



Melody Paradise, Mayor
Russell Brewster, Mayor Pro Tem

AGENDA

TOWN COUNCIL

April 27, 2015

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

COUNCIL MEMBERS:

Fred Adair
Don Funderlic
Jane Barrett
Don Surratt

Matthew Fielder, City Manager

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
 - Personnel Vacancies
 - Park Row Construction
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 13, 2015
 - Town Council minutes from April 20, 2015
Acceptance of Minutes of Boards and Commissions:
 - PEDC minutes from April 8, 2015

REGULAR SESSION 7:30 P. M.

CALL TO ORDER/WELCOME

INVOCATION BY: Councilmember Surratt

PLEDGE OF ALLEGIANCE

MAYOR/COUNCIL/STAFF COMMENTS OF COMMUNITY INTERESTS

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.

RESOLUTION

4. Discuss, direct, and consider action on Resolution 15-12 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into an agreement with Collier Consulting for a well monitoring program; providing for an effective date.

5. Discuss, direct, and consider action on Resolution 15-13 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into an Engagement Agreement for the Benefits Request for Proposal Bid to Coble Cravens Financial Services, Inc. to obtain comparable quotes for group health, dental, life, disability, and supplemental insurance plans related to the current employee benefits plan offered and provided to town employees; providing for an effective date.
6. Discuss, direct, and consider action on Resolution 15-14 a resolution of the Town Council of the Town of Pantego, Texas, adopting an Investment Policy; providing for an effective date.

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

7. Discuss, direct, and consider action on scheduling a Special Meeting to canvass the May 9, 2015 General Election.
8. Discuss, direct, and consider action on cancelling the regularly schedules Council meeting on May 25, 2015 in observance of the Memorial Day Holiday.
9. Discuss, direct, and consider action on proposed financing for the new ambulance.

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 551.074, to deliberate the appointment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee - Discussion of Board and Commissions appointments

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

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 24, 2015 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 when necessary to afford an equal opportunity to participate in Town functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight (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.





City Manager's Report

To: Mayor Paradise and Members of the Town Council

From: Matt Fielder, City Manager

Date: April 27, 2015

Personnel Vacancies

The Town currently has vacancies for a Dispatcher and a Police Officer. Two additional employees have given notice that they are leaving. Both are Dispatchers. Marchelle Molina will be leaving effective March 29th. Icarri Moody will be leaving effective July 5th. This will leave the Town with three of five Dispatcher positions vacant. Staff is continuing to attempt to fill these vacancies.

Park Row Project Update

Alan Plummer Associates, Inc., has worked with the contractor to confirm that all necessary bonds have been obtained and a pre-construction meeting will be held next week to discuss the schedule and other details for the water line replacement project. Once Staff has that information, it will be communicated to residents, businesses, and other organizations that will be affected by the traffic disruptions.



AGENDA BACKGROUND

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

DATE: April 27, 2015

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 27, 2015:

Professional Services:

- Alan Plummer Associates, Inc.
- Bill Lane

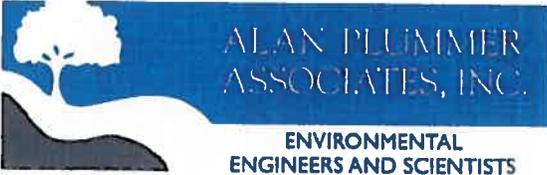
Purchase Order:

- 1728 – Fortiline Waterworks

**Summary of Bills Payable over \$1,000.00 and Purchase Orders Requiring Council Approval
4/27/2015**

<u>PROFESSIONAL SERVICES</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
Alan Plummer Associates, Inc.	\$6,647.00	March 2015 Engineering Services
Bill Lane, Attorney	\$1,837.50	April 2015 Legal Services
<u>PURCHASE ORDERS</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1728 - Fortiline Waterworks	\$6,213.00	Emergency Water Main Repair
<u>GENERAL BILLS</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
Verizon Wireless	\$1,491.19	April 2015 Cell Phone Bill
Time Warner Cable	\$2,237.16	Telephone Bill Thru 5/16/15
Commerce Bank	\$3,790.12	April 2015 Credit Card Expenses
City of Arlington	\$1,131.00	April 2015 Radio Lease Payment
Arlington Utilities	\$5,657.43	March 2015 Wastewater Services
Iwerk	\$2,755.00	March 2015 Tech Support Services
TML Intergovernmental	\$24,227.52	May 2015 Employee Insurance
Kevin Davis/Incognito	\$2,000.00	Pantegofest Band

RECEIVED
4/6/15



1320 South University Drive, Suite 300
Fort Worth, Texas 76107

March 27, 2015
Project No: 1329-004-03
Invoice No: 000000037125
Project Manager: Brian Wright
Total Contract: 6,647.00

Mr. Matt Fielder
Town of Pantego
Accounts Payable
1614 South Bowen Road
Pantego, TX 76013

Project 1329-004-03 Park Row Waterline Additional Bid Phase Services

Professional Services through March 27, 2015
Fee

Billing Phase	Fee	Percent Complete	Earned
Park Row/Bowen Routing Meeting	1,392.00	100.00	1,392.00
Park Row/Bowen Routing Changes (C-001)	1,198.00	100.00	1,198.00
Remove Immediate Cross-Overs (C-003,4,6)	1,198.00	100.00	1,198.00
Add New Cross-Over (C-001,6)	2,178.00	100.00	2,178.00
Changes to Specifications	681.00	100.00	681.00
Total Fee	6,647.00		6,647.00
	Previous Fee Billing		0.00
	Current Fee Billing		6,647.00
	Total Fee		6,647.00
		Total this Invoice	\$6,647.00

Billings to Date	Current	Prior	Total	Payments	A/R Balance
	6,647.00	0.00	6,647.00	0.00	6,647.00

Authorized By: Brian Wright
Brian Wright

Date: 4/6/15



BILL LANE

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

DATE: March 10, 2015

Bill To:

VIA FACSIMILE 817-261-4538

Matt Fielder
City Manager
Town of Pantego
1614 S Bowen Road
Pantego, Texas 76013

DESCRIPTION	AMOUNT
Court Services for April 2015	\$1,837.50
TOTAL	\$ 1,837.50

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



PUBLIC WORKS MEMO

Date: April 20, 2015
To: Matthew Fielder, City Manager
From: Junior Marquez, Public Works Foreman
Through: Scott Williams, Public Works Director
Subject: Purchase Order Authorization

The Public Works Department is submitting for approval, a purchase order in the amount of *Six Thousand, Two Hundred and Thirteen Dollars* (\$6213.00) to Fortiline Waterworks for parts and materials used to repair a leak on a water main.

An emergency repair was conducted at 2401 W. Pioneer Parkway due to a water leak on the 10" distribution main. Upon investigation, prior to making the repair, staff determined that the distribution system lacked the necessary control valves to isolate that section of the water main for future repairs and maintenance. While affecting the repair, two 10" isolation valves and a hydrant valve (old hydrant valve was broken closed) were installed to ensure future isolation of the distribution system.

Please find the attached invoice and service report to reflect the requested purchase order amount (\$6213.00) from Acct No: 200-5-201-354.

