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 **21st day of April, 2014 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. Briefing and discussion concerning VFW Memorial Ceremony, July 4, 2014, 9:00 am.
   c. Briefing and discussion concerning changes in the Utility Billing process.
   d. Briefing and discussion concerning Public Safety Facility including update from K4 Construction.
   e. Briefing and discussion concerning electronic cigarettes or vaporizers.
   f. Briefing and discussion concerning Public Safety operations – Police & Fire.
2. Review regular meeting agenda items.
3. Convene Executive Session pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:
   - **Pursuant to § 551.087 – Deliberation regarding Economic Development Negotiations.**
4. Close Executive Session.
5. 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 April 16, 2014.

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 **21st day of April, 2014 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. Pledge of Allegiance to the U.S. Flag
2. Consider approval of minutes of the Council Dinner Workshop/Regular Meeting of April 7, 2014.
3. Hear visitors on matters pertaining to city business.
4. Consider and take appropriate action concerning award of municipal depository services contract.
5. 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 April 16, 2014.

CITY OF HEWITT

Lydia Lopez

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HEWITT TEXAS

WORKSHOP ITEM #1.a

HEWITT TEXAS

CITY ENGINEER'S REPORT
April 16, 2014

***Note:** All schedules, dates and references to completion dates are approximate and subject to change.*

I-35 Widening - Utility Adjustments:

All substantial construction is complete. The contractor is to be onsite with all subcontractors on Thursday, April the 17th, to work out all the issues that the city has been struggling with. This project is under contract with TXDOT as is the completion timeline.

Water Utility Improvements:

Commerce Park Water Plant:
Elevated Storage Tank; For the most part, we have finished our review of the tank submittals. At this time the contractor is tentatively looking to have the foundation completed by the end of May and the shaft crews to begin work within the first part of June. This project is called to be completed on April 15, 2015. Attached is a tentative schedule for the project, provided by the contractor.

Ritchie Road Plant and Well Electrical System Improvements:
The electrical engineer is working on his portion of the project.

Wastewater Utility Improvements:

Lift Station No. 2 Replacement:
The new lift station is operational, all that will remain installing SCADA components, constructing site fencing, and cleanup. This project should be wrapping up quickly.

Patriot Court – Street, Drainage and Water/Sewer Utilities:

The contractor poured the last section of Ritchie Road on Wednesday, April the 16th, and also forming up the entrance on Patriot Court. They are also pouring the curb and gutter on the asphalt section of Patriot Court. This project is scheduled to be completed mid-May 2014.

Additional Note:

We are currently working with the city staff to renew the City of Hewitt's National Pollutant Discharge Elimination System (NPDES) Permit. The deadline for submittal is in June of 2014.

By:

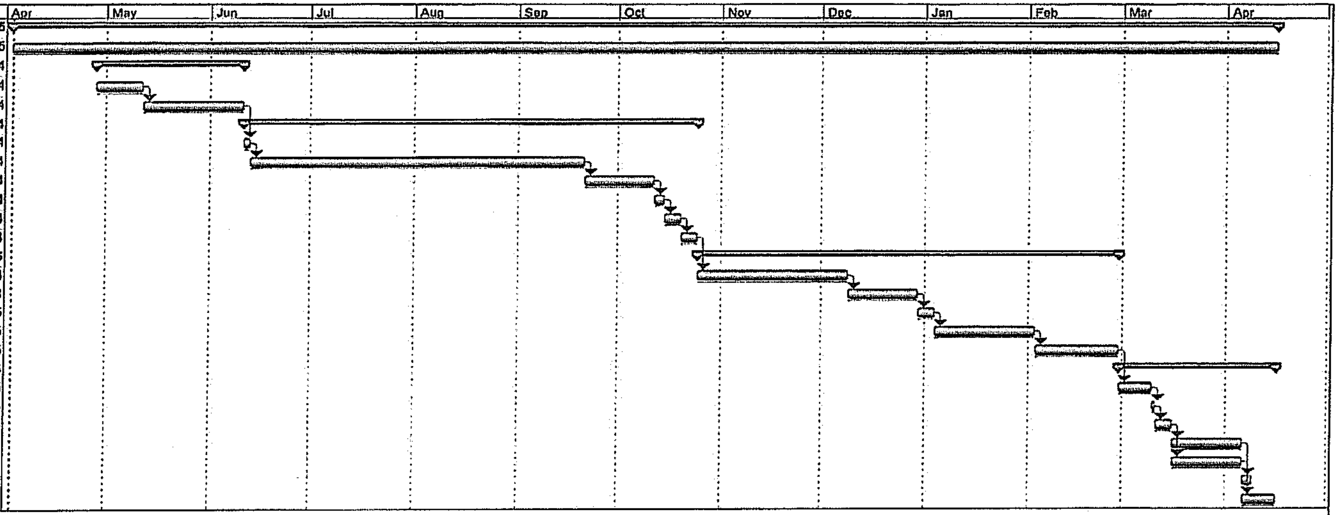
Miles P.E.

