ADDENDUM

HEWITT
TEXAS

NOTICE OF MEETING
OF THE GOVERNING BODY

Notice is hereby given that a **Regular** meeting of the governing body of the City of Hewitt will be held on the **3rd day of December, 2012 at 7:00 PM in Hewitt City Hall, 105 Tampico Drive**, Hewitt, Texas, at which time the following subjects will be discussed:

1. Consider approval of minutes of a City Council Dinner Workshop/Regular Meeting of October 15, 2012.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 10:00 AM/PM on November 30, 2012.

CITY OF HEWITT

Lydia Lopez

Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.

HEWITT
TEXAS

MINUTES OF A CITY COUNCIL WORKSHOP/REGULAR MEETING HEWITT CITY HALL – 105 TAMPICO DRIVE October 15, 2012 - 5:30/7:00 PM

Members Present: Mayor Wilbert "Walky" Wachtendorf (presiding); Mayor Pro Tem Ed Passalugo; Council Members, Vincent R. "Pike" Anderson, Bill Fuller, James Vidrine, and Ronnie McNiel

Members Absent: Charles D. "Charlie" Turner

Staff Present: City Attorney Charlie Buenger, City Engineer Bill Aston, City Manager Adam Miles, Assistant City Manager Jim Barton, Police Chief Jim Devlin, Deputy Police Chief Tuck Saunders, Deputy Fire Chief Lance Bracco, Utilities Director James Black, Library Director Waynette Ditto, Planning & Community Development Director Bruce Braley, Director of Human Resources/Civil Service Susana Garcia-Gilmore and City Secretary Lydia Lopez

Dinner Workshop – 5:30 PM

1. City Manager presented an update on following municipal business:
   a. Report from City Engineer including review and discussion of Capital Improvement Projects
   b. Update on TxDOT Hewitt Drive Widening Project
   c. Public Safety including Fire & Police
2. The regular meeting agenda items were reviewed.
3. An interview of prospective Library Board member Lydia Dashner was conducted.
4. Adjourn. *Motion by Bill Fuller, second by Ronnie McNiel to adjourn at 6:50 PM; all six in favor, motion passed.*

REGULAR SESSION – 7:00 PM

1. **CONSIDER APPROVAL OF MINUTES OF THE CITY COUNCIL WORKSHOP/REGULAR MEETING OF OCTOBER 1, 2012.** *Motion by Ed Passalugo, second by Bill Fuller to approve the minutes as submitted but allow for additional corrections; all six in favor, motion passed.*

2. **HEAR VISITORS ON MATTERS PERTAINING TO CITY BUSINESS.** Jeff Mitchell, 11263 South I-35, Lorena, TX, appeared to express opposition to bid award for the renovations to the Community Services Facility. No one else appeared.

3. **CONSIDER APPOINTMENT TO THE LIBRARY BOARD OF DIRECTORS.** *Motion by Ed Passalugo, second by Pike Anderson to approve appointment of Lydia Dashner to the Library Board of Directors; all six in favor, motion passed.*

4. **ADMINISTER OATH TO NEWLY APPOINTED MEMBER OF THE LIBRARY BOARD OF DIRECTORS.** Mayor Wachtendorf administered the oath of office.

5. **CONSIDER AWARD OF BID FOR RENOVATION OF COMMUNITY SERVICES FACILITY TO K-4 CONSTRUCTION IN THE AMOUNT OF $584,900.** *Motion by Ed Passalugo, second by James Vidrine to approve; three in favor (Passalugo, Vidrine, McNiel), two in opposition (Wachtendorf, Fuller), Anderson abstained, motion passed.*

6. **PUBLIC HEARING AND ACTION ON AN ORDINANCE REZONING LAND (FOR LEGAL DESCRIPTION, SEE EXHIBIT A) LOCATED AT THE INTERSECTION OF DEVONSHIRE AND RITCHIE ROAD MORE COMMONLY KNOWN AS 3.872 ACRE TRACT OF LAND DESCRIBED IN A DEED TO THE CITY OF HEWITT, OF RECORD IN COUNTY CLERK'S FILE NUMBER 2003041172 OF THE OFFICIAL PUBLIC RECORDS OF MCLENNAN COUNTY, TEXAS FROM R-1 (SINGLE FAMILY) TO C-2 (GENERAL COMMERCIAL).** Mayor Wachtendorf opened the hearing. Scott Bryant 601 Park Hill Cr., appeared in favor of the rezoning request. Council Member Vidrine representing JVE Properties voiced no objection to the rezone and stated he would be abstaining from voting on this item. *Motion by Bill Fuller, second by Ronnie McNiel to approve; five in favor, Vidrine abstained, motion passed.*

7. **ADJOURN.** *Pike Anderson moved, second by Bill Fuller to adjourn the meeting at 7:14 PM, all six in favor, motion passed.*

Approved: December 3, 2012

Lydia Lopez, City Secretary

Wilbert Wachtendorf, Mayor

HEWITT
TEXAS

NOTICE OF MEETING
OF THE GOVERNING BODY

Notice is hereby given that a **Dinner Workshop** meeting of the governing body of the City of Hewitt will be held on the **3rd day of December, 2012 at 5:30 PM in Hewitt City Hall, 105 Tampico Drive**, Hewitt, Texas, at which time the following subjects will be discussed:

1. City Manager's update on municipal business:
   a. Report from City Engineer including review and discussion of Capital Improvement Projects
   b. Public Safety including Fire & Police
   c. Calendar for future Council meetings and community events
   d. Meter replacement
   e. Presentation by DMA Development Company, LLC on Multi-Family housing project.
2. Review regular meeting agenda items.
3. Adjourn.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 5:00 AM/PM on November 29, 2012.

CITY OF HEWITT

Lydia Lopez

Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.

HEWITT
TEXAS

NOTICE OF MEETING
OF THE GOVERNING BODY

Notice is hereby given that a **Regular** meeting of the governing body of the City of Hewitt will be held on the **3rd day of December, 2012 at 7:00 PM in the City Council Room at Hewitt City Hall, 105 Tampico Drive**, Hewitt, Texas, at which time the following subjects will be discussed:

1. Consider approval of minutes of the City Council Regular and Joint Dinner Workshop with the Planning & Zoning Commission of November 5, 2012.
2. Hear visitors on matters pertaining to city business.
3. First of two public hearings on a request to abandon an alley located between 1st Street and 2nd Street and parallel to West Warren Street more commonly known as 0.160 acres being a 20 ft. alley in Block ½ of the Original Town of Hewitt, according to plat of record in Volume 94, Page 114, of the Deed Records of McLennan County, Texas.
4. Consider reappointments to the Library Board of Directors.
5. Consider approval of Change Order No. 1 to the contract with K4 Construction for construction of "Hewitt Community Services – Site Fencing Improvements Phase 1" in the total amount of $78,923.
6. Conduct annual review and consider a resolution amending the City of Hewitt's Investment Policy.
7. Consider a resolution authorizing the City Manager to negotiate and execute a 457 Deferred Compensation Plan Service Agreement with ICMA-RC.
8. Adjourn.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 5:00 AM/PM on November 29, 2012.

CITY OF HEWITT

Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 1

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider approval of minutes of the City Council/Planning & Zoning Commission Regular/Special Joint Dinner Workshop Meeting of November 5, 2012.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a draft copy of the minutes of the meeting. Please review and advise if any corrections are needed.

ATTACHMENTS:

Draft minutes

HEWITT TEXAS

MINUTES OF A SPECIAL JOINT MEETING OF THE CITY COUNCIL AND PLANNING & ZONING COMMISSION HEWITT CITY HALL – 105 TAMPICO DRIVE November 5, 2012 - 6:00 PM

Members Present: Mayor Wilbert "Walky" Wachtendorf (presiding); Mayor Pro Tem Ed Passalugo; Council Members Charlie Turner, Vincent "Pike" Anderson, and James Vidrine

Members Absent: Council Members Bill Fuller, and Ronnie McNiel

Planning & Zoning Commission Members Present: Chair Jerral F. Knox (presiding), Betty Orton, Billy Green, and Scott M. Bryant

Planning & Zoning Commission Members Absent: David Dossey and John J. Baker

COUNCIL REGULAR MEETING

1. Mayor Wachtendorf called the Council Regular Meeting to order at 6:00 pm.
2. Authorize final site plan and design for Adventure Playground at Hewitt Park as recommended by the Parks and Beautification Committee. *Motion was made by Pike Anderson, second by Charlie Turner to approve, all five in favor, motion passed*
3. Adjourn Council Regular Meeting. *Motion was made to adjourn by Pike Anderson, second Charlie Turner, all five in favor. The meeting was adjourned.*

SPECIAL JOINT DINNER WORKSHOP

1. Call meeting to order:
   a. City Council – *Mayor Wachtendorf called the meeting of the City Council to order at 6:00 pm.*
   b. Planning & Zoning Commission– *Chair Jerral Knox* called *the meeting of the Planning & Zoning Commission to order at 6:00 PM.*

2. Discussion concerning the following topics was held:
   a. Subdivison regulations
      1. Placements of Easements/Right of way (ROW) regulations
      2. Curb specifications
      3. Platting procedures

b. Size of residential homes and lots
c. Existing Land Use Map/Plan
d. Water Conservation
   1. Landscape regulations
   2. Irrigation Systems

3. Adjournment: *Motion was made by Pike Anderson, second by Charlie Turner to adjourn; all five in favor. The meeting was adjourned at 8:41 pm.*

Approved by Council: <u>December 5, 2012</u>

Lydia Lopez, City Secretary

Wilbert Wachtendorf, Mayor

Approved by the Planning & Zoning Commission: __________________

Denise Rodriguez, Secretary

Jerral F. Knox, Chair

HEWITT
TEXAS

ITEM #2 – HEARING OF VISITORS

CITIZEN PARTICIPATION AT MEETINGS

1. All citizens are encouraged to discuss matters of concern with the staff and individual council members prior to placing items on the agenda. Many times this will expedite a resolution or allow proper investigation of the matter for presentation to the entire council.

   NO CITIZEN NOR STAFF MEMBER MAY SPEAK NOR OTHERWISE INTERRUPT ANY MEETING UNTIL RECOGNIZED BY THE PRESIDING OFFICER.

2. To maintain decorum at public hearings, the mayor will ask the citizens present if they wish to speak for or against the item on the agenda. If so, they will be given an opportunity to do so at the proper time, when recognized by the chair. If more than five citizens wish to address the council on any single agenda item, those citizens are advised to select spokespersons to present their case.

3. Citizens who wish to bring up a matter that pertains to city business or address an item on the agenda may do so, but only under the agenda item "Hear Visitors." **The council is prohibited by law from discussing or acting on any item that has not been posted on the agenda.**

4. **Citizens addressing the city council on items not on the agenda shall be limited to five minutes each. Total time for presentations on any one item or topic shall be limited to twenty-five minutes. The city council members shall not enter into discussion on any subject not properly placed on the agenda; however, the council members may ask questions for clarification purposes.**

5. As a general rule, citizens may not participate in the discussion of the council workshop session.

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 3

SUBMITTED BY: Bruce Braley, Director of Community Development

ITEM DESCRIPTION:

First of two public hearings on a request to abandon an alley located between 1st Street and 2nd Street and parallel to West Warren Street more commonly known as 0.160 acres being a 20 ft. alley in Block ½ of the Original Town of Hewitt, according to plat of record in Volume 94, Page 114, of the Deed Records of McLennan County, Texas.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City received a request for the abandonment of this alley from an adjacent property owner. The other adjacent landowners have been notified of the request and invited to attend this Council meeting to voice their opposition or support of the proposal. Staff has not received any comments or concerns related to the request to close the alley. The alley is not being used by the public and is not currently maintained by the city.

