25 times average annual debt service, and 1.15 times the maximum annual debt service. Both of these tests must be met in order to issue additional bonds.

## X. TREASURY AND DEBT MANAGEMENT

- A. CASH MANAGEMENT. Periodic review of cash flow position will be performed to determine performance of cash management. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, (2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be performed.

The Town will adhere to the investments authorized through the Public Funds Investment Act and will additionally establish, review and approve a comprehensive Investment Policy and Investment Strategies on an annual basis. Such policy will clarify acceptable investment securities, brokers, terms and other pertinent investment information.

### B. TYPES OF DEBTS

1. SHORT-TERM DEBT. Short-term debt shall be defined as debt requiring five (5) years or less to retire, and may be used to fund purchases of machinery, equipment

(including office equipment) and vehicles.

2. **LONG-TERM DEBT.** Long-term debt will not be used for operating purposes, and the life of a bond issue will not exceed the useful life of a project financed by that bond issuance. A resolution of intent to issue bonds authorizing staff to proceed with the preparations shall be presented for consideration to the Town Council when the capital budget is presented.

Certificates of obligation may be issued to finance permanent improvements and land acquisition if needed between bond elections. The life of the certificates of obligation issued to finance equipment shall match the life of the equipment, which is usually three (3) to five (5) years. Certificates of obligation may be backed by a tax pledge under certain circumstances as defined by law. They may also be backed by a combination tax and revenue pledge. When appropriate, self-supporting revenues will pay debt service in lieu of tax revenues.

The Town shall obtain voter authorization before issuing General Obligation Bonds as required by law. Voter authorization is not required for the issuance of Revenue Bonds. However, the Town may elect to obtain voter authorization for Revenue Bonds.

- C. **FINANCING ALTERNATIVES.** The Town will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees and use of reserves of current available funds.
- D. **DISCLOSURE.** Full disclosure of operations will be made to the bond rating agencies and other users of financial information. The Town staff, with the assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies, will aid in the production of Offering Statements, and will take responsibility for the accuracy of all financial information released.
- E. **FEDERAL REQUIREMENTS.** The Town will maintain procedures to comply with arbitrage rebate and other Federal requirements.
- F. **DEBT STRUCTURING.** The Town will issue general obligation bonds with an average life of 20 years or less, not to exceed the life of the asset acquired. Total debt service requirements (principal and interest) in any fiscal year should generally not exceed twenty-five (25) percent of total expenditures/expenses.

The structure should approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream. Consideration of market factors, such as the tax-exempt qualification, minimum tax alternative, and so forth will be given during the structuring of long-term debt instruments.

G. **DEBT ISSUANCE.**

1. **Bond Elections.** Before a bond election, the Town Manager, Bond Election Committee Members and Town Council-members will be provided with competent debt capacity analyses, tax and user fee impact projections and other information as

directed by the Town Manager. The Bond Counsel and Financial Advisor will provide support during the process.

2. Method of Sale. The Town will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the Town will publicly present the reasons why, and the Town will participate with the financial advisor in the selection of the underwriter or direct purchaser.
3. Bidding Parameters. The notice of sale will be carefully constructed so as to ensure the best possible bid for the Town in light of the existing market conditions and other prevailing factors. Parameters to be examined include:
  - Limits between lowest and highest coupons
  - Coupon requirements relative to the yield curve
  - Method of underwriter compensation, discount or premium coupons
  - Use of True Interest Cost (TIC) vs. Net Interest Cost (NIC)
  - Use of bond insurance
  - Original Issue discount bonds/Capital Appreciation Bonds
  - Variable rate bonds
  - Call provisions
4. Bond Issuance Costs. The Town will be involved in the selection of all financial advisors, underwriters, paying agents, and bond counsel. The Town shall evaluate the merits of rotating professional advisors and consultants and the kinds of services and fee structures available from independent financial advisors, investment banking firms, and commercial banks. The Town will carefully itemize and scrutinize all costs associated with the issuance of bonds.
5. Bond Counsel Involvement. The Bond Counsel will issue an opinion as to the legality and tax exempt status of any obligations. The Town will also seek the advice of the Bond Counsel on all other types of financing and on any other questions involving federal tax or arbitrage law. Bond Counsel is also responsible for the preparation of the ordinance authorizing issuance of obligations and all of the closing documents to complete their sale and will perform other services as defined by contract approved by Council.
6. Financial Advisor. The Town will seek the advice of the Financial Advisor when necessary. The financial advisor will be expected to provide planning and analytical services which extend beyond the issuance of debt. To ensure independence, the Financial Advisor will not bid on nor underwrite any Town debt issues.
8. Ratings. The rating agencies will be notified either by telephone or through written correspondence when the Town begins preparation for a debt issuance. After the initial contact, a formal ratings application will be prepared and sent along with the draft of the Official Statement related to the bond sale to the rating agencies. This application and related documentation should be sent several weeks prior to the bond sale to give the rating agencies sufficient time to perform their review. Meetings with representatives of the rating agencies should be scheduled every few years or whenever a major project is initiated.