Scott Williams, Public Works Director

1

REMITTANCE TO
 FORTILINE FORT WORTH
 PO BOX 538388
 ATLANTA GA
 30353-8388

WAREHOUSE
 FORTILINE FORT WORTH
 1705 CYPRESS ST.
 HALTOM CITY TX
 76117-5212
 Phone # 682 747 0879

SHIP TO
 TOWN OF PANTEGO
 1614 S BOWEN ROAD
 PANTEGO TX
 76013

SHIP TO
 TOWN OF PANTEGO
 1614 S BOWEN ROAD
 PANTEGO TX
 76013

SPECIAL INSTRUCTIONS
 JUNIOR 817.542.5897

Customer P.O. Number	Job Name	Job No.	Sls	Sales	Order Date	Shipping Method	From C/O #			
			LEM	JMC	4/02/15	SHIPPED	3398302			
Ln	Product No. / Description	U/M	Ordered	Shipped	B/O	Unit Price	Disc	Ext Amount		
001	10FTD 268692 T&H	EA	1	1	0	1300.0000		1300.00		
002	106FR 022162 T&H	EA	1	1	0	175.0000		175.00		
003	FREIGHT 331682	EA	1	1	0	N/C		N/C		
004	562SI 024012 Y1 A1 H1	EA	3	3	0	40.0000		120.00		
005	MHV10406713SS 306341 W4 A3	EA	2	2	0	1350.0000		2700.00		
006	L/ACC 6" MJXF GV O/L 4067-13 316SS L/ACC	EA	1	1	0	440.0000		440.00		
{ Prepaid } { Collect } { Pick Up }		CTNS	Wt.	Shipped Via	Ship Date	Pick By	Fill By	Pack By	Cnk By	Amount Tax % Flight
				DART CARRIER	4/02/15					
RECEIVED BY _____ CONTINUED: Date Received _____ X										
MERCHANDISE CANNOT BE RETURNED WITHOUT PERMISSION Any discrepancies must be reported within 24 hours.										
TOTAL DUE										

REMIT TO
 FORTILINE FORT WORTH
 PO BOX 538388
 ATLANTA GA
 30353-8388

WAREHOUSE
 FORTILINE FORT WORTH
 1705 CYPRESS ST.
 HALTOM CITY TX
 76117-5212
 Phone # 682 747 0879

SOLD TO
 TOWN OF PANTEGO
 1614 S BOWEN ROAD
 PANTEGO TX
 76013

SHIP TO
 TOWN OF PANTEGO
 1614 S BOWEN ROAD
 PANTEGO TX
 76013

SPECIAL INSTRUCTIONS
 JUNIOR 817.542.5897

SALES ORDER ACKNOWLEDGEMENT
 Payment Type CHARGE
 Document No. 3398312
 Document Date 4/06/15
 Customer No. 217415
 Warehouse 039

Customer P.O. Number	Job Name	Job No.	Sls	Sales	Order Date	Shipping Method	From C/O #			
			LEM	JMC	4/02/15	SHIPPED	3398302			
Ln	Product No. / Description	U/M	Ordered	Shipped	B/O	Unit Price	Disc	Ext Amount		
007	1014 10" C900 DR14 PIPE 019783 Y2 B1	FT	20	20	0	15.2500		305.00		
008	64000SG 6" STAR GRIP MJ REST PVC 4006 246823 Y1 A1 B1 / Y1 A1 B2	EA	2	2	0	27.5000		55.00		
009	104000SG 10" STAR GRIP MJ REST PVC 4010 246825 Y1 A1 E2	EA	2	2	0	82.0000		164.00		
010	10RALGD 10 MJ ACC SET L/GLAND DOMESTIC 261213 W3 A1 D2	EA	3	3	0	26.0000		78.00		
011	6FK 6" FLG ACC KIT FF 1/8" RR 013161 W3 D1 A2	EA	1	1	0	12.0000		12.00		
012	10FK 10" FLG ACC KIT FF 1/8" RR 013089 W3 D1 B2	EA	4	4	0	21.0000		84.00		
{ Prepaid } { Collect } { Pick Up }		CTNS	Wt.	Shipped Via						
				DART CARRIER						
{ } { } { }					Ship Date	Pick By	Fill By	Pack By	Chk By	Amount Tax % Fright
					4/02/15					
MERCHANDISE CANNOT BE RETURNED WITHOUT PERMISSION Any discrepancies must be reported within 24 hours.					Received By CONTINUED:		Date Received X		TOTAL DUE	

3

SALES ORDER ACKNOWLEDGEMENT	
Payment Type	CHARGE
Document No.	3398312
Document Date	4/06/15
Customer No.	217415
Warehouse	039

WAREHOUSE

FORTILINE FORT WORTH
1705 CYPRESS ST.
HALTOM CITY TX
76117-5212
Phone # 682 747 0879

SHIP TO

TOWN OF PANTEGO
1614 S BOWEN ROAD
PANTEGO TX
76013

SPECIAL INSTRUCTIONS

JUNIOR 817.542.5897

Customer P.O. Number	Job Name	Job No.	Sls	Sales Order Date	Shipping Method	From C/O #
			LEM	JMC 4/02/15	SHIPPED	3398302

Ln	Product No. / Description	U/M	Ordered	Shipped	B/O	Unit Price	Disc	Ext Amount																																					
013	10462QLC 286294 W3 C2 B1 10" QUANTUM CPLG 10.65-12.20	EA	1	1	0	750.0000		750.00																																					
014	6RALG 015664 W3 A1 A1 462-10651220-000 6" MJ REGULAR ACC LESS GLAND	EA	2	2	0	15.0000		30.00																																					
<table border="1"> <tr> <td rowspan="3"> { } Prepaid { } Collect { } Pick Up </td> <td>CTNS</td> <td>Wt.</td> <td>Shipped Via</td> <td>Ship Date</td> <td>Pick By</td> <td>Fill By</td> <td>Pack By</td> <td>Chk By</td> <td>Amount</td> </tr> <tr> <td></td> <td></td> <td>DART CARRIER</td> <td>4/02/15</td> <td></td> <td></td> <td></td> <td></td> <td>Tax</td> </tr> <tr> <td colspan="8"> MERCHANDISE CANNOT BE RETURNED WITHOUT PERMISSION Any discrepancies must be reported within 24 hours. </td> <td>Freight</td> </tr> <tr> <td colspan="9">TOTAL DUE</td> <td>6,213.00 .00 .00</td> </tr> </table>								{ } Prepaid { } Collect { } Pick Up	CTNS	Wt.	Shipped Via	Ship Date	Pick By	Fill By	Pack By	Chk By	Amount			DART CARRIER	4/02/15					Tax	MERCHANDISE CANNOT BE RETURNED WITHOUT PERMISSION Any discrepancies must be reported within 24 hours.								Freight	TOTAL DUE									6,213.00 .00 .00
{ } Prepaid { } Collect { } Pick Up	CTNS	Wt.	Shipped Via	Ship Date	Pick By	Fill By	Pack By		Chk By	Amount																																			
			DART CARRIER	4/02/15						Tax																																			
	MERCHANDISE CANNOT BE RETURNED WITHOUT PERMISSION Any discrepancies must be reported within 24 hours.								Freight																																				
TOTAL DUE									6,213.00 .00 .00																																				