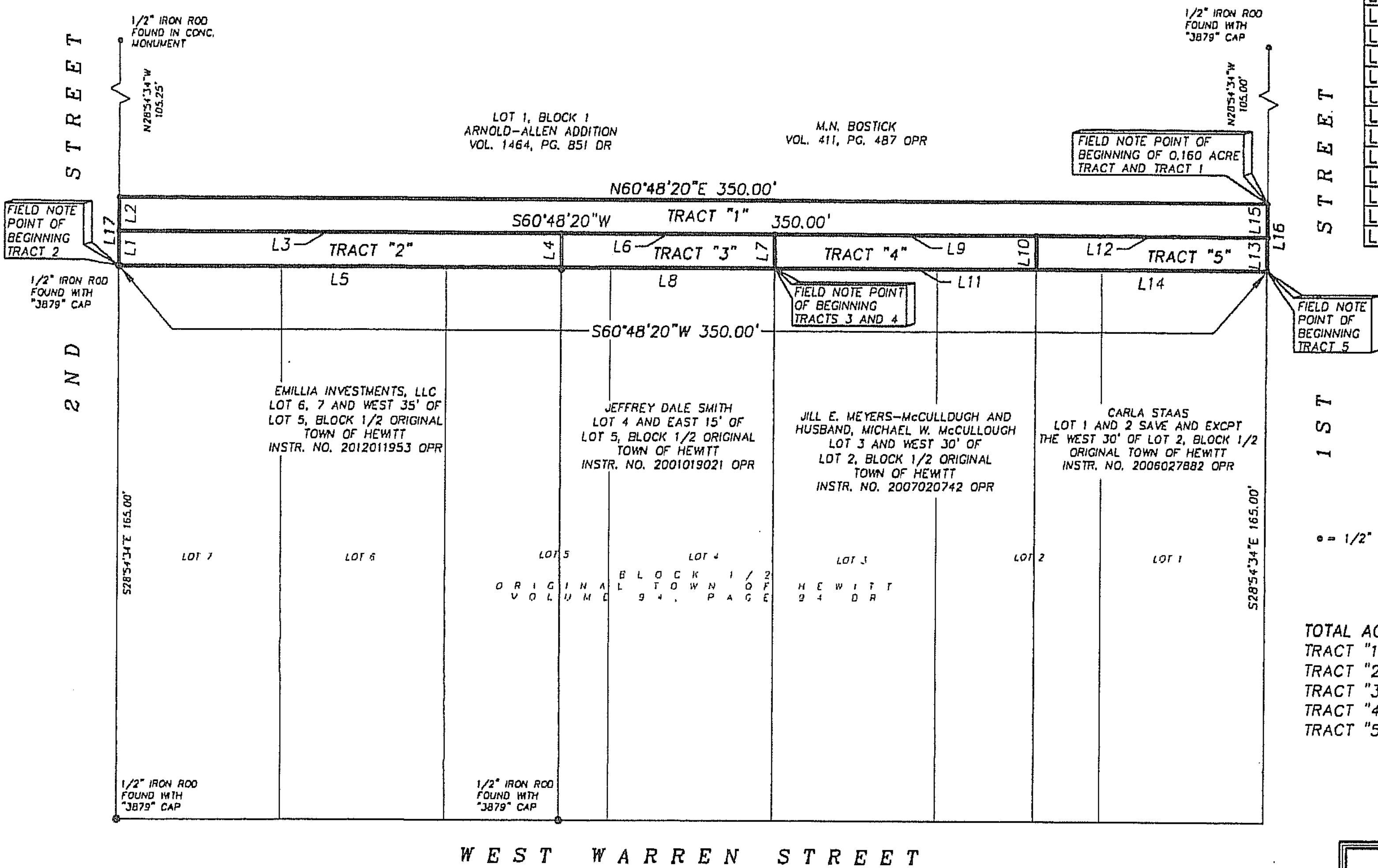
The second public hearing will be held on January 7, 2013. At that time, Council will be considering an ordinance abandoning the alley. If approved the alley would be abandoned and closed. Then an appropriate deed would be issued to adjacent owners for that half (10 feet) of the alley that directly abuts their property. Without any opposition to the request, staff is recommending closure of this alley.

ATTACHMENTS:

Survey of alley

Exhibit showing 0.160 Acres, being the 20 ft. Alley in Block 1/2 of the Original Town of Hewitt, according to plat of record in Volume 94, Page 114, of the Deed Records of McLennan County, Texas.

LINE	BEARING	DISTANCE
L1	N28°54'34"W	10.00'
L2	N28°54'34"W	10.00'
L3	N60°48'20"E	135.00'
L4	S28°54'34"E	10.00'
L5	S60°48'20"W	135.00'
L6	N60°48'20"E	65.00'
L7	S28°54'34"E	10.00'
L8	S60°48'20"W	65.00'
L9	N60°48'20"E	80.00'
L10	S28°54'34"E	10.00'
L11	S60°48'20"W	80.00'
L12	N60°48'20"E	70.00'
L13	S28°54'34"E	10.00'
L14	S60°48'20"W	70.00'
L15	S28°54'34"E	10.00'
L16	S28°54'34"E	20.00'
L17	N28°54'34"W	20.00'



• = 1/2" IRON ROD PLACED WITH "3879" CAP (UNLESS OTHERWISE NOTED)

TOTAL ACRAGE = 0.160 ACRES
TRACT "1" = 0.080 ACRES/3500.0 SQ. FT.
TRACT "2" = 0.031 ACRES/1350.0 SQ. FT.
TRACT "3" = 0.015 ACRES/650.0 SQ. FT.
TRACT "4" = 0.018 ACRES/800.0 SQ. FT.
TRACT "5" = 0.016 ACRES/700.0 SQ. FT.

I hereby state that to the best of my professional knowledge and belief that this plat and the survey on which it is based meets the requirements for land surveys in the State of Texas.

This the 6 day of Aug, 2012.

GALE ARNILD, RPLS, NO. 3879

STATE OF TEXAS REGISTERED GALE ARNOLD 3879 PROFESSIONAL LAND SURVEYOR

SCALE 0 50 100

LETH LTD

6801 Sanger Ave., Suite 111
Waco, Texas 76710
(254) 776-5151
Fax (254) 776-5152

SURVEYED: 08/2012

Z:\2012 Projects\12-07-6043 - 1ST AND 2ND ST - CITY OF HEWITT\dwg\12-07-6043.dwg 8/02/2012

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 4

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider reappointments to the Library Board of Directors.

STAFF RECOMMENDATION/ITEM SUMMARY:

Board members Annette Davidson, Mary Anna Rocha, Norma Russell and Jerry Waltman have agreed to serve another term on the Board. These members are in good standing and staff recommends approval of this item.

ATTACHMENTS:

Council, Boards and Commissions Roster

CITY OF HEWITT: COUNCIL, BOARDS, AND COMMISSIONS

City Hall 666-6171 (Fax 666-6014); Community Services 666-2447; Utility Billing 666-3151 (after hrs emergency 666-6272); Police Adm. 666-1661; Drug Tips 666-3333; Animal Control 666-6272; Library 666-2442; Park Reservations 666-6173; Municipal Court 666-1208; Chamber of Commerce 666-1200. City of Hewitt web site: www.cityofhewitt.com; Email: citysecretary@cityofhewitt.com

City Council **2 Yr Term - May**	**Board of Adjustment** **2 Yr Term - April**	**Planning & Zoning Commission** **3 Yr Term - June**	**Parks & Beautification Committee** **2 Yr Term December**	**Library Board of Directors** **2 Yr Term - December**
1st & 3rd Mon 7 pm	**3rd Thurs 7 pm**	**1st Tues. 7 pm**	**2nd Thurs 7 pm**	**Quarterly as needed**
Charlie Turner Ward 1 (05-2013) 209 Laredo 666-0087	Chairman (04-2014) Jim Winton 1136 Heatherwood 857-9436	Chairman (06-2013) Jerral F. Knox 224 Lindenwood Ln. E. PO Box 2223 - 666-1098	(12-2012) Fred Raby 732 Castleman Creek 666-7229	(12-2014) Annette Davidson 209 Fannin Drive 666-1402
Mayor Wilbert (Walky) Wachtendorf Ward 1 (05-2014) 328 Travis 666-3759	(04-2014) **VACANCY**	(06-2013) Douglas Bennett 225 Fannin 420-4959	(12-2013) Tracy Smith 699 Castleman Creek 666-9354	(12-2013) Beth Oakley 708 Angel Fire Drive 666-1611
Bill Fuller Ward 2 (05-2014) 218 Chelsea/PO Box 568 666-3304	(04-2013) Douglas Bergen 264 Earle Rd. 666-0855	(06-2013) Betty Orton 912 Steamboat Circle 666-2419	(12-2013) Lydia Guerra 148 Crockett 235-0583	Secretary (12-2014) Mary Anna Roch 708 Regina 666-0886
James Vidrine Ward 2 (05-2013) 504 Rowan Oak 666-2115	(04-2013) Charles Howard 1057 Dane 732-4746	(06-2014) David Dossey 1008 Tillamook 722-6325	(12-2013) Farrah M. Burns 425 Sagewood Drive (254) 722-4075	(12-2014) Lydia Dashner 520 Angel Fire Dr. 666-9623
Mayor Pro Tem Ed Passalugo Ward 3 (05-2013) 137 E. Chapman Rd. 420-1926	(04-2014) R. Don Vardeman 432 S First St. 666-2760	(06-2014) Billy Green 1119 Radisson 666-7869	(12-2012) Lloyd Coffman 807 Attaway (254) 855-3655	(12-2014) Jerry Waltman 1205 Steamboat Drive 666-9459
Ronnie McNiel Ward 3 (05-2014) 1409 Ridgeview Drive 717-2752	Alternate (04-2014) **VACANCY**	(06-2014) Scott M. Bryant 1316 Radisson Drive 710-7678	(12-2012) Robert Smith 412 Texas Avenue (254) 420-2599	Treasurer (12-2013) Shirlene Lands 217 W. Warren P. O. Box 133 666-3490
Vincent R. "Pike" Anderson At Large (05-2013) 916 C-Kay Dr. 300-5654	Alternate (04-2013) **VACANCY**	(06-2014) John J. Baker 317 Bonham Drive 235-0464	(12-2012) Ruth D. Coffman 807 Attaway (254) 855-6883	President (12-2013) Sally Goldman 132 Texas 666-2436

Updated: 11/29/2012

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 5

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Authorize change order No. 1 to the contract with K4 Construction for construction of "Hewitt Community Services - Site Fencing Improvements Phase 1".

STAFF RECOMMENDATION/ITEM SUMMARY:

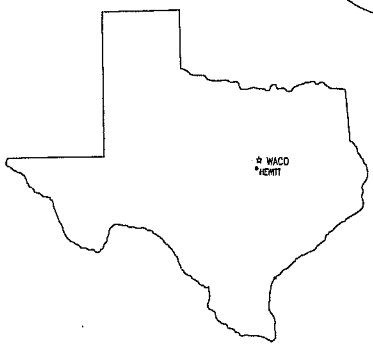
Due to the re-orientation of the Community Services facility to face Warren Street, fencing and public driveway access is being replaced and relocated. Duff Engineers has developed the site fencing improvements plan to address this issue. The project includes demolition of existing concrete, temporary construction fencing, relocation of an irrigation controller, installation of fencing and gates, as well as masonry and electrical work. Staff requested a quote from K4 Construction for this additional work. K4 has provided a quote in the total amount of $78,923.00. If approved, work will begin in a few days for this Phase of the project. A site plan and Change Order Proposal No. 1 is included in the back up material.

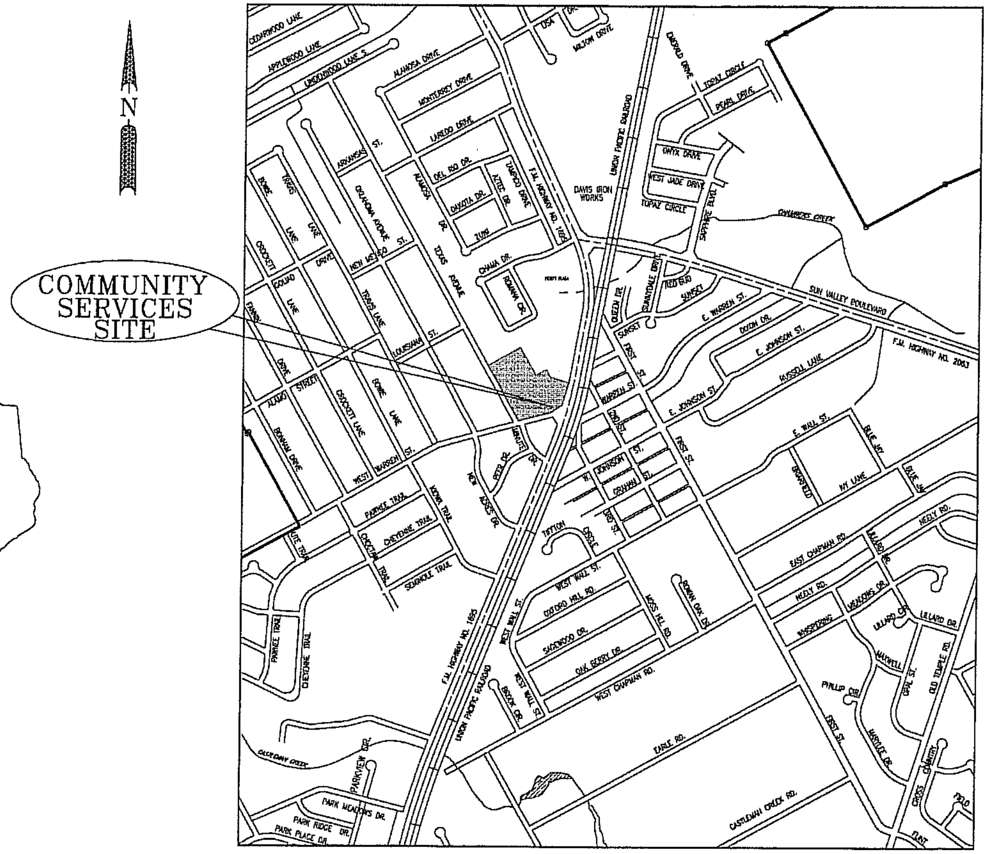
ATTACHMENTS:

Site Plan
Change Order Proposal No. 1

HEWITT
TEXAS

COMMUNITY SERVICES SITE FENCING IMPROVEMENTS PHASE 1





DUFF CONSULTING ENGINEERS, INC.
4201 NORTH 19th STREET
TEXAS REGISTERED ENGINEERING FIRM F-400
WACO, TEXAS 76708
(254) 756 - 5414

GENERAL NOTES:

1. MAINTAIN ALL EXISTING PROPERTY PINS.
2. ANY AND ALL PRIVATE PROPERTY THAT IS DAMAGED AND/OR DESTROYED BY THE CONSTRUCTION PROCESS SHALL BE REPLACED OR RESTORED TO A CONDITION EQUAL TO, OR BETTER THAN THAT WHICH EXISTED JUST PRIOR TO THE INCIDENT OR INCIDENTS.
3. OWNER MUST HAVE ACCESS TO PROPERTY AT ALL TIMES.