9. Official Statement. Information for the Official Statement is gathered from departments throughout the Town. The Finance Director will begin assembling the information needed to update the Official Statement. At least eight (8) weeks prior to an anticipated bond issuance.

H. DEBT REFUNDING – Town staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. A proposed refunding debt, for interest cost savings, should provide a present value benefit as a percent of refunded principal of at least 5%.

## **XI. INTERNAL CONTROLS**

A. WRITTEN PROCEDURES. Written procedures will be established and maintained by the Finance Director for all functions and financial cycles including cash handling and accounting throughout the Town. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

B. DEPARTMENTAL DIRECTORS/ MANAGERS RESPONSIBILITY. Town administrators and manager/supervisors are charged with the responsibility for establishing a network of processes with the objective of controlling the operations of the Town in a manner which provides reasonable assurance that:

1. Data and information published either internally or externally is accurate, reliable, complete and timely.
2. The actions of administrators and employees are in compliance with the Town's plans, policies and procedures and all relevant laws and regulations.
3. The Town's resources including its people, systems, data/information, assets and citizens are adequately protected.
4. Resources are acquired economically and employed effectively.
5. The Town's internal controls promote the achievement of plans, programs, goals and objectives.

Each Department Manager/Director is responsible to ensure that good internal controls are followed throughout his/her Department, that all Finance Department directives or internal controls are implemented and that all independent auditor internal control recommendations are addressed.

## **XII. STAFFING AND TRAINING**

A. ADEQUATE STAFFING. Staffing levels will be adequate for the fiscal functions of the Town to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.

B. TRAINING. The Town will support the continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, sharing with other staff members all information and training materials acquired from seminars, conferences and related education efforts.

- C. AWARDS, CREDENTIALS AND RECOGNITION. The Town will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the Town's fiscal policies, practices, processes, products, or personnel.

The Town will strive to maintain a high level of excellence in its accounting policies and practices as it prepares its Annual Financial Report. If feasible, the report will be presented to the Government Finance Officers Association (GFOA) for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. Additionally, the Town will consider the submission of its annual budget to GFOA for consideration for Distinguished Budget Award.

### **XIII. ANNUAL POLICY REVIEW AND REPORTING**

These policies will be reviewed administratively by the Town Manager and Finance Director at least annually, prior to the preparation of the operating budget and will be presented to the Town Council for confirmation of any significant changes.

The Finance Director will report annually to the Finance/Audit Committee on compliance with these policies.

**RESOLUTION NO. 07-028**

**A RESOLUTION ADOPTING THE FINANCIAL MANAGEMENT POLICY STATEMENT FOR THE TOWN OF PANTEGO; PROVIDING FOR A PENALTY; AND TO BE EFFECTIVE UPON ITS PASSAGE AND APPROVAL.**

**WHEREAS,** the Town Council has determined that it will be in the best interest of the Town of Pantego to adopt a financial management policy and procedure statement.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS:**

**SECTION 1.** That the Town of Pantego's Financial Management Policy Statement is hereby adopted and shall read in its entirety as follows in the attached Exhibit "A":

**SECTION 2.** That this resolution shall be in full force and effect from and after its passage and approval.

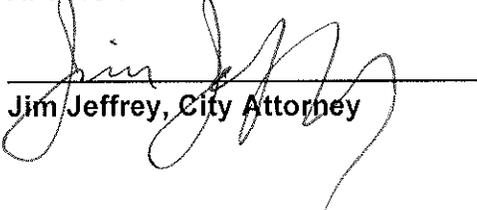
**PASSED AND APPROVED** this 8th day of October, 2007 at a regular meeting of the Town Council of the town of Pantego, Texas by a vote of 5 ayes, 0 nays, and 0 abstentions.