Miles W. Whitney, P.E.

STATE OF TEXAS
MILES W. WHITNEY
116154
LICENSED
PROFESSIONAL ENGINEER

Duff Consulting Engineers, Inc.
Texas Registered Engineering Firm F-400

ID	Task Name	Duration	Start	Finish
1	Hewitt, TX 1.0 MG CET	378 days	Thu 4/3/14	Wed 4/15/15
2	Completion	378 days	Thu 4/3/14	Wed 4/15/15
3	Site Civil Pre-Erection	44 days	Mon 4/28/14	Tue 6/10/14
4	Clearing/ Site Prep	14 days	Mon 4/28/14	Sun 5/11/14
5	Foundation	30 days	Mon 5/12/14	Tue 6/10/14
6	Shaft	136 days	Wed 6/11/14	Fri 10/24/14
7	Delivery of forms/crane/tools	2 days	Wed 6/11/14	Thu 6/12/14
8	Wall Pours	100 days	Fri 6/13/14	Sat 9/20/14
9	Corbel/Dome	21 days	Sun 9/21/14	Sat 10/11/14
10	Piping installation	3 days	Sun 10/12/14	Tue 10/14/14
11	Rest Platforms & Pipe bracing	5 days	Wed 10/15/14	Sun 10/19/14
12	Cleanup & demobilization	5 days	Mon 10/20/14	Fri 10/24/14
13	Tank Erection	126 days	Sat 10/25/14	Fri 2/27/15
14	Ground Erection	45 days	Sat 10/25/14	Mon 12/8/14
15	Ground Painting	21 days	Tue 12/9/14	Mon 12/29/14
16	Tank Raising	5 days	Tue 12/30/14	Sat 1/3/15
17	Air Erection	30 days	Sun 1/4/15	Mon 2/2/15
18	Air Painting	25 days	Tue 2/3/15	Fri 2/27/15
19	Site Civil Post-Erection	47 days	Sat 2/28/15	Wed 4/15/15
20	Second Floor	10 days	Sat 2/28/15	Mon 3/9/15
21	Conduit Stub Ups	1 day	Tue 3/10/15	Tue 3/10/15
22	Internal Floor Slab	5 days	Wed 3/11/15	Sun 3/15/15
23	Piping	21 days	Mon 3/16/15	Sun 4/5/15
24	Electrical	21 days	Mon 3/16/15	Sun 4/5/15
25	Disinfection	3 days	Mon 4/6/15	Wed 4/8/15
26	Site Restoration / Punch List	10 days	Mon 4/6/15	Wed 4/15/15



Project: Hewitt, TX
Date: Thu 4/3/14

Task | Progress | Summary | External Tasks | Deadline
Split | Milestone | Project Summary | External Milestone

HEWITT TEXAS

WORKSHOP ITEM #1.c

ON LINE
UTILITY EXCHANGE

Proposal for:

HEWITT
TEXAS

Proposal to Provide Positive ID Verification

Submitted by:
James Caperton
Utility Account Executive
685 West Firetower Road
Winterville, NC 28590
Direct Line (252) 754-1631
Fax Line (800) 838-9830
jcaperton@onlineis.com