INDEX

NO.	DESCRIPTION
SHEET NO. 1	COMMUNITY SERVICES SITE LAYOUT
SHEET NO. 2	STORM WATER POLLUTION CONTROL 1
SHEET NO. 3	STORM WATER POLLUTION CONTROL 2
SHEET NO. 4	FENCING AND DRIVE APPROACH DETAILS

APPROVED

STATE OF TEXAS
WILLIAM E. ASTON
94623
REGISTERED PROFESSIONAL ENGINEER

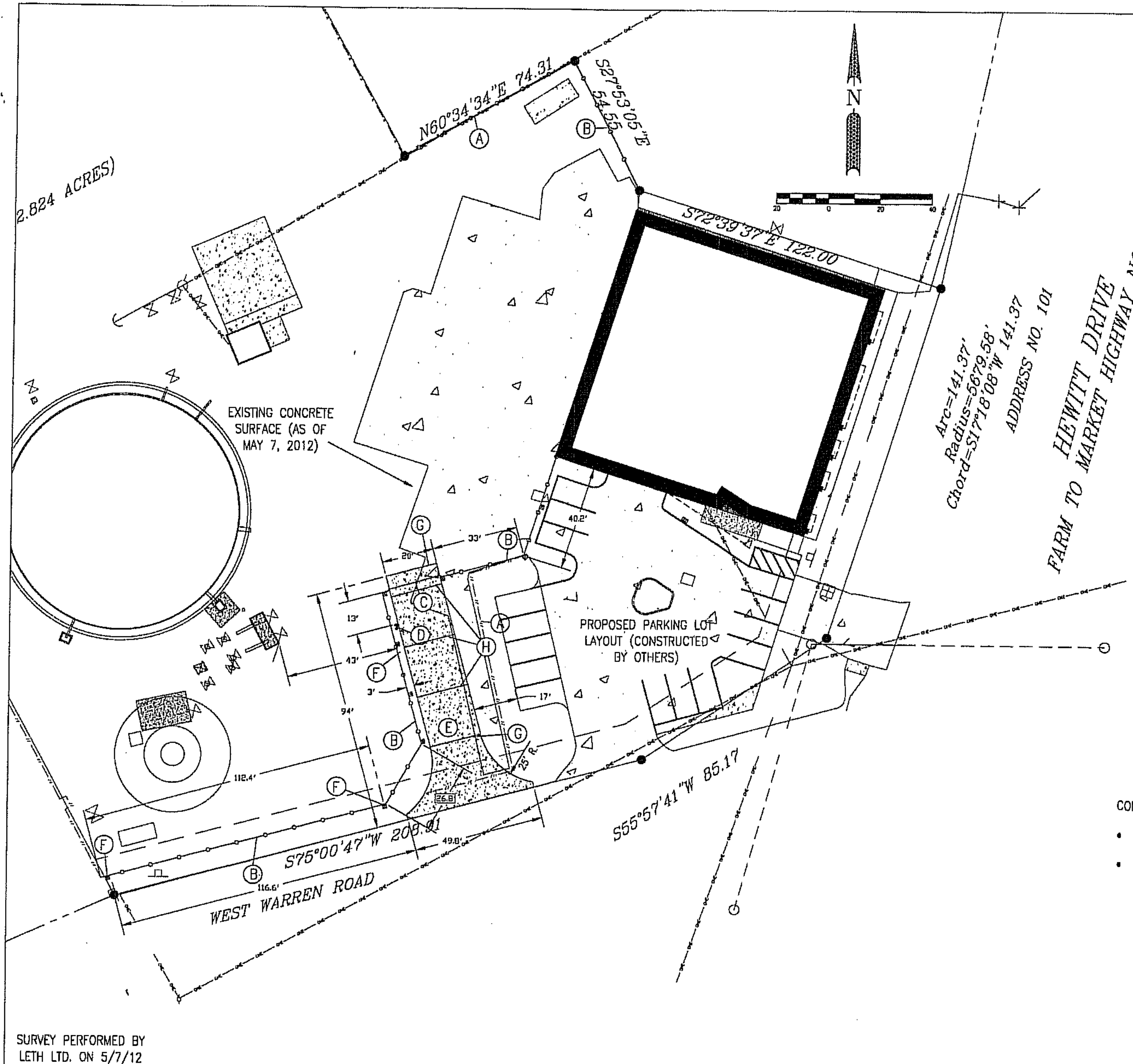
P.E.
ENGINEER 11/14/12

APPROVED

E.I.T. 11-14-12

HEW-CSC-FENCE-TS

COMMUNITY SERVICES SITE FENCING IMPROVEMENTS PHASE 1



WORK AND EQUIPMENT SCHEDULE

(A) REMOVE EXISTING FENCE AND EXISTING FENCE POSTS – 445 L.F.

(B) INSTALL NEW 8' BLACK VINYL COATED CHAIN-LINK FENCE AND POSTS WITH TAN SCREENING SLATS AND CONCRETE RIBBON – 435 L.F. INCLUDING 20' CANTILEVER SLIDING GATE. (CANTILEVER SLIDING GATE REQUIRES NO SCREENING SLATES)

(C) 20' CLEAR OPENING CANTILEVER SLIDING GATE (REFERENCE DETAIL)

(D) 20' CANTILEVER SLIDING GATE KEY PAD (INSTALLED AS PER MANUFACTURER RECOMMENDATIONS)

(E) SAW CUT AND INSTALL 20' WIDE CONCRETE DRIVE AND APPROACH; 234.5 SQUARE YARDS (REFERANCE DETAIL)

(F) 25" SQUARE COLUMNS WITH ENDURAMAX; HILL COUNTRY COLOR SCHEME; WALL SYSTEM OR WATERFORD STONE; HILL COUNTRY COLOR SCHEME TO BE DETERMINED BY OWNER; INSTALLED AT EVEN INTERVALS (9 IN TOTAL)

(G) EXPANSION JOINT

(H) CONTRACTION JOINT

CONSTRUCTION NOTES:

- EXISTING CONCRETE ONSITE HAS CHANGED SINCE TIME OF SURVEY.
- PROJECT SITE IS A WORKING WATER PLANT AND CITY MAINTENANCE FACILITY, SITE IS TO BE KEPT SECURED AT ALL TIMES, AND IN AND OUT ACCESS MUST BE KEPT FOR CITY PERSONAL.

SURVEY PERFORMED BY LETH LTD. ON 5/7/12

DESIGN: MWW
DRAWN: D.R.B.
CHECKED: MWW
APPROVED:
DATE: 11/13/12

WILLIAM E. ASTEN 34823

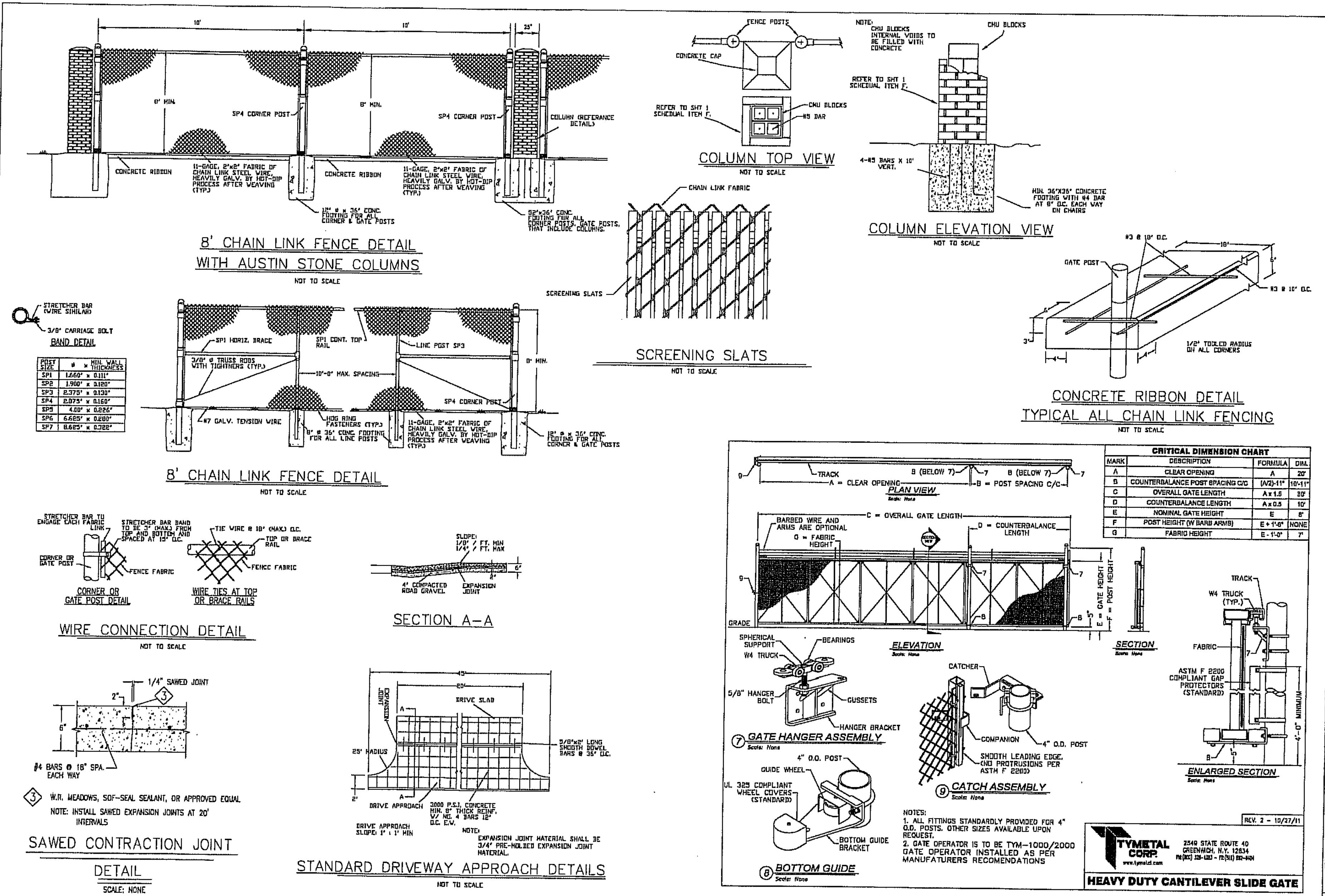
Buff Consulting Engineers, Inc.
4201 North 19th Street
Waco, Texas 76708
(254) 750-5414
FAX: 753-2842
TEXAS REGISTERED ENGINEERING FIRM F-400

CITY OF HEWITT
McLENNAN COUNTY, TEXAS
COMMUNITY SERVICES – SITE FENCING IMPROVEMENTS PHASE I
COMMUNITY SERVICES SITE LAYOUT

HEW-CSC-SITE-FENCE

REVISION DESCRIPTION	DATE	BY	CKD

SHEET 1 OF 4



POST SIZE	ø x MIN. WALL THICKNESS
SP1	1.660" x 0.111"
SP2	1.900" x 0.120"
SP3	2.375" x 0.130"
SP4	2.875" x 0.160"
SP5	4.00" x 0.226"
SP6	6.625" x 0.280"
SP7	8.625" x 0.322"

CRITICAL DIMENSION CHART

MARK	DESCRIPTION	FORMULA	DIM.
A	CLEAR OPENING	A	20'
B	COUNTERBALANCE POST SPACING C/C	(A/2)-11"	10'-11"
C	OVERALL GATE LENGTH	A x 1.5	30'
D	COUNTERBALANCE LENGTH	A x 0.5	10'
E	NOMINAL GATE HEIGHT	E	8'
F	POST HEIGHT (W BARB ARMS)	E + 1'-0"	NONE
G	FABRIC HEIGHT	E - 1'-0"	7'

DESIGN:
DRAWN:
CHECKED:
APPROVED:
DATE:

Buff Consulting Engineers, Inc.
4201 North 19th Street
Waco, Texas 76708
(254) 756-5414
FAX: 753-2542
TEXAS REGISTERED ENGINEERING FIRM F-400

CITY OF HEWITT
McLENNAN COUNTY, TEXAS
COMMUNITY SERVICES – SITE FENCING IMPROVEMENTS PHASE I
FENCING, GATE, AND DRIVE DETAILS

HEW-CSS-FENCE DET

REVISION DESCRIPTION	DATE	BY	CKD.