  
Dorothy Aderholt, Mayor

**ATTEST:**

  
Norma Zenk, Town Secretary

**APPROVED AS TO FORM:**

  
Jim Jeffrey, City Attorney



## FINANCIAL MANAGEMENT POLICY STATEMENT

### Introduction.

The Town of Pantego assumes an important responsibility to its citizens and customers to carefully account for public funds, to manage Town finances wisely and to plan for the adequate funding of services desired by the public.

The main goal of this policy is to help the Town achieve a long-term, stable and positive, financial condition. The Town's financial management, as directed by this policy, is based on the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

The purpose of the policy is to provide a guideline for planning, and directing the Town's daily financial affairs. This policy provides a framework in pursuit of the following objectives.

### Financial Objectives:

Revenues - Design and administer a revenue system that will assure a reliable, equitable and sufficient revenue stream to meet desired services required by the Town.

Expenditures - Identify and prioritize services, establish and define appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of these services.

Fund Balance / Retained Earnings - Maintain the fund balance and retained earnings of the various operating funds at levels sufficient to protect the Town's credit worthiness, as well as its financial position during times of emergency.

Capital Expenditures and Improvements - Annually review and monitor the condition of the Town's capital equipment and infrastructure, setting priorities for its repair or replacement based on needs, funding alternatives and availability of resources.

Debt Management - Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements, while minimizing the impact of debt payments on current and future revenues.

Investments - Invests the Town's idle cash reserves to ensure its safety, liquidity and maximum yield. Return on investment is of the least importance compared to the safety and liquidity objectives.

Intergovernmental Relations - Coordinate efforts with other governmental organizations to achieve common policy objectives, share the cost of providing governmental services on an equitable basis and

support appropriate favorable legislation at the state and federal level.

Grants - Aggressively investigate, pursue and administer federal, state and local grants-in aid, which address the Town's current priorities and policy objectives.

Economic Development - Initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

Fiscal Monitoring - Analyze financial data and prepare reports that reflect the Town's financial performance.

Accounting, Auditing and Financial Reporting - Comply with prevailing federal, state and local statutes and regulations. Conform to general accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), American Institute of Certified Public Accounts (AICPA) and the Government Finance Officers Association (GFOA).

Internal Control - Maintain an environment to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

Risk Management - Prevent and/or reduce financial impact to the Town of liabilities due to claims and losses through prevention and transfer of liability.

Budget - Develop and maintain a balanced budget, which presents a clear understanding of goals, service levels and performance standards. The document shall, to the extent possible, be 'user-friendly' for citizens.

#### I. Financial Guidelines - Revenues:

Revenues - The Town shall use the following guidelines to design and administer a revenue system that will assure a reliable, equitable and sufficient revenue stream to support desired Town services.

Balance and Diversification in Revenue Sources - The Town will strive to maintain a balanced and diversified revenue system to protect the Town from fluctuations in any one source due to changes in economic conditions, which adversely impact that source.

User Fees - For services that benefit specific users, where possible, the Town shall establish and collect fees to recover the full direct and indirect cost of those services. Town shall review user fees on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure and to recommend adjustments where necessary.

Property Tax Revenues/ Tax Rate - The Town will endeavor to reduce its reliance on property tax revenues by revenue diversification, implementation and continued use of user fees and economic development.

The Town shall also strive to stabilize its tax rate and minimize tax rate increases.

Utility/Enterprise Funds User Fees - Utility rates and enterprise funds user fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements and provide adequate levels of working capital. The Town shall seek to eliminate all forms of subsidization to the utility / enterprise funds from the General Fund.