ORGANIZATION

The company that is now ONLINE Information Services, Inc. started as a small merchant credit bureau located in downtown Greenville, NC, in the 1950's. Over time, it changed names from Southeastern Credit Bureaus to Eastern North Carolina Credit Bureaus and several partners came and went. Officially, ONLINE Information Services was formed on August 23, 1989, and the current shareholders have remained in place since November of 1986. ONLINE made a drastic shift in our focus 20 years ago from being a local credit bureau and collection agency serving a wide variety of clients to concentrating on working with municipal and utility providers to eliminate their bad debt.

ONLINE operates one corporate location where all our services are provided to our clients located in Winterville, North Carolina. ONLINE does not outsource any of our services, this means that ONLINE has total control over the level of service our clients receive.

ONLINE is currently a member of the American Collectors Association (ACA) and our President currently sits on the board of the North Carolina Collectors Association which is directly affiliated with the ACA. ONLINE is also a member of the Consumer Data Industry Association. Being members of these two key industry associations shows ONLINE's commitment to making sure we remain at the fore front of federal, state, and local regulation when it pertains to providing collection and credit reporting services to our clients.

CLIENTS

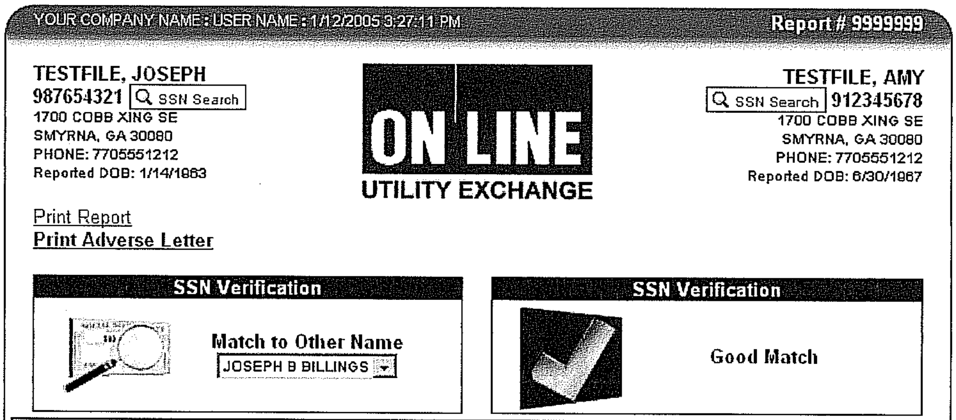
ONLINE Information Services currently serves two major markets with credit screening and risk assessment services. The Utility Exchange and the Rental Exchange provide utilities and property management clients with risk assessment services. While ONLINE strives to lower our clients write off through providing these services
The SSN Verification report is designed to identify fraud and identity theft at the point of application. System wide

- ✓ 70% of all applicants apply using a social security number that is the applicant's correct social security number;
- ✓ 20% apply with a name variation like the one above;
- ✓ 5% are committing identity fraud
- ✓ 3% are using a deceased or non-issued SSN
- ✓ 1% are using a SSN that belongs to someone below the age of 18
- ✓ 1% of applicants have no file

This report also returns all CRA(credit reporting agency), and Red Flag Rule alerts that are required by the FCRA to maintain Red Flag Compliance.

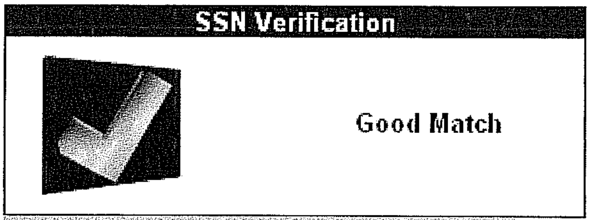
Below is a sample of the screen your Customer Service Reps will see when screening joint applicants. If you are only screening one applicant then the report would only show one column.