SHEET 4 OF 4

K4 CONSTRUCTION, LLC
1620-A WEST LOOP 340
WACO, TX 76712

K4 CONSTRUCTION

CHANGE ORDER PROPOSAL NO: ONE (1)

TO CITY OF HEWITT
105 TAMPICO DRIVE
HEWITT, TEXAS 76643

DATE PROPOSED: 11-28-12
PROJECT NAME: CITY OF HEWITT - COMMUNITY SERVICES CENTER
PROJECT ADDRESS: 103 NORTH HEWITT DRIVE
HEWITT, TEXAS 76643

ITEM NO.	DESCRIPTION OF CHANGE	INCREASE IN PRICE	CONTRACTOR
LUMP SUM	ALL FENCING AND DRIVE ENTRANCE WORK AS SPECIFIED ON THE PROJECT PLANS ENTITLED "HEWITT COMMUNITY SERVICES - SITE FENCING IMPROVEMENTS PHASE 1" BY DUFF CONSULTING ENGINEERS, INC. (PLAN SHEETS 1, 2, 3, AND 4 DATED 11-13-12 AND 11-14-12):	$ 78,923.00	
	COST BREAKDOWN:		
	- DEMOLITION OF EXISTING FENCING, CONCRETE, AND MINOR DIRTWORK:	$ 5,960.00	K4 CONSTRUCTION
	- TEMPORARY FENCING NECESSARY TO KEEP THE STORAGE YARD ENCLOSED:	$ 1,048.00	K4 CONSTRUCTION
	- ALLOWANCE TO RELOCATE THE EXISTING IRRIGATION CONTROLLER WHICH IS CURRENTLY MOUNTED TO THE BACK OF THE EXISTING FENCE:	$ 500.00	ALLOWANCE
	- CONCRETE WORK AT FENCE COLUMN FOOTINGS, FENCE LINE POSTS, THE CONCRETE RIBBON CURB ALONG THE ENTIRE FENCE, AND THE CONCRETE DRIVE APPROACH AND ENTRANCE DRIVEWAY:	$ 15,800.00	J.P. LOWRY CONSTR.
	- MASONRY WORK WITH CAST STONE TOPS AT THE 9 EACH STONE COLUMNS:	$ 12,100.00	FARMER MASONRY
	- FENCING WORK (BLACK VINYL 8' TALL FENCING W/ SLATS, SLIDING GATE AND THE SPECIFIED GATE OPERATOR WITH KEYPAD AND LOOP DETECTORS):	$ 34,385.00	BREMS FENCING
	- ELECTRICAL WORK (BRING POWER TO THE GATE OPERATOR AND REWORK THE EXISTING POWER MOUNTED TO THE BACK OF THE EXISTING FENCE):	$ 1,956.00	BOWEN ELECTRIC CO.
	SUBTOTAL:	$ 71,749.00	
	10% OVERHEAD AND PROFIT:	$ 7,174.00	
		$ 78,923.00	
	EXCLUSIONS / CLARIFICATIONS:		
	1. THE CITY SHALL REMOVE OR RELOCATE THE FUEL TANK AND SURROUNDING BOLLARDS AND CONCRETE PIT WHICH WILL BE IN THE WAY OF THIS WORK.		
	2. NO SWPPP WORK IS INCLUDED IN THIS QUOTE SINCE THE DISTURBED AREA OF THIS PROJECT IS LESS THAN 1 ACRE.		

THE ORIGINAL CONTRACT SUM WAS:	$584,900.00
NET CHANGE BY PREVIOUS APPROVED CHANGE ORDERS:	$0.00
THE CONTRACT SUM PRIOR TO THIS CHANGE ORDER WAS:	$584,900.00
THE CONTRACT SUM WILL BE **INCREASED** BY THIS AMOUNT IF APPROVED:	$78,923.00
THE ADJUSTED CONTRACT SUM INCLUDING THIS CHANGE ORDER (IF APPROVED) IS:	$663,823.00

K4 CONSTRUCTION, LLC
BY: *Keith Helpert*
NAME, TITLE: KEITH HELPERT, PRESIDENT
DATE: 11-28-12

OWNER: CITY OF HEWITT
BY:
NAME, TITLE:
DATE:

JP Lowry
CONSTRUCTION, LLC

905 Enterprise Blvd. • Hewitt, Texas 76643
(P) 254-857-4133 • (F) 254-857-4402

November 27, 2012

COST PROPOSAL

Project: City of Hewitt Community Building
Contractor: K4 Construction
Attn: Keith Helpert

Base Bid: $15,800.00

Structural Bid Scope of Work Included:
Labor, Rebar, Concrete, Equipment, and Form Material to install:
Concrete Paving
Concrete Ribbon Curb
Demo of existing concrete and debris at driveway
Concrete Footings for Brick
Concrete Footings for Fence Post
Clean-up of trash and debris to a dumpster provided by GC; supervision; general liability & workman's compensation insurance; As-Built drawings; Acknowledges receipt of no Addendum.

General Excluded:

Taxes; Permits; temporary power; temporary toilets & facilities; bonds; relocation of any existing underground utilities; utilities; CONCRETE TESTING; any and all pre-cast concrete; masonry reinforcing & masonry concrete; misc and galvanized steel.

We appreciate the opportunity to provide services for this project and look forward to working with you.

Sincerely,

Justin Lowry, President
JP Lowry Construction, LLC.

FARMER MASONRY, INC.
940 MIDDLE WINDSOR
MCGREGOR, TEXAS 76657
254-840-3293

ESTIMATE

DATE: 11/26/2012

ESTIMATE# 3663

NAME/ADDRESS
K4 CONSTRUCTION

FAX NUMBER:

DESCRIPTION	Total
MASONRY BID FOR HEWITT MUNICIPAL BUILDING	
NINE STONE COLUMNS WITH CAST STONE CAPS, REBAR INCLUDED	$12,100.00
If you have questions, please call James Farmer @ 254-744-5184 or Jorge Limon @ 254-717-7577 Total	$12,100.00

ACCEPTANCE OF PROPOSAL - SIGN HERE
RETURN BY MAIL OR FAX TO 254-840-6033

Signature

Proposal

Page No. of Pages

BREM'S FENCE & REPAIR, INC.
305 N. Lacy Dr.
WACO, TX 76705
254-799-2869 254-799-2454

Keith

PROPOSAL SUBMITTED TO K4 Construction		PHONE	DATE
STREET		JOB NAME	
CITY, STATE AND ZIP CODE		JOB LOCATION	
ARCHITECT	DATE OF PLANS		JOB PHONE

We hereby submit specifications and estimates for:

435' 8' Black C.L
8ga Fand
2½ L.P 12885.00
3" End
435' Slats 6000.00
1- Ty Metal Gate w/ Opener KeyPad 15,500.00
Safety Loop / Free Exit Loop
Photo Eye

34385.00

No tax City Job

Brem's Fencing & Repair will not be responsible for ANY underground utilities, any property lines that are not established and causes any delays in the job, and/or any call-backs to remove and reinstall any post or fencing will incur additional charges.

We Propose hereby to furnish material and labor — complete in accordance with above specifications, for the sum of:

dollars ($ 34385.00).

Payment to be made as follows:
No Cement work By Brem's
or Ele.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature Ronald [signature]

Note: This proposal may be withdrawn by us if not accepted within ______ days.

Acceptance of Proposal — The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature ______

Date of Acceptance: ______

Signature ______

Keith Helpert

From: Cameron Goss <cameron@bowenelectricwaco.com>
Sent: Wednesday, November 28, 2012 9:31 AM
To: Keith Helpert
Subject: Hewitt community services

Power to gate operator and keypad. I forgot to put in money for the ditch and conduit to the key pad. make it $1,956.00

Thanks,

Cameron Goss
Bowen Electric
O: 254-776-8814
C: 254-299-7853
F: 254-776-6199

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 6

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Conduct annual review and consider a resolution amending the City of Hewitt's Investment Policy.

STAFF RECOMMENDATION/ITEM SUMMARY:

The Investment Policy currently states that the City Council shall review and approve the policy and investment strategies annually approving any changes or modifications at a regularly scheduled meeting. Following is the proposed Investment Policy and a copy of that policy with the changes marked for your review.

ATTACHMENTS:

Proposed Investment Policy

INVESTMENT POLICY
CITY OF HEWITT

Approved by City Council
December 3, 2012

I. POLICY

It is the policy of the City of Hewitt (the "City") that after allowing for the anticipated cash flow requirements of the City and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines, seeking to achieve reasonable interest earnings based on market conditions.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to City funds. The City's investment portfolio shall be designed and managed in a manner intended to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the primary objectives of:

* **Safety** and preservation of principal
* Maintenance of sufficient **liquidity** to meet operating needs
* **Diversification** to minimize market risks
* **Public trust** from prudent investment activities
* Achievement of **reasonable interest earnings**

II. PURPOSE

The purpose of this Investment Policy is to establish guidelines and policies controlling the investment of the City's funds. The Policy is designed to comply with Chapter 2256 of the Texas Government Code, the Public Funds Investment Act, (the "Act"), which requires the City to adopt a written Investment Policy regarding the investment of its funds and funds under its control. This Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

III. SCOPE

This Policy shall govern the investment of all financial assets of the City. All funds accounted for in the City's Comprehensive Annual Financial Report (CAFR) are to be governed by this Policy and include:

- General Fund
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Any new fund created by the City, unless specifically exempted from this Policy by law.

This Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds.

IV. INVESTMENT OBJECTIVES AND STRATEGIES

The City shall manage and invest its cash with five primary objectives, listed in order of priority: **safety, liquidity, diversification, public trust, and yield.** The safety of the principal invested will represent the primary objective.

The City shall maintain a comprehensive cash management program, which includes timely collection of account receivables, timely payments to vendors in accordance with invoice and available discount terms, and prudent investment of all assets.

Attention to cash management principles will assure that cash is available when needed and all funds will be invested to obtain the best use of City assets to obtain a reasonable market rate of earnings.

The City shall maintain a "buy and hold" portfolio strategy. Maturity dates are to be matched with cash flow requirements and investments purchased with the intent to be held until maturity. Investments shall not be sold or redeemed prior to maturity with the following exceptions:

- An investment with declining credit may be sold or redeemed early to minimize loss of principal, or
- Liquidity needs of the portfolio require that the investment be sold or redeemed.

Safety [*PFIA 2256.005(b)(2)*]

Safety of principal is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital throughout the portfolio. Safety will be attained through mitigating credit and interest rate risk.

- Credit Risk – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by purchasing high credit quality securities and diversifying the investment portfolio by market sector and maturity so that potential losses on individual issuers will be minimized.

- Interest Rate Risk – The City will minimize the realized risk that the market value of investments in the portfolio will fall due to changes in general interest rates, by analyzing cash flow and investing within the parameters of that cash flow and diversifying by market sector and maturity.

Liquidity [*PFIA 2256.005(b)(2)*]

The investment portfolio shall remain sufficiently liquid to meet all anticipated operating requirements by structuring the portfolio maturities with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in cash equivalent alternatives such as financial institution deposits, money market mutual funds, and local government investment pools that offer same-day liquidity.

Diversification

The portfolio will be diversified by investment types and maturity to avoid market risks and issuer default.

Public Trust

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

Yield (Optimization of Interest Earnings) [*PFIA 2256.005(b)(3)*]

The investment portfolio shall be designed with the objective of attaining a reasonable market yield at all times, taking into account the investment risk constraints and liquidity needs of the City. Return on investment is of lesser importance compared to the safety and liquidity objectives described above.