Administrative Services Charges - The Town will prepare a cost allocation plan annually to determine the administrative services charges due to the General Fund from enterprise funds for overhead and staff support. Where appropriate, the enterprise funds shall pay the General Fund for direct services rendered.

Revenue Estimates for Budgeting - In order to maintain a stable level of services, the Town shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimations during the year, which otherwise could result in mid-year service reductions.

Revenues Collection and Administration - The Town will maintain high collection rates for all revenues by keeping the revenue system as simple as possible to facilitate payment. In addition, since a revenue source should exceed the cost of producing it, the Town shall strive to control and reduce administrative costs. The Town shall pursue to the full extent allowed by state law all delinquent taxpayers and others overdue in payments to the Town.

## II. Financial Guidelines - Expenses:

Expenditures - The Town will use the following guidelines to identify necessary services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and controlled so as not to exceed current revenues.

Current Funding Basis - The Town shall operate on a current funding basis. Current operating costs will be budgeted and controlled so as not to exceed current operating revenues.

Avoidance of Operating Deficits - The Town shall take immediate corrective action, if at any time during the fiscal year, current expenditure and revenue estimates are such that an operating deficit is projected at year-end.

Maintenance of Capital Assets - Within the resources available each fiscal year, the Town shall maintain capital assets and infrastructure at a sufficient level to protect the Town's investment, to minimize future replacement and maintenance costs and to continue acceptable service levels.

Periodic Program Reviews - Periodic program review for efficiency and effectiveness shall be performed. Programs not meeting efficiency or effectiveness objectives will be brought up to required standards, or be subject to reduction or elimination. The Town shall explore to the extent possible, service trends and definitions in an effort to identify weaknesses within the system.

Purchasing - The Town shall make every effort to maximize any discounts offered by creditors / vendors. Vendors with balances due the Town will have payments due the vendor offset against the amount due the Town. The Town will follow state law concerning formal bidding procedures and approval by the Town Council. For purchases where competitive bidding is not required, the Town will obtain the most favorable terms and pricing possible. Every effort will be made to include minority business enterprises in the bidding process.

The City Manager, or his designee, shall have the authority to approve and sign contracts and / or purchases for budgeted goods or services that do not exceed the state law bid limitation of \$25,000. Contracts or purchases that do exceed the state law bid limit shall be placed on a Council agenda for action authorizing the purchase.

### III. Financial Guidelines - Fund Balance / Retained Earnings:

The Town will use the following guidelines to maintain the fund balance and retained earnings of the various operating funds at levels sufficient to protect the Town's creditworthiness as well as its financial position from unforeseeable emergencies.

General Fund Unreserved Fund Balance - The Town will strive to maintain the General Fund unreserved fund balance at a minimum of ninety (90) days of current year budgeted expenditures. Any unreserved funds after the fiscal year-end audit will be allowed to accumulate to build this 90-day reserve. After the General Fund has gathered sufficient resources, additional undesignated funds will be allowed to accumulate in a fund designated for future utility/operation fund capital improvements.

Retained Earnings of Other Operating Funds - In other operating funds. The Town will strive to maintain a positive retained earnings position to provide sufficient reserves for emergencies and revenue shortfalls. The minimum working capital in the water and sewer fund shall be ninety (90) days of current year budgeted expenditures. Any unreserved funds after the fiscal year-end audit will be allowed to accumulate to build this ninety (90) day reserve. After these funds have gathered sufficient resources, additional unreserved will be allowed to accumulate in a fund designated for future utility / operating fund capital improvements.

Use of Fund Balance / Retained Earnings - Fund Balance/Retained Earnings may be used in one or a combination of the following ways:  
Emergencies

One time expenditures that do not increase recurring operating costs; Major capital purchases; and start-up expenditures for new programs undertaken at mid-year, provided such action is considered in the context of multiyear projections of program revenues and expenditures.

Should such use reduce the balance below the appropriate level set as the objective for that fund, the Town will take action necessary to restore the unreserved fund balance to acceptable levels.

#### IV. Financial Guidelines - Capital Expenditures and Improvements

The Town will annually review and monitor the condition of the Town's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources.