Verifies new service applicant is providing the correct identity information

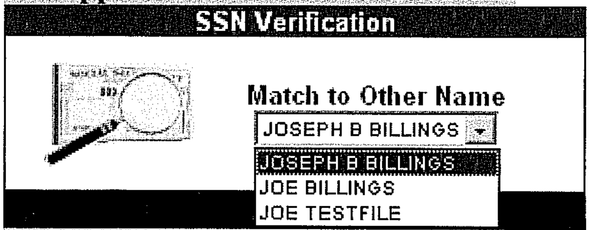


Remainder of page intentionally left blank.

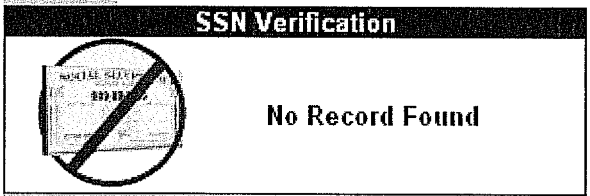
The ONLINE Utility Exchange Report Red Flag Icons:



The applicant's information is correct.

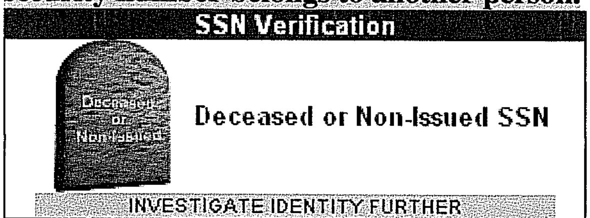


The applicant appears to have had other names associated to his/her social security number.



The applicant does not appear to have a credit file with the given identity information.

The applicant name & social security number do not match. It is likely that the social security number belongs to another person.



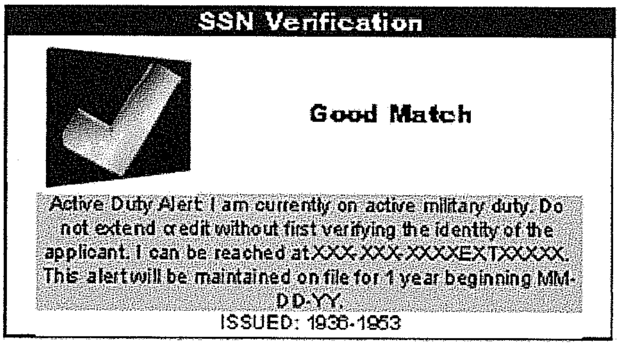
The given social security number has been reported as belonging to a deceased person.

The given social security number has not yet been issued by the social security administration.

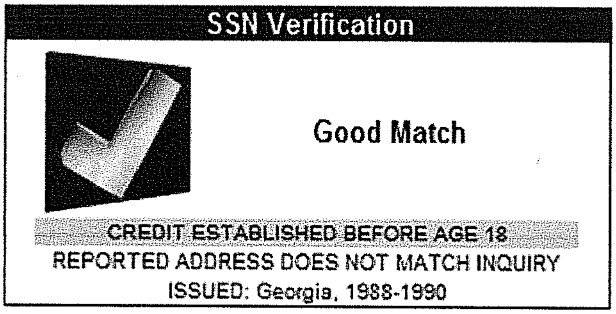
Below you will find several examples of different CRA alerts you may encounter when processing new applicants. Within the alerts, it will tell your customer service reps how to proceed.

This is an example of a consumer initiated fraud alert:

This is an example of an active duty military alert:



This applicant's credit file was established before they turned 18 year of age:



The credit for this applicant was established prior to the social security number being issued:

Red Flag Verification Messages:

ONLINE Charges to Subscriber

ONLINE Utility Exchange Pricing:

ONLINE I.D. Varification Report:	$ 2.50 Per Applicant Screened
Monthly Access Fee:	$ 30.00 Per Month

Skip Tracing Report Pricing:

ONLINE PEOPLE SEARCH	$ 0.35 Per Search
XPN COLLECTION REPORT	$ 4.00 Per Report
XPN SOCIAL SEARCH	$ 1.80 Per Search
XPN CREDIT W/SCORE	$ 5.00 Per Report
XPN CREDIT FILE	$ 4.50 Per Report