Investment Strategies by Fund Type:

1. **General, Enterprise, or Operating-type Funds**

Suitability – Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity – General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Demand deposit accounts, short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification – Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.

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

2. **Capital Projects Funds**

Suitability – Any investment eligible in the Investment Policy is suitable for Capital Projects Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Projects Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity – Most capital projects programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Demand deposit accounts, short term investment pools and money market mutual funds will provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy's risk constraints. The yield of an equally weighted, rolling six-month Treasury-Bill portfolio will be the minimum yield objective for non-borrowed funds.

3. Debt Service Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Demand deposit accounts, short term investments pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio shall be the minimum yield objective.

4. Debt Service Reserve Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or five years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Marketability – Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

V. RESPONSIBILITY AND CONTROL

Delegation of Authority [*PFIA 2256.005(f)*]

Investment Officer(s)

In accordance with the Act, the City Council designates the City Manager and the Finance Director as the City's Investment Officers. An Investment Officer is authorized to execute investment transactions and transfer funds between City accounts on behalf of the City. No person may engage in an investment transaction or the management of City funds except as provided under the terms of this Policy. The investment authority granted to an Investment Officer is effective until rescinded by the City Council.

The City Council shall provide periodic training in investments for the Investment Officer(s) through courses and seminars offered by professional organizations, associations, and other independent sources approved by Council. Training will be in accordance with the provisions of the Act and is in order to insure the quality and capability of investment management in compliance with the Act.

Investment Officer(s) shall attend ten hours of investment training within twelve (12) months of attaining the position and shall receive ten hours of investment training not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. The Government Finance Officers' Association of Texas (GFOAT), Government Treasurers' Organization of Texas (GTOT), Texas Municipal League (TML), University of North Texas (UNT), Texas Association of Regional Councils, American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA) are approved independent training sources.

Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to protect the assets of the City from loss, theft, or misuse. The internal control structure shall be 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 judgments by management.

Accordingly, within the scope of the annual audit, the City shall establish a process for annual independent review by an external auditor to assure compliance with this Policy and supporting procedures. At a minimum, the internal controls shall address the following points:

- Control of collusion.
- Separation of transactions authority from accounting and record keeping.
- Custodial safekeeping.
- Delegation of authority to subordinate staff members.
- Written reporting and confirmation for all investments and wire transfers.

Prudence (*PFIA 2256.006*)

The standard of prudence as defined by the Act and to be applied by the Investment Officer at all times shall be the "prudent person" rule. This rule states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

In determining whether an Investment Officer has exercised prudence in the performance of their duty, the determination shall be made taking into consideration:

- The investment of all funds, or funds under the City's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written approved Investment Policy of the City.

The Investment Officer, if acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for any specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest [*PFIA 2256.005(i)*]

The Investment Officer(s), and employees involved in the investment process, shall refrain from any personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions.

Investment Officer(s) shall disclose any personal or business relationship involving material interests in financial institutions with which the City conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officer(s) shall refrain from undertaking personal investment transactions with the same individual or firm with which business is conducted on behalf of the City.

Any Investment Officer(s) of the City who has a personal business relationship with an organization, or is related with the second degree by affinity or consanguinity to an individual, seeking to sell an investment to the City shall file a statement disclosing that relationship, in accordance with the Act, with the Texas Ethics Commission and the City Council.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

City funds may be invested only in the instruments described below, all of which are authorized and further defined by the Act. Investment of City funds in any instrument or security not authorized for investment under the Act is prohibited. The City will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase.

1. **Obligations of the United States of America**, its agencies and instrumentalities, and exclude those prohibited by the PFIA.

2. **Certificates of Deposit** and other evidences of deposit at a financial institution that, i) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, ii) is secured by obligations in a manner and amount provided by law for deposits of the City, or iii) is executed through a depository institution that has its main office or a branch office in Texas that participates in the Certificate of Deposit Account Registry Service (CDARS), or similar program, and meets the requirements of the PFIA.

   In addition to the above provisions, the City may invest in certificates of deposit through an Authorized Broker/Dealer that has its main office or a branch office in this State. The Broker/Dealer or the depository institution must arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City. The full amount of the principal and accrued interest of each of the certificates of deposit must be insured by the United States or an instrumentality of the United States.

   The City must appoint the depository institution, or broker/dealer as custodian for the City with respect to the certificates of deposit issued for the account of the City.

3. **Fully collateralized flex direct repurchase agreements** executed in compliance with the Act, under the terms of an executed Master Repurchase Agreement, and secured in accordance with this Policy. All repurchase agreement transactions will be on a delivery versus payment basis.

4. **AAA-rated, SEC registered money market mutual funds** which strive to maintain a net asset value of $1.00 per share.

5. **AAA-rated, Texas local government investment pools**, which meet all the requirements of the Act. Participation in any pool must be authorized by resolution of the City Council.

Un-Authorized Investments *[PFIA 2256.009(b)(1-4)]*

Mortgage backed securities including interest-only or principal-only collateralized mortgage obligations (CMO), inverse floating interest rate CMO or CMO with a maturity date of over 10 years are strictly prohibited for investment by the City.

Credit Rating and Effect of Loss of Required Rating *[PFIA 2256.021]*

No less than quarterly, the Investment Officer will obtain the current credit rating for each held investment from a reliable source to ensure that the investment has maintained the required minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

VII. INVESTMENT PARAMETERS

Maximum Maturities and Maximum WAM *[PFIA 2256.005(b)(4)(B)]*

The longer the maturity of investments, the greater the price volatility and market risk. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities which match cash flow needs to limit risks caused by changes in interest rates.

The City shall attempt to match its investments with anticipated cash flow requirements. The City's fund-type investment strategies will determine appropriate maximum maturity and weighted average maturity. Certificates of deposit and repurchase agreements may be collateralized using longer dated investments in accordance with this Policy.

Dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. [PFIA 2256.005(b)(4)(C)]

VIII. AUTHORIZED BANKS AND DEALERS

The process of obtaining and contracting with a primary depository to serve the banking service needs of the City will be governed by Chapter 105 of the Local Government Code: Depositories for Government Funds and Chapter 2257, the Public Funds Collateral Act, Texas Government Code.

At least every five (5) years a primary depository shall be selected for banking services through the City's procurement process, which shall include a formal request for application (RFA). The selection of a depository will be determined through a competitive process and evaluation of applications will include the following selection criteria:

- The ability to qualify as a depository for public funds in accordance with State law.
- The ability to provide required banking services.
- Creditworthiness and financial stability of the depository.
- The ability to provide cost effective services as defined by the City based on the lowest net banking service cost, consistent with the ability to provide the required levels of service.

The City may utilize other financial institutions as depositories for deposits and the purchase of certificates of deposit under the terms of a written depository/collateral agreement as defined by this Policy.

Collateral Policy (*PFCA 2257.023*)

Collateral Pledged to the City by Depositories

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all financial institution deposits in a depository above the FDIC insurance coverage. In order to anticipate and provide for market price fluctuations and provide a required level of security for all funds, with the exception of deposits secured with irrevocable letters of credit from a U.S. Government Agency at 100% of principal and accrued interest, the depository will provide and maintain collateral equal to 102% of the total value of principal and accrued interest on City deposits less an amount insured by the FDIC.

Any financial institution designated as a depository by the City will provide collateral in accordance with this Policy and applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as a depository will be required to sign a Depository/Collateral Agreement with the City. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

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

The written agreement will specify the acceptable collateral, require independent safekeeping of the collateral, require City approval before substitution or release of investment securities, provide for original safekeeping receipts, and complete monthly reporting of collateral including the valuation of securities.

A clearly marked evidence of pledge must be supplied to the City and retained by the Investment Officer. A monthly collateral report provided by the custodian shall be reviewed by the Investment Officer to assure that the market value of the pledged securities is adequate.

Collateral may be held only by an independent institution including a Federal Reserve Bank, a Federal Home Loan Bank, or a third party bank approved by the City.

A Repurchase Agreement, as authorized by the Act, has a defined termination date, is secured by a combination of cash and obligations as described by Section 2256.009(a)(1) and requires the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's account, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. Securities (termed as collateral) are bought (i.e. owned) under a Repurchase Agreement and will be maintained at a margin of 102% and delivered versus payment. The collateral terms and conditions will be controlled by a written repurchase agreement.

Authorized Collateral For Depositories and Repurchase Agreements

The City shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities, including mortgage backed securities which pass the bank test, and irrevocable letters of credit.

- Direct obligations of any U.S. state or its subdivisions rated at least A by at least one nationally recognized rating agency.

All collateral shall be subject to inspection and audit by the Investment Officer(s) and the City's independent auditors.

Authorized Brokers/Dealers (*PFIA 2256.025*)

The City Council shall, at least annually, review, revise, and adopt a list of qualified broker/dealers (see Attachment A) authorized to engage in securities transactions with the City. To purchase securities, the City must have a list of no less than two broker/dealers.

Authorized brokerage firms may include primary dealers or regional broker/dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Delivery vs. Payment [*PFIA 2256.005(b)(4)(E)*]

Securities purchased by the City shall be settled into the City's depository on a **delivery versus payment** (DVP) basis. DVP assures that City funds will not be released until the purchased security has been received. **Securities will be held by an independent third-party safekeeping agent as evidenced by safekeeping receipts.**

PFIA Policy Certificates

All investment providers, including financial institutions, banks, broker/dealers, and local government investment pools, will be required to provide information regarding the firm and the individual representative as required by the City. **Each investment provider will be required to sign a certification acknowledging that the organization has received and reviewed the City's current Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the City's Policy. When material changes are made to the Policy, re-certification is required.**

IX. PERFORMANCE BENCHMARK

The City's investment portfolio will be managed in accordance with the parameters specified within this Policy including the objective of a reasonable market yield commensurate with the investment risk constraints and the cash flow requirements of the City.

The weighted average yield to maturity (the standard for calculating portfolio rate of return) on the total portfolio will be calculated and reviewed on at least a quarterly basis. In accordance with the City's cash flow needs and based on the maximum weighted average maturity of the adopted Investment Strategy, the City's portfolio shall be designed with the objective of regularly meeting or exceeding the respective Strategy's average yield on the appropriate US Treasury-Bill for the same period. This benchmark is not just a measure of market performance but equally a measure of the risk in the portfolio.

XI. REPORTING (*PFIA 2256.023*)

The Investment Officers shall prepare for the City Council an investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in detail and summary information. This reporting shall be made in accordance with the Act.

The quarterly investment report shall include a summary statement of investment activity during the period. This summary will be prepared in a manner that will allow the City Council to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

- A listing of individual investments held at the end of the reporting period.
- Unrealized gains or losses at the end of the period (the difference between market and book value).
- Average weighted yield to maturity of portfolio.
- Fully accrued interest for the reporting period and total earnings for the period
- The percentage of the total portfolio by type of investment.
- Statement of compliance of the City's investment portfolio with State law and the investment strategy and Policy approved by the City Council.

Market values will be obtained from reputable and independent sources.

In conjunction with the annual audit, an independent auditor will perform a formal annual review of the quarterly reports with the results reported to the City Council by that auditor [*PFIA 2256.023(d)*].

XII. INVESTMENT POLICY ADOPTION [*PFIA 2256.005(e)*]

The City's Investment Policy shall be reviewed and adopted at least annually by resolution of the City Council. It is the City's intent to comply with State laws and regulations. The City's Investment Policy may be revised by Council consistent with changing laws, regulations, or the needs of the City. The City Council shall review and approve the Policy and investment strategies annually, approving any changes or modifications, at a legally scheduled meeting.

Adopted by Hewitt City Council:

______________________________ ____________________

Wilbert "Walky" Wachtendorf, Mayor **Date**

______________________________ ____________________

Lydia Lopez, City Secretary **Date**

ATTACHMENT A

City of Hewitt, Texas
Authorized Broker/Dealer List

Coastal Securities
Tony Sekaly
5555 San Felipe St., Ste. 2200
Houston, TX 77056-2725
800-681-4121

Duncan Williams, Inc.
Stephen Capoferi
11458 W. Travelers Way Circle
Houston, TX 77065-4982
866-394-0236

Rice Financial Products Co.
Carol Mackoff
208 S LaSalle St., Ste 1338
Chicago, IL 60604-1319
877-855-2739

Morgan Keegan & Co., Inc.
Polly Moore
2801 Via Fortuna, Ste. 650
Austin, TX 78746-7907
512-306-2503

Wells Fargo Brokerage Services, L.L.C.
Chuck Landry
1445 Ross Avenue
Suite 210
Dallas, TX 75202
800-937-0998
214-777-4018

RESOLUTION NO. ___________

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS, AMENDING AND APPROVING THE CITY OF HEWITT INVESTMENT POLICY; AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND HAS BEEN OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the Hewitt City Council adopted an Investment Policy governing investment of City funds in compliance with the Public Funds Investment Act; and

WHEREAS, the Public Funds Investment Act requires that an annual review of public fund investment policies and strategies be conducted; and

WHEREAS, amendments to the Investment Policy are required by the Public Funds Investment Act to be approved by the Hewitt City Council; and

WHEREAS, the City's Investment Advisor, City Manager, and Finance Director have reviewed the Investment Policy and are in agreement that it is of benefit to the City of Hewitt to amend the Investment Policy; and

WHEREAS, the attached Investment Policy amends the City's former Investment Policy and complies with the Public Funds Investment Act, and authorizes the investment of City funds in safe and prudent investments.