TOWN OF PANTEGO

1614 S. BOWEN
PANTEGO, TEXAS 76013

No. 1728

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 FORTILINE WATERWORKS
1705 CYPRESS ST.
HALTOM CITY TX 76117

SHIP TO Pantego
Public Works
1614 S BOWEN
PANTEGO TX 76013

DATE		ACCT #	DEPT.			
4/20/15		200-5-201-354.00	Public Works			
QUANTITY		STOCK NUMBER / DESCRIPTION	PRICE		PER	AMOUNT
ORDERED	RECEIVED					
1	1	10" FLG TEE	1300	00	1	1300 00
1	1	10" X 6" FLG REDUCER	175	00	1	175 00
5	3	5/62" SCREW	40	00	1	120 00
2	2	10" MJAF VALVE	1350	00	1	2700 00
1	1	6" MJAF VALVE	440	00	1	440 00
20	20	20' - 100' DR 14 PIPE	15	25	20	305 00
2	2	6" STAN STRIP	27	50	1	55 00
2	2	10' STAN STRIP	82	00	1	164 00
3	3	10" MJ ALL SET	26	00	1	78 00
1	1	6" FLG 900 FIT	12	00	1	12 00
4	4	10" FLG ALL FIT	21	00	1	84 00
1	1	10" QUANTUM GFLG	750	00	1	750 00
2	2	6" MJ REGULAR ALL	15	00	1	30 00
					TOTAL	6213 00

[Signature]

[Signature]

APPROVED BY



AGENDA BACKGROUND

AGENDA ITEM: Approval of the Town Council minutes and acceptance of Minutes of the various Boards and Commissions.

Date: April 27, 2015

PRESENTER:

Julie Arrington, City Secretary

BACKGROUND:

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

FISCAL IMPACT:

None.

RECOMMENDATION:

Staff recommends the approval of the minutes as presented.

ATTACHMENTS:

Town Council minutes from April 13, 2015

Town Council minutes from April 20, 2015

PEDC minutes from April 8, 2015

Director's Review: lea
City Manager's Review: MDF

Town Council Minutes
April 13, 2015

STATE OF TEXAS §

COUNTY OF TARRANT §

TOWN OF PANTEGO §

The Town Council of the Town of Pantego, Texas, met in regular session at 6:30 p.m. in the Council Chamber of Town Hall, 1614 South Bowen Road, Pantego, on the 13th day of April 2015 with the following members present:

Melody Paradise
Russ Brewster
Fred Adair
Jane Barrett
Don Funderlic
Don Surratt

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member

Members absent:
None.

Constituting a quorum. The following staff members were present:

Matt Fielder
Julie Arrington
Jim Jeffrey
Chad Joyce
Scott Williams
Tom Griffith
Barry Reeves
Robert Coker
Thressa Householder

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

Also in attendance:

Barbara Rogers President, Community Relations Board

WORK SESSION 6:30 P.M.

Mayor Paradise called the work session to order at 6:37 p.m.

Mayor Paradise recessed the meeting to enter into the executive session at 6:37 p.m.
Mayor Paradise reconvened the Council meeting at 6:54 p.m.

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

1. City Manager Report

Mr. Fielder informed the Council the personnel vacancies of the Police Department continue. The challenge is receiving qualified applicants.

Mrs. Householder informed Council the 2015 Great Texas Warrant Roundup was not as profitable as last years due to the event being held the week of Spring Break, March 7-15th. There were 309 warrants cleared and \$17,815.20 collected. She clarified the time period is designated by TMCA; however, the Municipal Court plans to hold another one in July.

Town Council Minutes
April 13, 2015

Mr. Fielder informed Council the application for the Park Grant was submitted on time and he does not expect to hear from the Texas Parks & Wildlife Department until sometime in August regarding our acceptance.

The next Zoning meeting is scheduled for next Monday, April 20th, at 6:30 p.m.

2. Monthly Staff Reports

Council requested an update on the reimbursement from AT&T for performing unauthorized work on Park Row Drive. Mr. Williams explained AT&T has passed the responsibility onto their contractor. Mr. Williams has followed up with the contractor but there is not a resolution as of today.

The mosquito traps are already set and testing has begun. The first mosquito spraying will be on April 23rd. Mr. Fielder explained his plan is to send notifications out to the residents via Blackboard Connect, Newsletter, and the Town website. There was discussion on the EPA guidelines for re-packaging of the dunks and the cost of compliance with the EPA guidelines.

There was discussion on the variance request for a sidewalk located on Mistletoe Court and when the Zoning Board of Adjustments will meet to discuss the variance. Mr. Joyce explained there was one other home without a sidewalk on Mistletoe Court and due to quorum issues the Board is not able to meet until May 14th to discuss the variance.

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

There was discussion on the reimbursement for Barbara Rogers regarding the money spent on the Easter event. Mr. Fielder explained to Council the money for reimbursement will come out of the Community Relations Board (CRB) budget and that he was assured by the President of the Board they will remain under budget for the remainder of the fiscal year. He explained the Board has cut the Memorial Day expenses to a minimum and is attempting to get businesses to sponsor movie nights. There was clarification regarding Chuck White as the Treasurer of the CRB and a lack of inventoried items after each event. Council expects CRB purchases to come through Mr. Fielder or Ms. Arrington on the Board's behalf and following the Town's purchasing policies and procedures. It was never the Council's intention to have volunteers pay out of pocket for the event costs.

Ms. Arrington clarified with Council the Tyler University program is a recurring cost until it is cancelled upon written notification by the Town.

There was discussion on the re-cabling invoice of the court offices and the difference in the complete cost and the purchase order. Mrs. Householder explained Iwerks was billed separately and their cost is not in this purchase order.

Assistant Fire Chief Coker confirmed there is not a warranty on the Physio Control equipment, the only coverage for the batteries are within the maintenance agreement.

4. Approval and Acceptance of Minutes

Approval of Town Council Minutes:

- Town Council minutes from March 23, 2015

There was a change to page 2, paragraph 2 adding “, a town charge for beer sales instead of the vendor.”

Acceptance of Minutes of Boards and Commissions:

- PEDC Minutes from March 11, 2015
- PEDC minutes from March 25, 2015

No comments.

- 5. Discuss, direct, and consider action on Resolution 15-09 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into a contract with Deltatek Engineering for basic engineering services associated with the construction of the Wagon Wheel Trail Bridge, Water, and Wastewater Line Replacement; providing for an effective date.**

Mr. Williams introduced this item as the initiation of the capital improvement projects on Wagon Wheel for a water and wastewater line replacement and bridge rehabilitation. The Request for Qualifications was published in the newspaper and five statements were received. Staff recommends the Deltatek Engineering Qualifications packet. Mr. Williams stated he initiated negotiations and received a draft contract with Deltatek, which is presented tonight. He explained the scope of work has expanded due to a water main break under the center concrete structure of the bridge that happened approximately three weeks ago. The depth of the Line is unknown but is estimated to be three feet under the concrete. Due to the depth and location a contractor would have to perform the work. He proposed an aerial crossing under the downstream side of the bridge with an additional water valve as a less expensive alternative. This will bypass the leak and prevent any possible damage to the structural integrity of the bridge.

Mayor Paradise adjourned the work session at 7:31 p.m.

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

Mayor Paradise called the regular session to order at 7:31 p.m.

Councilmember Adair led the invocation which was immediately followed by the Pledge of Allegiance.