Texas ONLINE Utility Exchange Members

BANDERA ELECTRIC COOPERATIVE	BANDERA	TX
BARTLETT ELECTRIC CO-OP	BARTLETT	TX
BLUEBONNET ELECTRIC COOPERATIVE	BASTROP	TX
BOWIE-CASS ELECTRIC CO-OP INC	DOUGLASSVILLE	TX
BRYAN TEXAS UTILITIES	BRYAN	TX
CITY OF ARLINGTON	COLLEGE STATION	TX
CITY OF BAYTOWN	BAYTOWN	TX
CITY OF CORPUS CHRISTI	CORPUS CHRISTI	TX
CITY OF CUERO	CUERO	TX
CITY OF DENTON	DENTON	TX
CITY OF DUMAS	DUMAS	TX
CITY OF GONZALES	GONZALES	TX
CITY OF HUTTO	HUTTO	TX
CITY OF MOULTON	MOULTON	TX
CITY OF PEARLAND	PEARLAND	TX
CITY OF SAN MARCOS	SAN MARCOS	TX
CITY OF WACO	WACO	TX
COMANCHE COUNTY ELECTRIC	COMANCHE	TX
COOKE COUNTY ELECTRIC CO-OP	MUENSTER	TX
DEAF SMITH EC	HEREFORD	TX
DEEP EAST TEXAS ELECTRIC CO-OP	SAN AUGUSTINE	TX
FANNIN COUNTY EC	BONHAM	TX
FARMERS ELECTRIC CO-OP INC.	GREENVILLE	TX
FAYETTE ELECTRIC COOPERATIVE	LAGRANGE	TX
FLORESVILLE ELECTRIC LIGHT	FLORESVILLE	TX
GRAYSON-COLLIN ELECTRIC CO-OP	VAN ALSTYNE	TX
GREENLIGHT GAS	MEMPHIS	TX
GUADALUPE VALLEY ELECTRIC	GONZALES	TX
GVEC.NET	GONZALES	TX
HAMILTON COUNTY ELECTRIC CO-OP	HAMILTON	TX
HOUSTON COUNTY ELECTRIC COOP	CROCKETT	TX
JACKSON ELECTRIC CO-OP INC.	EDNA	TX
JASPER NEWTON ELECTRIC CO-OP	KIRBYVILLE	TX

KARNES ELECTRIC CO-OP, INC	*KARNES CITY*	*TX*
KERRVILLE PUBLIC UTILITY BOARD	*KERRVILLE*	*TX*
LAMAR COUNTY ELEC CO-OP	*PARIS*	*TX*
LIGHTHOUSE ELECTRIC CO-OP	*FLOYDADA*	*TX*
MAGIC VALLEY ELECTRIC COOP	*MERCEDES*	*TX*
MEDINA ELECTRIC COOPERATIVE	*HONDO*	*TX*
MID-SOUTH SYNERGY	*NAVASOTA*	*TX*
NAVASOTA VALLEY ELECTRIC	*FRANKLIN*	*TX*
NEC RETAIL DIVISION	*CORPUS CHRISTI*	*TX*
NORTEX COMMUNICATIONS	*MUENSTER*	*TX*
NUECES ELECTRIC CO-OP	*CORPUS CHRISTI*	*TX*
PEDERNALES ELECTRIC COOPERATIVE	*JOHNSON CITY*	*TX*
RIO GRANDE ELECTRIC CO-OP	*BRACKETTVILLE*	*TX*
SAM HOUSTON ELECTRIC CO-OP	*LIVINGSTON*	*TX*
SAN PATRICIO ELECTRIC CO-OP	*SINTON*	*TX*
SOUTH PLAINS EC	*LUBBOCK*	*TX*
SOUTHWEST TEXAS EC	*ELDORADO*	*TX*
TAYLOR ELECTRIC CO-OP	*MERKEL*	*TX*
TAYLOR TELEPHONE COOPERATIVE	*MERKEL*	*TX*
TRI-COUNTY ELECTRIC COOPERATIVE	*AZLE*	*TX*
TRINITY VALLEY ELECTRIC COOP	*KAUFMAN*	*TX*
UNITED COOPERATIVE SERVICES	*BURLESON*	*TX*
UPSHUR RURAL ELECTRIC COOP	*GILMER*	*TX*
VICTORIA ELECTRIC CO-OP	*VICTORIA*	*TX*
WES-TEX TELEPHONE COOP	*STANTON*	*TX*
WHARTON COUNTY ELECTRIC CO-OP	*EL CAMPO*	*TX*
WISE ELECTRIC COOPERATIVE	*DECATUR*	*TX*
WOOD COUNTY ELECTRIC CO-OP	*QUITMAN*	*TX*