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

SECTION 1. The facts and recitations contained in the above preamble of this Resolution are hereby incorporated for all purposes.

SECTION 2. The City Council of the City of Hewitt approves the revised investment policy (as shown in the attached Exhibit A) and is hereby adopted by the City of Hewitt to be effective immediately.

SECTION 3. It is hereby officially found and determined that the meeting at which this resolution is passed was noticed and has been open to the public as required by law.

PASSED AND APPROVED this the 3rd day of December 2012.

CITY OF HEWITT, TEXAS

____

Wilbert 'Walky' Wachtendorf, Mayor

ATTEST:

____

Lydia Lopez, City Secretary

INVESTMENT POLICY
CITY OF HEWITT

Approved by City Council
December 3~~November XX~~, 2012

I. POLICY

It is the policy of the City of Hewitt (the "City") that after allowing for the anticipated cash flow requirements of the City and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines, seeking to achieve reasonable interest earnings based on market conditions.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to City funds. The City's investment portfolio shall be designed and managed in a manner intended to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the primary objectives of:

* **Safety** and preservation of principal
* Maintenance of sufficient **liquidity** to meet operating needs
* **Diversification** to minimize market risks
* **Public trust** from prudent investment activities
* Achievement of **reasonable interest earnings**

II. PURPOSE

The purpose of this Investment Policy is to establish guidelines and policies controlling the investment of the City's funds. The Policy is designed to comply with Chapter 2256 of the Texas Government Code, the Public Funds Investment Act, (the "Act"), which requires the City to adopt a written Investment Policy regarding the investment of its funds and funds under its control. This Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

III. SCOPE

This Policy shall govern the investment of all financial assets of the City. All funds accounted for in the City's Comprehensive Annual Financial Report (CAFR) are to be governed by this Policy and include:

- General Fund
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Any new fund created by the City, unless specifically exempted from this Policy by law.

This Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds.

IV. INVESTMENT OBJECTIVES AND STRATEGIES

The City shall manage and invest its cash with five primary objectives, listed in order of priority: **safety, liquidity, diversification, public trust, and yield.** The safety of the principal invested will represent the primary objective.

The City shall maintain a comprehensive cash management program, which includes timely collection of account receivables, timely payments to vendors in accordance with invoice and available discount terms, and prudent investment of all assets.

Attention to cash management principles will assure that cash is available when needed and all funds will be invested to obtain the best use of City assets to obtain a reasonable market rate of earnings.

The City shall maintain a "buy and hold" portfolio strategy. Maturity dates are to be matched with cash flow requirements and investments purchased with the intent to be held until maturity. Investments shall not be sold or redeemed prior to maturity with the following exceptions:

- An investment with declining credit may be sold or redeemed early to minimize loss of principal, or
- Liquidity needs of the portfolio require that the investment be sold or redeemed.

Safety [*PFIA 2256.005(b)(2)*]

Safety of principal is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital throughout the portfolio. Safety will be attained through mitigating credit and interest rate risk.

- Credit Risk – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by purchasing high credit quality securities and diversifying the investment portfolio by market sector and maturity so that potential losses on individual issuers will be minimized.

- Interest Rate Risk – The City will minimize the realized risk that the market value of investments in the portfolio will fall due to changes in general interest rates, by analyzing cash flow and investing within the parameters of that cash flow and diversifying by market sector and maturity.

Liquidity [*PFIA 2256.005(b)(2)*]

The investment portfolio shall remain sufficiently liquid to meet all anticipated operating requirements by structuring the portfolio maturities with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in cash equivalent~~liquid~~ alternatives such as financial institution deposits, money market mutual funds, and local government investment pools that offer same-day liquidity.

Diversification

The portfolio will be diversified by investment types and maturity to avoid market risks and issuer default.

Public Trust

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

Yield (Optimization of Interest Earnings) [*PFIA 2256.005(b)(3)*]

The investment portfolio shall be designed with the objective of attaining a reasonable market yield at all times, taking into account the investment risk constraints and liquidity needs of the City. Return on investment is of lesser importance compared to the safety and liquidity objectives described above.

Investment Strategies by Fund Type:

1. **General, Enterprise, or Operating-type Funds**

    Suitability – Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type funds.

    Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

    Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

    Liquidity – General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Demand deposit accounts, short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

    Diversification – Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.

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

2. **Capital Projects Funds**

    Suitability – Any investment eligible in the Investment Policy is suitable for Capital Projects Funds.

    Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Projects Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

    Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

    Liquidity – Most capital projects programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Demand deposit accounts, short term investment pools and money market mutual funds will provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy's risk constraints. The yield of an equally weighted, rolling six-month Treasury-Bill portfolio will be the minimum yield objective for non-borrowed funds.

3. Debt Service Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Demand deposit accounts, short term investments pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio shall be the minimum yield objective.

4. Debt Service Reserve Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or five years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Marketability – Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

V. RESPONSIBILITY AND CONTROL

Delegation of Authority [*PFIA 2256.005(f)*]

Investment Officer(s)

In accordance with the Act, the City Council designates the City Manager and the Finance Director as the City's Investment Officers. An Investment Officer is authorized to execute investment transactions and transfer funds between City accounts on behalf of the City. No person may engage in an investment transaction or the management of City funds except as provided under the terms of this Policy. The investment authority granted to an Investment Officer is effective until rescinded by the City Council.

The City Council shall provide periodic training in investments for the Investment Officer(s) through courses and seminars offered by professional organizations, associations, and other independent sources approved by Council. Training will be in accordance with the provisions of the Act and is in order to insure the quality and capability of investment management in compliance with the Act.

Investment Officer(s) shall attend ten hours of investment training within twelve (12) months of attaining the position and shall receive ten hours of investment training not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. The Government Finance Officers' Association of Texas (GFOAT), Government Treasurers' Organization of Texas (GTOT), Texas Municipal League (TML), University of North Texas (UNT), Texas Association of Regional Councils, American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA) are approved independent training sources.

Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to protect the assets of the City from loss, theft, or misuse. The internal control structure shall be 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 judgments by management.

Accordingly, within the scope of the annual audit, the City shall establish a process for annual independent review by an external auditor to assure compliance with this Policy and supporting procedures. At a minimum, the internal controls shall address the following points:

- Control of collusion.

- Separation of transactions authority from accounting and record keeping.
- Custodial safekeeping.
- Delegation of authority to subordinate staff members.
- Written reporting and confirmation for all investments and wire transfers.

Prudence (*PFIA 2256.006*)

The standard of prudence as defined by the Act and to be applied by the Investment Officer at all times shall be the "prudent person" rule. This rule states that:

> *"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."*

In determining whether an Investment Officer has exercised prudence in the performance of their duty, the determination shall be made taking into consideration:

- The investment of all funds, or funds under the City's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written approved Investment Policy of the City.

The Investment Officer, if acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for any specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest [*PFIA 2256.005(i)*]

The Investment Officer(s), and employees involved in the investment process, shall refrain from any personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions.

Investment Officer(s) shall disclose any personal or business relationship involving material interests in financial institutions with which the City conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officer(s) shall refrain from undertaking personal investment transactions with the same individual or firm with which business is conducted on behalf of the City.

Any Investment Officer(s) of the City who has a personal business relationship with an organization, or is related with the second degree by affinity or consanguinity to an individual, seeking to sell an investment to the City shall file a statement disclosing that relationship, in accordance with the Act, with the Texas Ethics Commission and the City Council.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

City funds may be invested only in the instruments described below, all of which are authorized and further defined by the Act. Investment of City funds in any instrument or security not authorized for investment under the Act is prohibited. The City will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase.

1. **Obligations of the United States of America**, its agencies and instrumentalities, and exclude those prohibited by the PFIA.

2. **Certificates of Deposit** and other evidences of deposit at a financial institution that, i) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, ii) is secured by obligations in a manner and amount provided by law for deposits of the City, or iii) is

executed through a depository institution that has its main office or a branch office in Texas that participates in the Certificate of Deposit Account Registry Service (CDARS), or similar program, and meets the requirements of the PFIA.

In addition to the above provisions, the City may invest in certificates of deposit through an Authorized Broker/Dealer that has its main office or a branch office in this sState. The Broker/Dealer or the depository institution must arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City. The full amount of the principal and accrued interest of each of the certificates of deposit must be insured by the United States or an instrumentality of the United States.

The City must appoint the depository institution, or broker/dealer as custodian for the City with respect to the certificates of deposit issued for the account of the City.

3. **Fully collateralized flex direct repurchase agreements** executed in compliance with the Act, under the terms of an executed Master Repurchase Agreement, and secured in accordance with this Policy. All repurchase agreement transactions will be on a delivery versus- payment basis.

4. **AAA-rated, SEC registered money market mutual funds** which strive to maintain a net asset value of $1.00 per share.

5. **AAA-rated, Texas local government investment pools**, which meet all the requirements of the Act. Participation in any pool must be authorized by resolution of the City Council.

Un-Authorized Investments *[PFIA 2256.009(b)(1-4)]*

Mortgage backed securities including interest-only or principal-only collateralized mortgage obligations (CMO), inverse floating interest rate CMO or CMO with a maturity date of over 10 years are strictly prohibited for investment by the City.

Credit Rating and Effect of Loss of Required Rating *[PFIA 2256.021]*

No less than quarterly, the Investment Officer will obtain the current credit rating for each held investment from a reliable source to ensure that the investment has maintained the required minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

VII. INVESTMENT PARAMETERS

Maximum Maturities and Maximum WAM *[PFIA 2256.005(b)(4)(B)]*

The longer the maturity of investments, the greater the price volatility and market risk. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities which match cash flow needs to limit risks caused by changes in interest rates.

The City shall attempt to match its investments with anticipated cash flow requirements. The City's fund-type investment strategies will determine appropriate maximum maturity and weighted average maturity. Certificates of deposit and repurchase agreements may be collateralized using longer dated investments in accordance with this Policy.

Dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. [PFIA 2256.005(b)(4)(C)]

VIII. AUTHORIZED BANKS AND DEALERS

The process of obtaining and contracting with a primary depository to serve the banking service needs of the City will be governed by Chapter 105 of the Local Government Code: Depositories for Government Funds and Chapter 2257, the Public Funds Collateral Act, Texas Government Code.

At least every five (5) years a primary depository shall be selected for banking services through the City's procurement process, which shall include a formal request for application (RFA). The selection of a depository will be determined through a competitive process and evaluation of applications will include the following selection criteria:

- The ability to qualify as a depository for public funds in accordance with State law.
- The ability to provide required banking services.
- Creditworthiness and financial stability of the depository.
- The ability to provide cost effective services as defined by the City based on the lowest net banking service cost, consistent with the ability to provide the required levels of service.

The City may utilize other financial institutions as depositories for deposits and the purchase of certificates of deposit under the terms of a written depository/collateral agreement as defined by this Policy.

Collateral Policy (*PFCA 2257.023*)

Collateral Pledged to the City by Depositories

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all financial institution deposits in a depository above the FDIC insurance coverage. In order to anticipate and provide for market price fluctuations and provide a required level of security for all funds, with the exception of deposits secured with irrevocable letters of credit from a U.S. Government Agency at 100% of principal and accrued interest, the depository will provide and maintain collateral equal to 102% of the total value of principal and accrued interest on City deposits less an amount insured by the FDIC.

Any financial institution designated as a depository by the City will provide collateral in accordance with this Policy and applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as a depository will be required to sign a Depository/Collateral Agreement with the City. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

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

The written agreement will specify the acceptable collateral, require independent safekeeping of the collateral, require City approval before substitution or release of investment securities, provide for original safekeeping receipts, and complete monthly reporting of collateral including the valuation of securities.

A clearly marked evidence of pledge must be supplied to the City and retained by the Investment Officer. A monthly collateral report provided by the custodian shall be reviewed by the Investment Officer to assure that the market value of the pledged securities is adequate.

Collateral may be held only by an independent institution including a Federal Reserve Bank, a Federal Home Loan Bank, or a third party bank approved by the City.