MAYOR/COUNCIL/STAFF COMMENTS OF COMMUNITY INTERESTS

Councilmember Surratt welcomed the audience; thanked Mr. Williams and Mr. Fielder for coming in to fix the water main break on their time off on the Good Friday holiday; and the employees of the Public Work Department for working overnight to minimize the disruption to the residents. Their efforts are really appreciated. He commented on the news organizations downplaying the gas leak at a gas well located in Arlington but close to Pantego.

Councilmember Funderlic agreed with Councilmember Surratt's comments regarding the Public Works Department and complimented Officer Meinke and Sergeant Moore on their commendations from the City of Arlington.

Councilmember Barrett agreed with the previous comments, welcomed the audience, and thanked staff for a successful Easter event.

Councilmember Adair agreed and commented on how nice the Easter event was and a great turn out of people it had. He appreciated everyone's hard work, the presence of the Police and Fire Department at the event, and the audience for coming out tonight.

Mayor Pro-Tem Brewster agreed with the other comments from Council, thanked everyone for coming tonight, Council and staff for working together, congratulated Officer Meinke and Sergeant Moore and appreciated Officer Alexander and Officer Hopkins for obtaining their certification and keeping up with their training.

Mayor Paradise instructed staff to ensure these and all future commendations and achieved certifications are announced on the Town website, Facebook pages, Twitter accounts, and Newsletters. She thanked Barbara Rogers for her hard work as the Chair of the Community Relations Board and for a great Easter event that was well attended and a lot of fun.

Honors/Recognitions

None.

COUNCIL LIAISON TO BOARD REPORT

Community Relations Board

Councilmember Barrett informed Council the last CRB meeting was April 7th and they discussed Easter, which was a great event. The Police Department estimated 1,000 people attended the event. The next event is the Memorial Day event in the Park on May 25th; they will have the essay contest with prizes for the top two winners of the High School and Middle School students, there will be a color guard, and a guest speaker. The Movie Nights in the Park will be the second Saturday of the month June through September. The movie for June depends on availability but the choices are Alexander's Terrible Horrible Day, Box Trolls, or Strange Magic. The July movie is Maleficent. In August it is Big Hero 6. September's movie will be Guardians of the Galaxy. The next meeting will be May 5th at 7:00 p.m.

Pantego Youth Leadership Council

Mayor Paradise informed the Council the PYLC will meet next Tuesday. She has invited the H.O.S.A. group from Arlington High School to attend and give their presentation; the group will conclude their constructive and persuasive presentations; and discuss the end of the year and summer plans. All the help and assistance she received from staff and Council was greatly appreciated.

PEDC REPORT

Councilmember Adair informed the Council the last meeting was brief with a public hearing that was required 60 days in advance of spending money for park improvements and discussed different advertising opportunities. There will be a presentation at the next meeting from the Arlington Citizen Journal on print and digital advertising.

CITIZENS OPEN FORUM

None.

APPROVAL OF CONSENT AGENDA ITEMS

Councilmember Surratt made a motion to approve consent agenda items 1, 2, 3, and 4 with changes discussed during work session. Councilmember Adair seconded the motion.

The vote was as follows:

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

Nays: None.

Abstentions: None.

Mayor Paradise declared the vote passed unanimously. Mayor Paradise informed Barbara Rogers her invoice for reimbursement regarding the Easter expenses were approved. Barbara inquired on other expense items. Ms. Arrington explained Councilmember Barrett will address those items during the Council inquiry at the end of the meeting.

RESOLUTION

- 5. Discuss, direct, and consider action on Resolution 15-09 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into a contract with Deltatek Engineering for basic engineering services associated with the construction of the**

Wagon Wheel Trail Bridge, Water, and Wastewater Line Replacement; providing for an effective date.

Mr. Williams introduced Bahram Niknam P.E., with Deltatek Engineering, and recapped the earlier discussion during the work session. Mr. Williams stated there is an additional expense for the bridge waterline crossing and it is included in the total amount associated with the contractual expense. He explained the leak is currently isolated and the water flow has been changed to bypass the leak. The aerial crossing will be installed in conjunction with the bridge. The crossover will be upgraded to an eight inch line. There was discussion on the decision to hire Deltatek, the scope of work, and the quality of work. Mr. Williams explained their client base is similar to the Town and he has previously worked with Deltatek. In answering Council's inquiries, Mr. Williams explained it is standard in the industry to upsize the lines each time they are replaced. Council inquired on the number of employees Deltatek has, a DBE, and insurance requirements. Mr. Niknam answered and stated he can provide Worker's Compensation and Auto Insurance information. There was discussion on the Worker's Compensation requirements. Council requested the Auto Insurance information to be added to the Certificate of Insurance and added to paragraph 20 of the contract. Council also requested staff to leave all contractual language out of all future resolutions regarding contracts. Mr. Jeffrey requested changes in the contract header, and in paragraph one changing professional to engineer. He felt this would clarify they are not employee's of the Town but a contractor.

Council clarified the timeline in the provided schedule. They also inquired if the street will be open one time or twice for the each line, the purpose of the temporary concrete overcoat, the reason for stopping at Peachtree, and if the street will have to be shut down completely. Mr. Williams informed them the waterline ends at Peachtree and it is too early to tell if the street will have to be shut down completely. He further explained the Town will have to rely on the schedule of the County to come in and perform the asphalt overlay that will be placed on top of the concrete. Mr. Williams stated the wastewater line has surpassed its life expectancy, and since the Town must replace the water line due to issues, the two lines should be done together to save cost. Council asked staff to ensure the residents are duly notified and all needs of the residents are met.

Councilmember Adair made a motion to approve Resolution 15-09 authorizing the City Manager to enter into a contract with Deltatek Engineering for engineering services for Wagon Wheel Trail bridge and water and wastewater replacement to include the changes as discussed and not to exceed \$39,450.00. Councilmember Barrett seconded the motion.

The vote was as follows:

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

Nays: None.

Abstentions: None.

Mayor Paradise declared the vote passed unanimously.

ORDINANCE

- 8. Discuss, direct, and consider action on zoning case Z-206, a proposed Special Use Permit, as requested by Ann Farrell to install a Multi-Tenant Pole Sign that is larger than allowed by Town Ordinance as requested by Matco Signs for the property at 2304 W. Park Row Drive, Tracts 1A3, 1A3A, 1A3B, 1A5, 1A5C of the William J Barry Survey, Pantego, Tarrant County, Texas. The property is generally located in the Lakewood Shopping Center on the south side of West Park Row Drive between South Bowen Toad and Milby Road.**

Mr. Joyce informed Council the Lakewood Shopping Center sign is in disrepair and the applicant is requesting to replace it with a new box sign. The square footage of the sign requires a special use permit. Since the last Council meeting he has investigated Councils questions. The Special Use Permit is treated as a new sign; therefore, requiring the new sign regulations.

Ms. Ferrell addressed Council in regards to her PEDC Loan denial at the last PEDC meeting. Mayor Paradise directed her to speak with the City Manager regarding her options and concerns.

Matt Wesolowski, with Matco Signs, presented new drawings showing the details of the proposed planter using faux limestone and manual irrigation. The existing parking spaces would remain as they are. Council confirmed this fully complies with the ordinance requirements. There was discussion on the connection to the asphalt and possible maintenance issues with the sign being hit by cars. Mrs. Farrell suggested adding concrete posts to the corners of the planter to add protection. Mr. Wesolowski stated the planter will be reinforced with rebar down into the asphalt. Ms. Arrington read the caption of the ordinance (above) for the record.