Texas ONLINE Rental Exchange Customers

ADVANTAGE ASSET MGMT	MONTGOMERY	TX 77356
AGM-WEBBER APARTMENTS	FORT WORTH	TX 76119
AUSTIN REPS	AUSTIN	TX 78749
BCS PROPERTY MANAGEMENT	COLLEGE STATION	TX 77842
BEAUMONT HOUSING AUTHORITY HR	BEAUMONT	TX 77701
BEAUMONT HOUSING AUTHORITY PH	BEAUMONT	TX 77701
BEAUMONT HOUSING AUTHORITY S8	BEAUMONT	TX 77701
BULLARD ELDERLY APARTMENTS	ATHENS	TX 75752
BULLARD FAMILY APARTMENTS	ATHENS	TX 75752
CAI-WINDRIDGE APTS	GRAND PRAIRIE	TX 75050
CEDAR RIDGE APARTMENTS	ATHENS	TX 75752
CENTURY 21 GAIL ROE & ASSOCIATE	TEMPLE	TX 76504
COURTYARD AT KINGS DOMINION-HUD	LUBBOCK	TX 79403
FABULOUS LIFE	ALVIN	TX 77511
FAIRVIEW APARTMENTS	ATHENS	TX 75752
FAIRVIEW SOUTH APARTMENTS	ATHENS	TX 75752
FLAMINGO RENTALS & PROP MGMT	ROCKPORT	TX 78382
GARDENWALK OF LAGRANGE	WEIMAR	TX 78962
GARDENWALK OF SCHULENBURG	WEIMAR	TX 78962
GARDENWALK OF WEIMAR	WEIMAR	TX 78962
HAMPTON PORT APARTMENTS	CORPUS CHRISTI	TX 78415
HERITAGE SOUTH	ATHENS	TX 75752
KERENS APARTMENTS	ATHENS	TX 75752
KING REAL ESTATE LLC	BOERNE	TX 78006
LUBBOCK HOUSING AUTHORITY	LUBBOCK	TX 79401
LYN REALTY	HOUSTON	TX 77066
METROWORKS REALTY	KELLER	TX 76248
MILAM SENIOR ESTATES	CAMERON	TX 76520
MILL RUN APARTMENTS	ATHENS	TX 75752
NORTHRIDGE MANOR	BEAUMONT	TX 77701
PATTON PROPERTY MANAGEMENT	NEW BRAUNFELS	TX 78130
PLANTATION HOUSE APARTMENTS	DALLAS	TX 75231
PREMIER REALTY SERVICES	MCALLEN	TX 78504