A Repurchase Agreement, as authorized by the Act, has a defined termination date, is secured by a combination of cash and obligations as described by Section 2256.009(a)(1) and requires the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's account~~name~~, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. Securities (termed as collateral) are bought (i.e. owned) under a

Repurchase Agreement and will be maintained at a margin of 102% and delivered versus payment. The collateral terms and conditions will be controlled by a written repurchase agreement.

Authorized Collateral For Depositories and Repurchase Agreements

The City shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities, including mortgage backed securities which pass the bank test, and irrevocable letters of credit.

- Direct obligations of any U.S. state or its subdivisions rated at least A by at least one nationally recognized rating agency.

All collateral shall be subject to inspection and audit by the Investment Officer(s) and the City's independent auditors.

Authorized Brokers/Dealers *(PFIA 2256.025)*

The City Council shall, at least annually, review, revise, and adopt a list of qualified broker/dealers (see Attachment A) authorized to engage in securities transactions with the City. To purchase securities, the City must have a list of no less than two broker/dealers.

Authorized brokerage firms may include primary dealers or regional broker/dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Delivery vs. Payment *[PFIA 2256.005(b)(4)(E)]*

Securities purchased by the City shall be settled into the City's depository on a **delivery versus payment** (DVP) basis. DVP assures that City funds will not be released until the purchased security has been received. **Securities will be held by an independent third-party safekeeping agent as evidenced by safekeeping receipts.**

PFIA Policy Certificates

All investment providers, including financial institutions, banks, broker/dealers, and local government investment pools, will be required to provide information regarding the firm and the individual representative as required by the City. **Each investment provider will be required to sign a certification acknowledging that the organization has received and reviewed the City's current Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the City's Policy. When material changes are made to the Policy, re-certification is required.**

IX. PERFORMANCE BENCHMARK

The City's investment portfolio will be managed in accordance with the parameters specified within this Policy including the objective of a reasonable market yield commensurate with the investment risk constraints and the cash flow requirements of the City.

The weighted average yield to maturity (the standard for calculating portfolio rate of return) on the total portfolio will be calculated and reviewed on at least a quarterly basis. In accordance with the City's cash flow needs and based on the maximum weighted average maturity of the adopted Investment Strategy~~total portfolio of twelve months~~, the City's portfolio shall be designed with the objective of regularly meeting or exceeding the respective Strategy's average yield on the appropriate~~twelve month~~ US Treasury-Bill for the same period. This benchmark is not just a measure of market performance but equally a measure of the risk in the portfolio.

XI. REPORTING (*PFIA 2256.023*)

The Investment Officers shall prepare for the City Council an investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in detail and summary information. This reporting shall be made in accordance with the Act.

The quarterly investment report shall include a summary statement of investment activity during the period. This summary will be prepared in a manner that will allow the City Council to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

- A listing of individual investments held at the end of the reporting period.
- Unrealized gains or losses at the end of the period (the difference between market and book value).
- Average weighted yield to maturity of portfolio.
- Fully accrued interest for the reporting period and total earnings for the period
- The percentage of the total portfolio by type of investment.
- Statement of compliance of the City's investment portfolio with State law and the investment strategy and Policy approved by the City Council.

Market values will be obtained from reputable and independent sources.

In conjunction with the annual audit, an independent auditor will perform a formal annual review of the quarterly reports with the results reported to the City Council by that auditor [*PFIA 2256.023*(*d*)].

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Adopted by Hewitt City Council:

____

Wilbert "Walky" Wachtendorf, Mayor **Date**

____

Lydia Lopez, City Secretary **Date**

Attachment A

City of Hewitt, Texas
Authorized Broker/Dealer List

Coastal Securities
Tony Sekaly
5555 San Felipe St., Ste. 2200
Houston, TX 77056-2725
800-681-4121

Duncan Williams, Inc.
Stephen Capoferi
11458 W. Travelers Way Circle
Houston, TX 77065-4982
866-394-0236

Rice Financial Products Co.
Carol Mackoff
208 S LaSalle St., Ste 1338
Chicago, IL 60604-1319
877-855-2739

Morgan Keegan & Co., Inc.
Polly Moore
2801 Via Fortuna, Ste. 650
Austin, TX 78746-7907
512-306-2503

Wells Fargo Brokerage Services, L.L.C.
~~Patty Fougerat~~Chuck Landry
~~111 Congress Ave, 3rd Floor~~1445 Ross Avenue
~~MAC T5215-036~~Suite 210
~~Austin~~Dallas, TX 75202~~8701~~
~~877-417-9349~~800-937-0998
~~512-344-7415~~214-777-4018

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 3, 2012

AGENDA ITEM #: 7

SUBMITTED BY: Susana Garcia-Gilmore, Human Resources/Civil Service Director

ITEM DESCRIPTION:

Consider a resolution authorizing the City Manager to negotiate and execute a 457 Deferred Compensation Plan Service Agreement with ICMA-RC.

STAFF RECOMMENDATION/ITEM SUMMARY:

Deferred compensation plans serve the interest of the City by creating another vehicle for its employees to set aside retirement funds. Each year staff reviews benefits and looks for the best available plans to serve our employees. Currently the plan administrators are AIG-Valic who have not been providing sufficient service to our employees. If Council approves this change, employees who participate will be able to transfer their deferred compensation accounts to ICMA once established and have the flexibility of making changes to their plan online. Staff recommends the approval of the resolution to establish a deferred compensation plan with ICMA Retirement Corporation.

ATTACHMENTS:

Draft Resolution w/Service Agreement

RESOLUTION NO. ______

RESOLUTION OF THE CITY OF HEWITT ESTABLISHING A DEFERRED COMPENSATION PLAN TO BE ADMINISTERED BY ICMA RETIREMENT CORPORATION, ACCOUNT NUMBER 30-6999; NAMING HUMAN RESOURCES DIRECTOR AS PROGRAM COORDINATOR AND FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a deferred compensation plan for such employees serves the interests of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that the establishment of a deferred compensation plan to be administered by the ICMA Retirement Corporation serves the above objectives; and

WHEREAS, the Employer desires that its deferred compensation plan be administered by the ICMA Retirement Corporation, and that some or all of the funds held under such plan be invested in the VantageTrust Company, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans;

NOW THEREFORE BE IT RESOLVED that the Employer hereby adopts the deferred compensation plan (the "Plan") in the form of:

- The ICMA Retirement Corporation Deferred Compensation Plan and Trust, referred to as Appendix A

BE IT FURTHER RESOLVED that the Employer hereby executes the Declaration of Trust of the VantageTrust Company, attached hereto as Appendix B, intending this execution to be operative with respect to any retirement or deferred compensation plan subsequently established by the Employer, if the assets of the plan are to be invested in the VantageTrust Company.

BE IT FURTHER RESOLVED that the assets of the Plan shall be held in trust, with the Employer serving as trustee, for the exclusive benefit of the Plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose.

BE IT FURTHER RESOLVED that the Employer hereby agrees to serve as trustee under the Plan.

BE IT FURTHER RESOLVED that the Human Resources Director shall be the coordinator for this program; shall receive necessary reports, notices, etc. from the ICMA Retirement Corporation or the VantageTrust Company; shall cast, on behalf of the Employer, any required votes under the VantageTrust Company; Administrative duties to carry out the plan may be assigned to the appropriate departments, and is authorized to execute all necessary agreements with ICMA Retirement Corporation incidental to the administration of the Plan.

PASSED AND APPROVED this __________ day of ___________________, 2012.

CITY OF HEWITT, TX

____
Wilbert Wachtendorf, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

ADMINISTRATIVE SERVICES AGREEMENT

Between

ICMA Retirement Corporation

and

City of Hewitt

Type: 457

Account #: 306999

BS

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement ("Agreement"), made as of the day of , 2012 (herein referred to as the "Inception Date"), between the International City/County Management Association Retirement Corporation ("ICMA-RC"), a nonprofit corporation organized and existing under the laws of the State of Delaware, and the City of Hewitt ("Employer"), a City organized and existing under the laws of the State of Texas with an office at 105 Tampico, Hewitt, Texas 76643.

RECITALS

Employer acts as public plan sponsor of a retirement plan ("Plan"), and in that capacity, has responsibility to obtain administrative services and investment alternatives for the Plan;

VantageTrust (the "Trust") is a group trust established and maintained in accordance with New Hampshire Revised Statutes Annotated section 391:1 and Internal Revenue Service Revenue Ruling 81-100, 1981-1 C.B. 326, which provides for the commingled investment of retirement funds held by various state and local governmental units for their employees;

ICMA-RC acts as investment adviser to VantageTrust Company, the Trustee of the Trust;

ICMA-RC has designed, and the Trust offers, a series of separate funds (the "Funds") for the investment of plan assets as referenced in the Trust's principal disclosure document, "Making Sound Investment Decisions: A Retirement Investment Guide." ("Retirement Investment Guide").

The Funds are available only to public employers and only through the Trust and ICMA-RC.

In addition to serving as investment adviser to the Trust, ICMA-RC provides a range of services to public employers for the operation of employee retirement plans including, but not limited to, communications concerning investment alternatives, account maintenance, account recordkeeping, investment and tax reporting, transaction processing, benefit disbursement, and asset management.

AGREEMENTS

1. Appointment of ICMA-RC

Employer hereby appoints ICMA-RC as Administrator of the Plan to perform all nondiscretionary functions necessary for the administration of the Plan. The functions to be performed by ICMA-RC shall be those set forth in Exhibit A to this Agreement.

2. Adoption of Trust

Employer has adopted the Declaration of Trust of VantageTrust Company and agrees to the commingled investment of assets of the Plan within the Trust. Employer agrees that operation of the Plan and the investment, management, and distribution of amounts deposited in the Trust shall be subject to the Declaration of Trust, as it may be amended from time to time and shall also be subject to terms and conditions set forth in disclosure documents (such as the Retirement Investment Guide or Employer Bulletins) as those terms and conditions may be adjusted from time to time.

3. Employer Duty to Furnish Information

Employer agrees to furnish to ICMA-RC on a timely basis such information as is necessary for ICMA-RC to carry out its responsibilities as Administrator of the Plan, including information needed to allocate individual participant accounts to Funds in the Trust, and information as to the employment status of participants, and participant ages, addresses, and other identifying information (including tax identification numbers). Employer also agrees that it will notify ICMA-RC in a timely manner regarding changes in staff as it relates to various roles. This is to be completed through the online EZLink employer contact options. ICMA-RC shall be entitled to rely upon the accuracy of any information that is furnished to it by a responsible official of the Employer or any information relating to an individual participant or beneficiary that is furnished by such participant or beneficiary, and ICMA-RC shall not be responsible for any error arising from its reliance on such information. ICMA-RC will provide reports, statements and account information to the Employer through EZLink, the online plan administrative tool.

Employer is required to send in contributions through EZLink, the online plan administration tool provided by ICMA-RC. Alternative electronic methods may be allowed, but must be approved by ICMA-RC for use. Contributions may not be sent through paper submittal documents.

To the extent Employer selects third-party funds that do not have fund profile information provided to ICMA-RC through our electronic data feeds from external sources (such as Morningstar) or third party fund providers, the Employer is responsible for providing to ICMA-RC timely fund investment updates for disclosure to Plan participants. Such updates may be provided to ICMA-RC through the Employer's investment consultant or other designated representative.

Failure to provide timely fund profile update information, including the source of the information, may result in a lack of fund information for participants, as ICMA-RC will remove outdated fund profile information from the systems that provide fund information to Plan participants.

4. Certain Representations and Warranties

ICMA-RC represents and warrants to Employer that:

(a) ICMA-RC is a non-profit corporation with full power and authority to enter into this Agreement and to perform its obligations under this Agreement. The ability of ICMA-RC to serve as investment adviser to the Trust is dependent upon the continued willingness of the Trust for ICMA-RC to serve in that capacity.

(b) ICMA-RC is an investment adviser registered as such with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. ICMA-RC Services, LLC (a wholly owned subsidiary of ICMA-RC) is registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member in good standing with Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

(c) ICMA-RC shall maintain and administer the Plan in compliance with the requirements for eligible deferred compensation plans under Section 457 of the Internal Revenue Code and other applicable federal law; provided, however, that ICMA-RC shall not be responsible for the eligible status of the Plan in the event that the Employer directs ICMA-RC to administer the Plan or disburse assets in a manner inconsistent with the requirements of Section 457 or otherwise causes the Plan not to be carried out in accordance with its terms. Further, in the event that the Employer uses its own customized plan document, ICMA-RC shall not be responsible for the eligible status of the Plan to the extent affected by terms in the Employer's plan document that differ from those in ICMA-RC's standard plan document. ICMA-RC shall not be responsible for monitoring state or local law or for administering the Plan in compliance with local or state requirements unless Employer notifies ICMA-RC of any such local or state requirements.