Capital Improvements Program - The Town will annually review the Capital Improvements Planning Program (CIP), the current status or the Town's infrastructure, replacement and renovation needs and potential new projects and update the program as appropriate. All projects, ongoing and proposed, will be prioritized based on an analysis of current needs and resource availability. For every project, all operation, maintenance and replacement costs shall be fully documented. The CIP will also present the Town's long-term borrowing plan, debt payment schedules and other debt outstanding or planned, including general obligation bonds, revenue bonds, certificates of obligation and capital leasing.

Replacement of City Vehicles - The Town will annually prepare a schedule for the replacement of its vehicles. Within the resources available each fiscal year, the Town shall according to this schedule. Vehicles and heavy equipment may be funded by one or the capital expenditure financing methods discussed below.

Capital Expenditure Financing - The Town recognizes that there are several methods of financing capital items. It can budget the funds from current revenues; appropriate the funds from reserves as allowed by the Fund Balance / Retained Earnings guidelines; utilize funds from grants; or it can borrow the money through some form of debt instrument. Debt financing includes general obligation bonds, revenue bonds, certificates of obligation and capital lease agreements.

Capitalization Threshold for Tangible Capital Assets - The Government Finance Officers Association (GFOA) recommends that "best practice" guidelines be followed in establishing capitalization thresholds for tangible capital-type items. Accordingly, the following criteria will be established with the adoption of this policy. Individual items costing \$2,000 or more will be capitalized and depreciated according to Governmental Accounting Standards Board rules. This amount will be adjusted as changes are recommended in Government Finance Officers Association "best Practices" guidelines. Tangible capital type items will only be capitalized if they have any estimated useful life of at least two (2) years following the date of acquisition. Adequate control procedures at the department level will be established to ensure adequate control over non-capitalized tangible items.

#### V. Financial Guidelines - Debt Management:

The Town will use the following guidelines for debt financing used to provide needed capital equipment and infrastructure improvements, while minimizing the impact of debt payments on current and future revenues.

Use of Debt Financing - Debt financing, to include general obligation bonds, certificates of obligation and capital lease agreements, shall only be used to acquire capital assets.

Amortization of Debt - Amortization of debt will be structured in accordance with a multi-year capital improvement plan. The term of a debt issue will never exceed the useful life of the capital asset being financed.

Affordability Targets - The Town will use an objective, analytical approach to determine whether it can afford to assume new debt beyond the amount it retires each year. This process shall compare generally accepted standards of affordability to the current values for the Town. These standards shall include debt per capita, debt as a percent of taxable value and debt service payments as a percent of current revenues and current expenditures. The process will also examine the direct costs and benefits of the proposed expenditures as determined in the town's annual update for the Capital Improvements Planning Program. The decision on whether or not to assume new debt shall be based on these costs and benefits and on the Town's ability to afford new debt as determined by the aforementioned standards.

Sale Process - The Town will use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated bid.

Rating Agencies Presentation - Full disclosure of operations and open lines of communication shall be made available to the rating agencies. Town staff, with the assistance of financial advisors, will prepare the necessary materials and presentation to the rating agencies.

Continuing Disclosure - The Town is committed to continuing disclosure of financial and pertinent credit information relevant to the Town's outstanding issues.

Debt Refunding - Town staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. A proposed refunding of debt, for interest cost savings, should provide a present value benefit as a percent of refunded principal of at least 3%

#### VI. Financial Guidelines - Investments:

The Town's cash will be invested in such a manner as to ensure the absolute safety of principal and interest, to meet the liquidity needs of the Town and to achieve the highest possible yield in accordance with the Town's investment policy. Interest earned from investment will be distributed to the Town's funds from which the corpus was provided.

The Town must follow its investment policy (Chapter 3.08 of the Pantego Municipal Code) and the Public Funds Investment Act when making Investment decisions.

VII. Financial Guidelines - Intergovernmental Relations:

The Town will coordinate efforts with other governmental agencies to achieve common policy objectives, share the cost of providing government services on an equitable basis and support appropriate favorable legislation at the state and federal levels.

Interlocal Cooperation in Delivery of Services - In order to promote the effective and efficient delivery of services, the Town will work with other local jurisdictions to share on an equitable basis the costs of services, to share facilities and to develop joint programs to improve service to its citizens.