Mayor Pro-Tem Brewster made a motion to approve zoning case Z-206 and Ordinance 15-755 with the additions presented this evening. Councilmember Surratt seconded the motion. Mr. Jeffrey addressed adding the new documents provided to the Special Use Permit.

The vote was as follows:

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

Nayes: None.

Abstentions: None.

Mayor Paradise declared the vote passed unanimously.

RESOLUTION

- 6. Discuss, direct, and consider action on Resolution 15-10 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to award a bid for the construction, to negotiate, and to enter into a contract with the bid recipient for the Park Row Waterline Project; providing for an effective date.**

Mr. Fielder informed Council that notices for bids were posted for a three week period and a pre-bid meeting was held prior to the end of the period with the assistance of Alan Plummer and Associates. Four sealed bids were received in the request for bids. SYB Construction, Inc. was the low bidder. Alan Plummer Associates has checked references and verified the proposal for accuracy and completeness and recommends the Town approves SYB Construction, Inc. The contract was provided to Council in Dropbox due to the size. Mr. Fielder recommends moving forward with SYB Construction Inc., authorizing the contract, and starting construction around May 1st.

There was discussion on the large monetary differences within the bids regarding the cost of materials. Mr. Fielder explained the proposals will come in with a cost spread for profits built into the materials and a lot of larger companies will bid with the intent of marketing, not to receive the bid. Mr. Williams informed Council the bottom line number is decided first by the bidder and then the cost for materials is included to ensure they reach the bottom line number. Council inquired on the contingency costs being part of the contract and if the contract should exclude the cost of the contingency items and instead authorizes the City Manager to have them available to spend. Mr. Fielder explained the contract expresses all costs must be authorized by him before they can be spent by the contractor.

There was discussion on who wrote the contract and why the Town Attorney has not reviewed the contract prior to Council. Mr. Jeffrey explained historically when Council has authorized a Contractor, such as Alan Plummer Associates; to create the contract for construction he has not reviewed the contract because they are experienced in these types of contracts. There was discussion on the contract, not to exceed clause, and the resolution adding a section 3. Mr. Jeffrey added a new section 3 to read the City Manager may enter into a contract not to exceed \$658,508.50 and suggested rewriting Section 2 to state the Town Council has selected SYB Construction, Inc. There was discussion on wage determination and according to Tarrant County a wage determination clause was not required.

Mr. Fielder stated the next step is to hold a pre-construction meeting with the contractor. The high priority of the meeting will be a Traffic Control Plan due to the work in the intersection of Bowen Road and Park Row Drive. He will hold meetings with the Businesses, the City of Arlington, Bailey Junior High School, and Pantego Christian Academy. Information will be presented in the PEDC and Town Newsletters. The contractor will have 150 days to complete the project. If not completed they will be penalized. Construction is expected to start on May 2, 2015.

Councilmember Funderlic made a motion to approve Resolution 15-10 authorizing the City Manager to enter and negotiate a contract with SYB Construction, Inc. in an amount not to exceed \$658,508.50 with changes to the resolution as discussed. Councilmember Barrett seconded the motion.

The vote was as follows:

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

Nays: None.

Abstentions: None.

Mayor Paradise declared the vote passed unanimously.

7. **Discuss, direct, and consider action on Resolution 15-11 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to establish an account with Terracon and approval of a purchase order in the amount of \$10,000 for anticipated costs for material testing associated with the construction of the Wagon Wheel Trail and Park Row Drive projects; providing for an effective date.**

Mr. Fielder reminded Council the material testing was pulled from the Alan Plummer and Associate's contract, which allows the Town to obtain an account with Terracon for materials testing. He is asking for approval of two purchase orders for \$5,000 for each project and explained this is an on-call service where staff will call Terracon for testing when ready. He assured Council this is a large business related to asphalt and concrete testing and will ensure the quality of the materials used on the projects. Council discussed the confusion of the use of the word agreement instead of establishing an account. Mr. Fielder explained this is a basic form used by Terracon for all their accounts and due to the purchase order process this item needs Councils approval. Mr. Jeffrey requested changes in the contract to reflect Texas Law instead of Kansas Law and stated he is okay with the resolution and the contract. There was discussion on the overtime charges and minimum charges outlined within the contract. Mr. Fielder assured Council the purchase order sets the not to exceed number.

Councilmember Barrett made a motion to approve Resolution 15-11 authorizing the City Manager to establish an account with Terracon and approve a purchase order in the amount of \$10,000 with changes in paragraph 11. Councilmember Adair seconded the motion.

The vote was as follows:

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

Nays: None.

Abstentions: None.

Mayor Paradise declared the vote passed unanimously.

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

9. **Discuss, direct, and consider action on a waterline extension and possible crossover on Pioneer Parkway.**

Mr. Williams presented a power point presentation outlining the issues with the water main distribution line and pictures of the water main leak on Pioneer Parkway that occurred on April 2,

2015. They installed a new hydrant valve and two ten inch control valves. It was discovered the turning off of the water valve at the corner of Bowen Road and Pioneer Parkway left all water connections east and south of the intersection without water, approximately 18% of the Town, and prevents water from the 303 Water Well and ground storage reaching the residents. He proposed establishing a new cross connection on the west side of the intersection allowing for distribution to the southeast side of the intersection by boring under Pioneer Parkway and providing redundancy. There was discussion on the condition of the existing water valves, lack of needed water valves, and the complications caused by the waterline being next to a Texas Department of Transportation (TxDOT) roadway. Mr. Williams informed Council this will prolong the project schedule due to the permitting process involved with TxDOT. He suggested using Deltatek for this repair after they complete the Wagon Wheel repairs. There was a discussion on the infrastructure fund and its intent. Staff was tasked with researching the answer to the intent of the infrastructure fund and was authorized to move forward to obtain an estimated cost for the project. Mr. Williams stated he plans to have options and a contract for them the first meeting in May.

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 Consultation with Attorney, seeking advice, on pending or contemplating litigation, settlement offers, and other legal matters that implicates the attorney-client privilege – Van Hoosier.

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

Mayor Paradise declared this item was held during the work session and no action was taken on the Executive Session item listed above.

COUNCIL INQUIRY

Councilmember Barrett informed the Council the Community Relations Board (CRB) requested an agenda item to discuss the \$114 volunteer lunch charge for the Candy Train event that was charged to the CRB Budget without authorization by the Board. They also requested her to ask Council to change the number of members to seven giving them a four member quorum requirement.

Councilmember Funderlic inquired on the GIS as built drawings on the water/wastewater line maps. Staff informed him there is a meeting on April 22nd with Alan Plummer regarding the maps. He also requested the Infrastructure and Street Funds records of how the money is coming in and going out of the Town making the financial statements and audits match.

ADJOURNMENT

Mayor Paradise adjourned the regular session at 10:00 p.m.

APPROVED:

Melody Paradise, Mayor

ATTEST:

Julie Arrington, City Secretary

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 20th day of April 2015 with the following members present:

Melody Paradise
Russ Brewster
Don Funderlic
Jane Barrett
Fred Adair
Don Surratt

Mayor
Mayor Pro-Tem
Council Member
Council Member
Council Member
Council Member

Members absent:

None.

constituting a quorum. The following staff members were present:

Matt Fielder
Julie Arrington
Chad Joyce

City Manager
City Secretary
Community Development Director

Also in attendance:

None.