Employer represents and warrants to ICMA-RC that:

(d) Employer is organized in the form and manner recited in the opening paragraph of this Agreement with full power and authority to enter into and perform its obligations under this Agreement and to act for the Plan and participants in the manner contemplated in this Agreement. Execution, delivery, and performance of this Agreement will not conflict with any law, rule, regulation or contract by which the Employer is bound or to which it is a party.

(e) Employer understands and agrees that ICMA-RC's sole function under this Agreement is to act as recordkeeper and to provide administrative, investment or other services at the direction of Plan participants, the Employer, its agents or designees in accordance with the terms of this Agreement. Under the terms of this Agreement, ICMA-RC does not render investment advice, is not the Plan Administrator or Plan Sponsor as those terms are defined under applicable federal, state, or local law, and does not provide legal, tax or accounting advice with respect to the creation, adoption or operation of the Plan and the Trust. ICMA-RC does not perform any service under this Agreement that might cause ICMA-RC to be treated as a "fiduciary" of the Plan under applicable law.

(f) Employer acknowledges and agrees that ICMA-RC does not assume any responsibility with respect to the selection or retention of the Plan's investment options. Employer shall have exclusive responsibility for the Plan's investment options, including the selection of the applicable mutual fund share class. Where applicable, Employer understands that the VantageTrust Retirement Income Advantage Fund is an investment option for the Plan and that the fund invests in a separate account available through a group variable annuity contract. By entering into this Agreement, Employer acknowledges that it has received the Important Considerations document and the Retirement Investment Guide and that it has read the information therein concerning the VantageTrust Retirement Income Advantage Fund.

(g) Employer acknowledges that certain such services to be performed by ICMA-RC under this Agreement may be performed by an affiliate or agent of ICMA-RC pursuant to one or more other contractual arrangements or relationships, and that ICMA-RC reserves the right to change vendors with which it has contracted to provide services in connection with this Agreement without prior notice to Employer.

(h) Employer acknowledges that it has received ICMA-RC's Fee Disclosure Statement, prepared in substantial conformance with ERISA regulations regarding the disclosure of fees to plan sponsors.

(i) Employer approves the use of its Plan in ICMA-RC external media, publications and materials. Examples include press releases announcements and inclusion of the general plan information in request for proposal responses.

5. Participation in Certain Proceedings

The Employer hereby authorizes ICMA-RC to act as agent, to appear on its behalf, and to join the Employer as a necessary party in all legal proceedings involving the garnishment of benefits or the transfer of benefits pursuant to the divorce or separation of participants in the Plan. Unless Employer notifies ICMA-RC otherwise, Employer consents to the disbursement by ICMA-RC of benefits that have been garnished or transferred to a former spouse, current spouse, or child pursuant to a domestic relations order or child support order.

6. Compensation and Payment

(a) **Plan Administration Fee**. The amount to be paid for plan administration services under this Agreement shall be 0.55% per annum of the amount of Plan assets invested in the Trust. Such fee shall be computed based on average daily net Plan assets in the Trust.

(b) **Mutual Fund Services Fee**. There is an annual charge of 0.15% assessed against average daily net Plan assets invested in the Trust's non-proprietary Trust Series funds.

(c) **Compensation for Management Services to the Trust, Compensation for Advisory and other Services to The Vantagepoint Funds and Payments from Third-Party Mutual Funds**. Employer acknowledges that in addition to amounts payable under this Agreement, ICMA-RC receives fees from the Trust for investment management services furnished to the Trust. Employer further acknowledges that certain wholly owned subsidiaries of ICMA-RC receive compensation for advisory and other services furnished to The Vantagepoint Funds, which serve as the underlying portfolios of a number of Funds offered through the Trust. The fees referred to in this subsection are disclosed in the Retirement Investment Guide. These fees are not assessed against assets invested in the Trust's Mutual Fund Series. In addition, to the extent that third party mutual funds are included in the investment line-up for the Plan, ICMA-RC may receive payments from such third party mutual funds or their service providers, which may be in the form of 12b-1 fees, service fees, or compensation for sub-accounting or other services provided by ICMA-RC on behalf of the funds.

(d) **Redemption Fees**. Redemption fees imposed by outside mutual funds in which Plan assets are invested are collected and paid to the mutual fund by ICMA-RC. ICMA-RC remits 100% of redemption fees back to the specific mutual fund to which redemption fees apply. These redemption fees and the individual mutual fund's policy with respect to redemption fees are specified in the prospectus for the individual mutual fund and referenced in the Retirement Investment Guide.

(e) **Payment Procedures**. All payments to ICMA-RC pursuant to this Section 6 shall be made from Plan assets held by the Trust or received from third party mutual funds or their service providers in connection with Plan assets invested in such third party mutual funds, to the extent not paid by the Employer. The amount of Plan assets held through the Trust shall be adjusted by the Trust as required to reflect any such payments as are made from Plan assets invested in the Trust. In the event that the Employer agrees to pay amounts owed pursuant to this section 6 directly, any amounts unpaid and outstanding after 30 days of invoice to the Employer shall be withdrawn from Plan assets held by the Trust.

The compensation and payment set forth in this section 6 is contingent upon the Employer's use of ICMA-RC's EZLink system for contribution processing and submitting contribution funds by ACH or wire transfer on a consistent basis over the term of this Agreement.

7. Contribution Remittance

Employer understands that amounts invested through the Trust are to be remitted directly to the Trust in accordance with instructions provided to Employer by ICMA-RC and are not to be remitted to ICMA-RC. In the event that any check or wire transfer is incorrectly labeled or transferred to ICMA-RC, ICMA-RC may return it to Employer with proper instructions.

8. Indemnification

ICMA-RC shall not be responsible for any acts or omissions of any person with respect to the Plan or related Trust, other than ICMA-RC in connection with the administration or operation of the Plan. Employer shall indemnify ICMA-RC against, and hold ICMA-RC harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorney's fees, that may be incurred by, imposed upon, or asserted against ICMA-RC by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or related Trust, excepting only any and all loss, damage, penalty, liability, cost or expense resulting from ICMA-RC's negligence, bad faith, or willful misconduct.

9. Term

This Agreement shall be in effect and commence on the date all parties have signed and executed this Agreement ("Inception Date"). This Agreement may be terminated without penalty by either party on sixty days advance notice in writing to the other; provided however, that the Employer understands and agrees that, in the event the Employer terminates this Agreement (or replaces the VantageTrust PLUS Fund as an investment option in its investment line-up), ICMA-RC retains full discretion to release Plan assets invested in the VantageTrust PLUS Fund in an orderly manner over a period of up to 12 months from the date ICMA-RC receives written notification from the Employer that it has made a final and binding selection of a replacement for ICMA-RC as administrator of the Plan (or a replacement investment option for the VantageTrust PLUS Fund).

10. Amendments and Adjustments

(a) This Agreement may be amended by written instrument signed by the parties.

(b) ICMA-RC may amend this agreement by providing 60 days' advance written notice to the Employer prior to the effective date of such proposed amendment. Such amendment shall become effective unless, within the 60-day notice period, the Employer notifies ICMA-RC in writing that it objects to such amendment.

(c) The parties agree that enhancements may be made to administrative and operations services under this Agreement. The Employer will be notified of enhancements through the Employer Bulletin, quarterly statements, electronic messages or special mailings. Likewise, if there are any reductions in fees, these will be announced through the Employer Bulletin, quarterly statement, electronic or special mailing.

11. Notices

All notices required to be delivered under this Agreement shall be in writing and shall be delivered, mailed, e-mailed or faxed to the location of the relevant party set forth below or to such other address or to the attention of such other persons as such party may hereafter specify by notice to the other party.

> **ICMA-RC**: Legal Department, ICMA Retirement Corporation, 777 North Capitol Street, N.E., Suite 600, Washington, D.C., 20002-4240
> **Facsimile**; (202) 962-4601
>
> **Employer:** at the office set forth in the first paragraph hereof, or to any other address, facsimile number or e-mail address designated by the Employer to receive the same by written notice similarly given.

Each such notice, request or other communication shall be effective: (i) if given by facsimile, when transmitted to the applicable facsimile number and there is appropriate confirmation of receipt; (ii) if given by mail or e-mail, upon transmission to the designated address with no indication that such address is invalid or incorrect; or (iii) if given by any other means, when actually delivered at the aforesaid address.

12. Complete Agreement

This Agreement shall constitute the complete and full understanding and sole agreement between ICMA-RC and Employer relating to the object of this Agreement and correctly sets forth the complete rights, duties and obligations of each party to the other as of its date. This Agreement supersedes all written and oral agreements, communications or negotiations among the parties. Any prior agreements, promises, negotiations or representations, verbal or otherwise, not expressly set forth in this Agreement are of no force and effect.

13. Titles

The headings of Sections of this Agreement and the headings for each of the attached schedules are for convenience only and do not define or limit the contents thereof.

14. Incorporation of Schedules

All Schedules (and any subsequent amendments thereto), attached hereto, and referenced herein, are hereby incorporated within this Agreement as if set forth fully herein.

15. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, applicable to contracts made in that jurisdiction without reference to its conflicts of law provisions.

In Witness Whereof, the parties hereto certify that they have read and understand this Agreement and all Schedules attached hereto and have caused this Agreement to be executed by their duly authorized officers as of the Inception Date first above written.

CITY OF HEWITT

By ______________________ Date ____________
Signature

____
Name and Title (Please Print)

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION RETIREMENT CORPORATION

By Angela C. Montez
Angela C. Montez
Assistant Corporate Secretary

Please return fully executed contract to:

New Business Unit
ICMA-RC
777 North Capitol Street NE
Suite 600
Washington DC 20002-4240

Exhibit A

Administrative Services

The administrative services to be performed by ICMA-RC under this Agreement shall be as follows:

(a) Participant enrollment services, including providing a welcome package and enrollment kit containing instructions and notices necessary to implement the Plan's administration. Employees will enroll online or through form. ICMA-RC will provide an enrollment link through the general ICMA-RC web site. Plan sponsor will also make available the online enrollment link in their Intranet site or via email to new employees. Employer can also enroll employees through EZLink.

(b) Establishment of participant accounts for each employee participating in the Plan for whom ICMA-RC receives appropriate enrollment instructions. ICMA-RC is not responsible for determining if such Plan participants are eligible under the terms of the Plan.

(c) Allocation in accordance with participant directions received in good order of individual participant accounts to investment funds offered under the Trust. Participants can complete allocations through Investor Services, Voice Response System or through Account Access, the secure participant online system provided by ICMA-RC.

(d) Maintenance of individual accounts for participants reflecting amounts deferred, income, gain or loss credited, and amounts distributed as benefits.

(e) Maintenance of records for all participants for whom participant accounts have been established. These files shall include enrollment instructions (provided to ICMA-RC through Account Access, EZLink or form), beneficiary designation instructions and all other and documents concerning each participant's account, and if applicable, records of any transaction conducted through the Voice Response Unit ("VRU"), Account Access or other electronic means.

(f) Provision of periodic reports to the Employer through EZLink Participants will have access to account information through Investor Services, Voice Response System, Account Access and through quarterly statements that can be delivered electronically through Account Access or by postal service.

(g) Communication to participants of information regarding their rights and elections under the Plan.

(h) Making available Investor Services Representatives through a toll-free telephone number from 8:30 a.m. to 9:00 p.m. Eastern Time, Monday through Friday (excluding holidays and days on which the securities markets or ICMA-RC are closed for business (including emergency closings), to assist participants.

(i) Making available a toll-free number and access to VantageLine, ICMA-RC's interactive VRU, and ICMA-RC's web site, to allow participants to access certain account information and initiate plan transactions at any time. Account access and VantageLine are normally available 24 hours a day, seven days a week except during scheduled maintenance periods designed to ensure high-quality performance. The scheduled maintenance window is outlined at https://harper1.icmarc.org/login.jsp

(j) Distribution of benefits as agent for the Employer in accordance with terms of the Plan. Participants who have separated from service can request distributions through Account Access or via form.

(k) Upon approval by the Employer that a domestic relations order is an acceptable qualified domestic relations order under the terms of the Plan, ICMA-RC will establish a separate account record for the alternate payee and provide for the investment and distribution of assets held there under.

(l) Loans may be made available on the terms specified in the Loan Guidelines, if loans are adopted by the Employer. Participants can request loans through Investor Services or Account Access.

(m) Guided Pathways – Participant Advice and Guidance may be made available through a third party vendor on the terms specified on ICMA-RC's website.

(n) ICMA-RC will determine appropriate delivery method (electronic and/or print) for plan sponsor/participant communications and education based on a number of factors (audience, effectiveness, etc.)