Legislative Program - The Town will cooperate with other jurisdictions to actively oppose any state or federal regulation or proposal that mandated additional Town programs or services and does not provide the funding necessary for implementation.

VIII. Financial Guidelines - Grants:

The Town will seek to obtain those and effectively administer federal, state and foundation grants-in-aid that address the Town's current and future priorities and policy objectives.

Grant Guidelines - The Town will seek to obtain those grants that are consistent with priority needs and objectives identified by Council.

Indirect Costs - The Town will recover indirect costs to the maximum amount allowed by the funding source. The Town may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

Grant Review - The Town will review all grant submittals requiring an in-kind match requirements to determine their potential impact on the operating budget, and the extent to which they meet the Town's policy objectives. If there is a cash match requirement, the source of funding shall be identified and approved prior to application. Prior to submission, all grant requests will be reviewed by the City Managers office to ensure the benefits to the Town exceeds the administrative costs incurred throughout the life of the grant.

Grant Program Termination - The Town will terminate grant-funded programs and associated positions as directed by the Town Council when grant funds are no longer available, unless alternate funding is identified.

IX. Financial Guidelines - Economic Development:

The Town will initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy and tax base.

Commitment to Expansion and Diversification - The Town will encourage and participate in economic development efforts to expand Pantego's economy and tax base, to increase local employment and to invest when there is a defined specific long-term return. These efforts will not

only focus on new areas, but in established sections or the Town where development can generate additional jobs and other economic benefits.

**Tax Abatements** - The Town of Pantego is committed to the promotion of quality development in all parts of the Town. On a case-by-case basis, the Town will give consideration to providing tax abatement on the increment in value added to a particular property by a specific development proposal, which meets the economic goals and objectives of the Town. The tax abatement shall not apply to any portion of the inventory or land value or the project. Tax abatement may be offered on improvements to real property owned by the applicant and/or on new personal property brought to the site by the applicant. The abatement will not be ordinarily considered for projects which would be developed without such incentives unless it can be demonstrated that higher development standards or other development and community goals will be achieved through the use of the abatement.

**Increase Non-Residential Share of Tax Base** - The Town's economic development program will seek to expand the non-residential share of the tax base to decrease the tax burden on residential homeowners.

**Coordinate Efforts With Other Jurisdictions** - The Town's economic development program will encourage close cooperation with other local jurisdictions to promote the economic well being of this area.

#### X. Financial Guidelines - Fiscal Monitoring:

**Fiscal Monitoring** - Reports will be prepared and presented on a regular basis that analyze, evaluate and forecast the Town's financial performance and economic condition.

**Financial Status and Performance Reports** - Monthly reports will be prepared comparing revenues and expenditures to original and amended budgets, for the month and fiscal year-to-date. Explanatory notes will be included, as needed.

#### XI. Financial Guidelines - Accounting, Auditing and Financial Reporting:

The Town will comply with prevailing local, state and federal regulations. Its accounting practices and financial reporting shall conform to generally accepted accounting principals as promulgated by the Government Accounting Standards Board (GASB), American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association. (GFOA). The Town Council shall select an independent firm of certified public accountants to conduct an annual audit of its accounting and financial reporting requirements.

#### XII. Financial Guidelines - Internal Control:

The Town of Pantego's Financial Officers are responsible for developing citywide, written guidelines on accounting, handling of cash and other financial matters. The City manager and Finance Director will assist all employees if needed, in tailoring these guidelines into detailed written procedures to fit each department's specific requirements. Each Department Manager is responsible to ensure that good internal controls are being followed throughout their department, that all

guidelines on accounting and internal controls are implemented and that all independent auditor internal control recommendations are addressed.

XIII. Financial Guidelines - Risk Management:

The Town will utilize a safety program, an employee health program and a risk management program to prevent and/or reduce the financial impact to the Town from claims and losses. Transfer of liability for claims through transfer to other entities through insurance and / or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

XIV. Financial Guidelines - Operating Budget:

The Town will establish an operating budget that will link revenues and expenditures to Town Council goals, service and performance standards.