SPECIAL SESSION 6:30 P. M.

Mayor Paradise called the special session to order at 6:45 p.m.

1. Discuss and review major revisions to the Town of Pantego Municipal Code of Ordinances Chapter 14 Zoning.

Council discussed the various topics that were left for further review during the previous special zoning meetings that covered Sections 14.10 Development Standards through Section 14.12 Administrative Clauses.

Council confirmed many of the comments and changes that were addressed previously have been completed by Mr. Joyce. Mr. Joyce confirmed the Gambrel roof is not allowed only in the Commercial, Industrial, or Multi-Family districts. He expressed he has not heard from Jacobs Engineering regarding the smoked glass requirements and the answers regarding the permitted materials chart questions. In the areas of Section 10, Part II that discusses standards for the entire Part II, Mr. Joyce explained he changed the wording from "within this section" to "within the Part". Mayor Paradise requested the wording to be "provisions of Part II". In Section 14.10.125(d) the wording was changed to "along the street frontage and within the visibility triangle."

In Section 10, Part III, there was discussion on allowing a barbed wire fence in residential districts; what triggers a new site plan and the effects on new tenants in regards to the screening requirements of a dumpster; and on the visibility triangle requirements at Nora Drive and Park Row Drive. Mr. Joyce will follow up with the Town Attorney to see if the screening requirements of the dumpsters can be retroactive. He is in the process of making all references to the visibility

Town Council Minutes
April 20, 2015

triangle refer back to the definition and making all definitions uniform. There was discussion on the fencing requirements at public right of ways. Council agreed to require the finished side of the fence face the public right of way or roadway. The end of the last sentence in Section 14.10.210 was removed. Council inserted off-street parking requirements for automobile/recreational vehicle storage uses to be the same as those for mini-warehouse/self-storage facility parking lot requirements. Sections 14.10.315 and 14.10.320 the words "P&Z recommendations to Council" were added for clarification. Council clarified the new Lighting Standards section applies only to commercial lighting and the table of building setbacks for compressor station buildings and equipment applies to stand alone lift and line compressors. There was discussion on how the setback is determined. Council removed the wrought iron allowance for a screening wall in regards to compressor stations. This will be a masonry only requirement. Mr. Joyce will review other municipalities and discuss with the Town Attorney the regulations allowed for donation boxes. There was discussion on the information required for a sign permit submittal and the liabilities of the Town if the backup documentation is required along with the professional engineer stamped plans. There was discussion on the auto dimmers required for electronic signs and if this is enforced. The cost for a feather banner permit was changed to \$30 per occurrence. There was discussion on the definition of a Legal Non-Conforming Sign and the difference in an Illegal Sign.

Mr. Joyce reviewed his changes in Section 14.11 and 14.12 with Council. There was no discussion. Mr. Joyce gave a follow up on his investigation of other municipalities requirements on e-cigarettes and informed Council their regulations were varied between the municipalities. However, each municipality considered them as part of the smoking definition.

Council discussed the next step and determined Mr. Joyce will provide the answers from Jacobs Engineering regarding all open questions Council has at the council meeting scheduled for May 18, 2015.

ADJOURNMENT

Mayor Paradise adjourned the special session at 8:53 p.m.

APPROVED:

Melody Paradise, Mayor

ATTEST:

Julie Arrington, City Secretary

Pantego Economic Development Corporation
April 8, 2015

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 8th day of April 2015 with the following members present:

Bill Brown	President
Danny Lakey	Vice-President
Fred Adair	Secretary
Arsalan Gittiban	Treasurer
Gloria Van Zandt	Director
Don Surratt	Director

Members Absent:

Stephanie Springer	Director
--------------------	----------

Constituting a quorum. Staff present was:

Matt Fielder	City Manager
Julie Arrington	City Secretary
Ariel Carmona	Finance Director
Chad Joyce	Community Development Director
Scott Williams	Public Works 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

Director Surratt led the invocation which was followed by the Pledge of Allegiance.

PRESIDENT'S COMMENTS

President Brown stated the Easter Event was really good and gave compliments to the Public Works Department for their efforts in the event.

PEDC MEMBER REPORTS/COMMENTS OF COMMUNITY INTEREST

Secretary Adair expressed he felt the Easter event had a good turn out and appreciates the work of staff. He stated he did not receive any complaints and felt all Easter egg hunters were happy.

REGULAR BUSINESS

1. Executive Director Report

Mr. Fielder informed the Board Mrs. Mundo has submitted the grant application and he does not expect to hear back from the Texas Parks & Wildlife Department regarding the application until August. Mrs. Mundo stated she would check their schedule in July and informed the Board she received intent letters from PCA, PYLC, the Boy Scouts, and the Lions Club. She also explained the town received a lot of points from the planned renovations in the application.

Mr. Fielder updated the Board on the Park Row project and informed them this item is on the Council agenda for next week. He expects the work to begin around the first of May and last 150 days. Mrs. Mundo stated she would get the information into the monthly newsletter for the businesses.

There was discussion on the completion timeline of Dairy Queen and a follow up on all open business construction in town; such as the Dollar Tree and the Emergency Care office.

2. Approval of PEDC Minutes

- **March 25, 2015**

No comments. Vice President Lakey made a motion to approve the minutes as presented. Treasurer Gittiban seconded the motion.

The vote was as follows:

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

Nays: None

Abstention: None

President Brown declared the motion passed unanimously.

3. Summary of Revenues and Expenditures

- **April 8, 2015**

There were no finances to approve.

CITIZEN'S OPEN FORUM

None.

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

4. Public Hearing, discuss, direct, and consider action on improvement projects of Bicentennial Park.

Mr. Fielder explained this is part of the process to set aside the \$80,000 for park improvements. The State law requires a public hearing and then a 60 day waiting period to allow for 10% of the registered voters to draft and sign a petition for an election regarding the improvements.

President Brown opened the Public Hearing at 7:16 p.m.

Vice President Lakey clarified they do not have to specifically name the projects. There was discussion on the medium used to post the Public Hearing.

President Brown closed the Public Hearing at 7:18 p.m.

5. Discuss, direct, and consider action on advertising opportunities.

Pantego Economic Development Corporation
April 8, 2015

Mrs. Mundo discussed various options for advertising and extending awareness outside of Pantego hitting the 100,000 person market. She explained the Board budgeted for \$15,000 and has only spent \$3,000 so far this year. She presented an estimate she received last year for bulk mailings. There was discussion on advertising in the Texas Rangers Yearbook which is handed out at every home game for the season with 1.1 million copies printed. The Board discussed the outcome of previously using the Star Telegram Newspaper print advertising and on printed materials in the various area magazines; such as Arlington Today and the Arlington Chamber of Commerce Magazine. The Board requested Mrs. Mundo to review the QR codes for coupons to local businesses and see if this if something that would benefit Pantego businesses and to have the representative from the Arlington Citizen Journal come and speak to the Board regarding digital advertising.

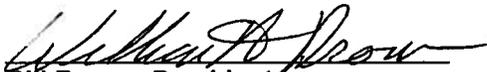
PEDC MEMBER INQUIRY

None.

ADJOURNMENT

President Brown adjourned the regular session at 7:51 p.m.

APPROVED:


Bill Brown, President

ATTEST:

Fred Adair, Secretary



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider actions on Resolution 15-12 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into an agreement with Collier Consulting for a well monitoring program; providing for an effective date.

Date: April 27, 2015

PRESENTER:

Matt Fielder, City Manager
Scott Williams, Public Works Director

BACKGROUND:

With the assumption that water well deterioration is a potentially serious and a costly problem, Council has provided the budgetary funding for a well assessment program. Additionally, the industry metrics recommends that water wells are best maintained by a preventive maintenance program that involves a combination of regular monitoring of their physical condition, well performance factors, reconstructive maintenance and preventive treatments as necessary. On March 23, 2015, Collier Consulting presented their services for a well monitoring program to Council and staff. At the direction of Council, staff has pursued a formal agreement with Collier Consulting for a well monitoring program that would provide the following metrics, identifying well conditions and potential deterioration;

- Production rates
- Static water levels
- Pumping water levels
- Field water quality measurements
- Wire to water efficiency
- Sand production

FISCAL IMPACT:

\$10,800

RECOMMENDATION:

Approval of the Well Monitoring Program Agreement with Collier Consulting

ATTACHMENTS:

Resolution 15-12
Well Monitoring Agreement

Director's Review: SW
City Manager's Review: MDF

RESOLUTION NO. 15-12

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS, AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH COLLIER CONSULTING FOR A WELL MONITORING PROGRAM; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the administrative staff of the Town of Pantego, Texas, has determined the necessity for a systematic groundwater monitoring plan for the six production wells located within the Town of Pantego; and

WHEREAS, staff has determined that Collier Consulting is best suited to handle the monitoring plan; and

WHEREAS, Collier Consulting and the Town of Pantego mutually desire to be subject to the provisions of this resolution and mutually agree to the terms of a contract.

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

Section 1: The Town Council hereby authorizes the City Manager to enter into a contract with Collier Consulting for a systematic groundwater monitoring plan for the six production wells located within the Town of Pantego, Tarrant County, Texas. (Exhibit A)

Section 2: The Town of Pantego agrees to compensate Collier Consulting for services outlined in Exhibit A for a total annual cost of \$10,800 with additional tasks and costs outlined in Exhibit A.

Section 3: This resolution is effective immediately upon passage.

PASSED AND APPROVED this the 27th day of April 2015, 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:

Jim Jeffrey, City Attorney

Exhibit A

FROM: Hughbert Collier, Ph.D., P.G.
DATE: February 2, 2015
SUBJECT: 2015 Q1 Fee Schedule for Consulting Services



Collier Consulting's per hour rate schedule for consulting services and travel time is as follows:

Clerical work	\$45.00 to \$80.00
Technician	\$85.00 to \$125.00
GIS / Computer Science Specialists	\$110.00 to \$250.00
Engineering	\$130.00 to \$250.00
Environmental & Geoscience	\$110.00 to \$220.00
Project Managers & Senior Consultants	\$160.00 to \$325.00

Field equipment rental rates are determined by the equipment(s) used.

Expenses are billed at cost plus 15% or \$150 per diem.

Mileage is billed at \$1.25 per mile or \$150 per day minimum.

A 5% surcharge on consulting services will be added to cover computer time, telephones, and in-house printing.

All sales, use, value added, business transfer, gross receipts, or other similar taxes will be added to the invoice when invoicing the CLIENT.

Invoices are payable upon receipt. Accounts unpaid more than 45 days after the invoice date accrue 1.25 percent interest per month (15 percent annual rate) from the date of the invoice.

Expert witness testimony is at the above rates.

CCINC will compile all of the data collected during the quarterly inspection and provide an assessment of the data and a report that summarizes the findings and CCINC's list of recommendations.

Task 5. Be available by phone or email to answer questions that the CLIENT may have about the wells and the aquifer. Attend biannual Pantego council meetings to discuss the findings of the monitoring program.

The total cost for Tasks 1-5 will be \$2,700 per quarter (\$10,800 annual cost). By entering into this agreement with the CLIENT, CCINC agrees to be available to assist the CLIENT with any well or surface plant work. These additional tasks will be billed per the attached rate sheet and will require written authorization from the CLIENT. Upon approval of the proposal, CCINC will work with Pantego staff to begin the work as soon as possible.

Authorizing Signature: _____ **Date:** _____

Additional Tasks

Task 6. Additional site assessments for the 303 and Lane #1 wells.

Recognizing that the 303 and Lane #1 wells are critical to the Town's water supply, the CLIENT has requested that an optional task be added to include more frequent inspections of these assets. The frequency of these visits can be as often as the CLIENT sees fit. The same procedure will be followed and an identical dataset will be collected as listed in Task 1. CCINC would recommend for cost saving efforts to limit the reporting of the data to a quarterly basis unless there is a significant change in one of the performance metrics. If this should occur CCINC will report the findings to the CLIENT immediately.

Cost = \$820 per inspection of both wells

Task 7. Downhole video surveys.

Any time a pump is pulled, CCINC will be notified and will perform a downhole video survey to inspect the condition of the well casing and screen. A report with recommendations will be provided with a digital copy of the video.

Cost = \$2,500 per video inspection

Task 8. Collection of water quality samples for laboratory analyses.

For the first 2-3 years of the proposed contract, CCINC recommends a yearly water quality sample be collected and sent to a NELAP approved lab for testing. If there is no significant variability in the water quality constituents tested during the first 2-3 years, CCINC will provide the CLIENT with an alternative schedule for water quality analysis (i.e.

CCINC would pull samples for laboratory analysis only if there is a significant variation in the field water quality measurements taken by CCINC staff). The following cost is for CCINC to collect and deliver the water quality samples to an approved lab. The cost of the analyses is not included in this proposal. Should the CLIENT want the lab analyses run under CCINC's contract, CCINC will make the appropriate amendment to the agreement. In either scenario, CCINC will work with the CLIENT to locate and secure a lab for the analyses.

Cost = \$1,500 per occurrence

Task 9. Attend and report on the Northern Trinity GCD meetings.

CCINC will attend the board meetings of the Northern Trinity GCD and provide the CLIENT with a summary report. CCINC staff will be available to the CLIENT via email or phone conversation to answer questions related to this task.

Cost = \$1,200 per year

Additional Tasks Authorized: _____

Authorizing Signature: _____

Date: _____



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider action on Resolution 15-13 a resolution of the Town Council of the Town of Pantego, Texas, authorizing the City Manager to enter into an Engagement Agreement for the Benefits Request for Proposal Bid to Coble Cravens Financial Services, Inc. to obtain comparable quotes for group health, dental, life, disability, and supplemental insurance plans related to the current employee benefits plan offered and provided to town employees; providing an effective date.

Date: April 27, 2015

PRESENTER:

Matt Fielder, City Manager

BACKGROUND:

The Council Employee Benefits Committee worked with Staff to develop a Request for Proposals for employee benefits consultants to seek alternatives for employee health insurance to compare to our existing Texas Municipal League program. There were two responses, and the Employee Benefits Committee met to review them. They recommended that the Town enter into an agreement with Coble Cravens Financial Services, Inc. There would be no cost to the Town, unless one of the plans proposed by them is used. At that time, they would receive a commission from the insurer.

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends authorizing the City Manager to execute the Engagement Agreement with Coble Cravens Financial Services, Inc.

ATTACHMENTS:

Resolution
Engagement Letter

RESOLUTION NO. 15-13

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PANTEGO, TEXAS, AUTHORIZING THE CITY MANAGER TO ENTER INTO AN ENGAGEMENT AGREEMENT FOR THE BENEFITS REQUEST FOR PROPOSAL BID TO COBLE CRAVENS FINANCIAL SERVICES, INC. TO OBTAIN QUOTES FOR GROUP HEALTH, DENTAL, LIFE, DISABILITY, AND SUPPLEMENTAL INSURANCE PLANS RELATED TO THE CURRENT EMPLOYEES BENEFITS PLAN OFFERED AND PROVIDED TO TOWN EMPLOYEES; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the administrative staff of the Town of Pantego, Texas, has determined it is in the best interest of the town to obtain comparable quotes for group health, dental, life, disability, and supplemental insurance plans related to the current employee benefits plans offered and provided to city employees; and

WHEREAS, staff has determined that Coble Cravens Financial Services, Inc. is best suited to obtain comparable quotes; and

WHEREAS, Coble Cravens Financial Services, Inc. and the Town of Pantego mutually desire to be subject to the provisions of this resolution and mutually agree to the terms of the engagement agreement.

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

Section 1: The Town Council hereby authorizes the City Manager to enter into an Engagement Agreement with Coble Cravens Financial Services, Inc. to obtain comparable quotes for group health, dental, life, disability, and supplemental insurance plans related to the current employee benefits plan offered and provided currently to town employees. (Exhibit A)

Section 2: This resolution is effective immediately upon passage.

PASSED AND APPROVED this the 27th day of April 2015, 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:

Jim Jeffrey, City Attorney

Exhibit A

Engagement Agreement between the Town of Pantego, Texas

And

Coble Cravens Financial Services, Inc./ Don A. Duke

Per the awarding of the Benefits RFP to Coble Cravens Financial Services, Inc./Don A. Duke (CCFSI), and approved by City Council of Pantego on April 27, 2015, CCFSI will work with staff to gather all data to review, analyze and obtain quotes for group health, dental, life , disability and supplemental insurance plans related to the current employee benefit plans offered and provided to city employees. It is understood that the current plans are provided to Pantego through the Texas Municipal League (TML).

The Benefits RFP grants CCFSI the exclusive rights to review, analyze , obtain quotes for related coverages and if successful in providing attractive alternatives to the current offerings, CCFSI will place those coverages with the respective carriers/vendors, as the writing broker, and will receive commissions paid by the insurance company as compensation for services provided. Additionally, CCFSI will provide service to the staff as needed, as well as the employees with all coverages brokered by CCFSI.

Upon conclusion of the marketing efforts of CCFSI, viable, attractive alternatives are not available, resulting in no commissions earned, the Town of Pantego will bare no expense or obligation to CCFSI and this agreement will terminate.



Don A Duke

Coble Cravens Financial Services, Inc.

Matthew Fielder

City Manager

Town of Pantego, Texas



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider action on Resolution 15-14 a resolution of the Town Council of the Town of Pantego, Texas, adopting an Investment Policy; providing for an effective date.

DATE: April 27, 2015

PRESENTER:

Ariel Carmona, Finance Director

BACKGROUND:

Per Section 2256.021 of the Public Funds Investment Act, 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.

There are no changes nor revisions to the Town's Investment Policy and Investment Strategies this year. The Government Treasurer's Organization of Texas certified this policy last year for a two year period ending March 31, 2016. Staff will reassess legislative changes next year and, if necessary, revise this policy at that time.

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
Public Funds Investment Act, Chapter 2256, Government Code
Certificate of Distinction for Investment Policy

Director's Review: AC

City Manager's Review: MDF

RESOLUTION NO. 15-14

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(a) 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 27th day of April 2015, 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

Exhibit A



**INVESTMENT POLICY
AND
INVESTMENT STRATEGIES**

Revised April 28, 2014

Prepared by the Finance Department

TABLE OF CONTENTS

	Page No.
I. Policy Statement	1
II. Scope	1
III. General Objectives	2
IV. Standards of Care	3
V. Authorized Financial Dealers and Institutions	6
VI. Safekeeping and Custody of Investment Assets	7
VII. Suitable and Authorized Investments	8
VIII. Collateralization	11
IX. Investment Parameters	12
X. Investment Strategies	13
XI. Performance Evaluation and Reporting	15
Glossary of Investment Policy Terms	17

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) pledge, (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

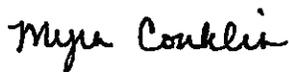
Dear Ms. Carmona:

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.

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



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider action on a special meeting to canvass the May 9, 2015 General Election.

Date: April 27, 2015

PRESENTER:

Julie Arrington, City Secretary

BACKGROUND:

According to the Texas Election Code the canvass of the election is not made earlier than the 3rd day, if there are not any unprocessed provisional ballots, or later than the 11th day after Election Day, at a time set by the mayor. The Code also states a certificate of election is issued to each candidate who is declared elected, "in the same manner and at the same time as provided for a candidate elected at the election." [EC §2.053(c)]. Candidates elected through cancellation must take the oaths of office the same as candidates elected at an election.

The Municipal General Election was to be held Saturday, May 9, 2015. The Town Council was able to cancel the election due to unopposed candidates. The acceptance of cancellation was made on March 23, 2015. The canvassing period begins on May 12, 2015 and ends May 20, 2015.

FISCAL IMPACT:

None.

RECOMMENDATION:

Staff recommends a special meeting on Monday, May 18, 2015 to canvass the election.

ATTACHMENTS:

None.



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider action on cancelling the regularly scheduled Council meeting on May 25, 2015 in observance of the Memorial Day Holiday.

Date: April 27, 2015

PRESENTER:

Julie Arrington, City Secretary

BACKGROUND:

The Town Council meetings are held the 2nd and 4th Mondays of the Month. The 4th Monday of May is Memorial Day and the Town Offices are closed.

FISCAL IMPACT:

None.

RECOMMENDATION:

Staff recommends cancelling the regularly scheduled Council meeting and conducting a special meeting on Monday, May 18, 2015 as a replacement to the 4th Monday Council meeting.

ATTACHMENTS:

None.



AGENDA BACKGROUND

AGENDA ITEM: Discuss, direct, and consider action on proposed financing for the new ambulance.

Date: April 27, 2015

PRESENTER:

Matt Fielder, City Manager

BACKGROUND:

The Town budgeted for the purchase of a chassis and the renovation of the box for the Medic 1 ambulance. This was completed in March. The total cost was \$113,825. During the budgeting process, it was anticipated that the cost would be borne by a capital lease over five years. \$24,367 was budgeted in the current year for the first least payment. An additional \$89,458 is required to complete the purchase. Staff is seeking direction from Council whether to obtain terms for a capital lease, or to pay the cost from reserves that were created by the unspent funds from Fiscal Year 2014-2015. The Town ended the year with \$497,916 remaining unspent, according to the auditors. Of that, approximately \$73,000 has spent on the self contained breathing apparatus for the Fire Department.

FISCAL IMPACT:

\$89,458

RECOMMENDATION:

Staff recommends paying the balance from funds remaining unspent from Fiscal Year 2014-2015.

ATTACHMENTS:

N/A

Director's Review: _____
City Manager's Review: MDF