REGENCY PARK APARTMENTS	*AUSTIN*	*TX 78745*
RUSHFAIR VILLA APTS	*EL PASO*	*TX 79904*
SAVANNAHPARK OF ABERNATHY	*ABERNATHY*	*TX 79311*
SAVANNAHPARK OF CROSBYTON	*CROSBYTON*	*TX 79322*
SAVANNAHPARK OF KARNES CITY	*KARNES CITY*	*TX 78118*
SAVANNAHPARK OF LEXINGTON	*LEXINGTON*	*TX 78947*
SEA BREEZE SENIOR APARTMENTS	*CORPUS CHRISTI*	*TX 78415*
SOUTH BOLTON APARTMENTS	*ATHENS*	*TX 75752*
SOUTH TIMBER RIDGE	*ATHENS*	*TX 75752*
SOUTHWOOD APARTMENTS	*ATHENS*	*TX 75752*
STONE CREEK APARTMENTS	*ATHENS*	*TX 75752*
TEXAS SOUTHERN UNIVERSITY	*HOUSTON*	*TX 77004*
THE PALMS RETIREMENT CENTER	*HARLINGEN*	*TX 78550*
THREE T APARTMENTS	*ATHENS*	*TX 75752*
TIDMORE INCORPORATED	*ATHENS*	*TX 75752*
TIDMORE MANAGEMENT	*ATHENS*	*TX 75752*
WEST HYLANDS APARTMENTS	*ATHENS*	*TX 75752*
WESTVIEW APARTMENTS	*ATHENS*	*TX 75752*
WHITAKER INTERESTS LTD	*HOUSTON*	*TX 77057*
WILLOW POND APTS	*DALLAS*	*TX 75231*
WRIGHT REALTY COMPANY	*LAREDO*	*TX 78040*

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: April 21, 2014

AGENDA ITEM #: 2

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider approval of minutes of the Council Dinner Workshop/Regular Meeting of April 7, 2014.

STAFF RECOMMENDATION/ITEM SUMMARY:

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

ATTACHMENTS:

Draft minutes

HEWITT
TEXAS

MINUTES OF A CITY COUNCIL DINNER WORKSHOP/MEETING HEWITT CITY HALL – 105 TAMPICO DRIVE April 7, 2014 - 5:30/7:00 PM

Members Present: Mayor Ed Passalugo (presiding), Mayor Pro Tem Wilbert "Walky" Wachtendorf; Council Members Bill Fuller, James Vidrine, Ronnie McNiel, Travis Bailey, and Alex Snider

Staff Present: City Attorney Charlie Buenger, City Engineer Bill Aston, City Engineer Miles Whitney, City Manager Adam Miles, Assistant City Manager James Barton, Police Chief Jim Devlin, Deputy Police Chief Tuck Saunders, Fire Chief Lance Bracco, HR/Civil Service Director Susana Garcia-Gilmore, Utilities Director James Black, Finance Director Lee Garcia, and City Secretary Lydia Lopez

Staff Absent: Library Director Waynette Ditto

Workshop – 5:30 PM

1. City Manager presented an update on municipal business:
    a. Report from City Engineer including review and discussion of Capital Improvement Projects.
    b. Briefing and discussion was held concerning changes in the Utility Billing process.
    c. Briefing and discussion was held concerning accessory buildings and structures.
    d. Briefing and discussion was held concerning electronic cigarettes or vaporizers.
    e. Briefing and discussion was held concerning Public Safety operations – Police & Fire.
2. The regular meeting agenda items were reviewed.
3. Adjourn. *A motion was made by Bill Fuller and seconded by Travis Bailey to adjourn the Dinner Workshop at 6:40 pm.*
4. Mayor Passalugo convened the Executive Session at 6:44 p.m. pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:
    - **Pursuant to § 551.087 – Deliberation regarding Economic Development Negotiations.**
    - **Pursuant to §551.074 - Personnel Matters.** (Council will meet in Executive Session to discuss the annual evaluation of the City Manager.)

    Note: Mayor Passalugo recessed the Executive Session at 6:58 pm. Mayor Passalugo reconvened the Executive Session at 7:14 pm after the conclusion of the Regular meeting.

REGULAR MEETING – 7:00 PM

1. **PLEDGE OF ALLEGIANCE TO THE U.S. FLAG** – Fire Chief Lance Bracco led the Pledge of Allegiance.

2. **CONSIDER APPROVAL OF MINUTES OF THE COUNCIL DINNER WORKSHOP/REGULAR MEETING OF MARCH 17, 2014.** *A motion was made by Alex Snider and seconded by James Vidrine to approve the minutes as submitted but allow for corrections; all seven in favor, motion passed.*

3. **HEAR VISITORS ON MATTERS PERTAINING TO CITY BUSINESS.** NONE

4. **CONSIDER REAPPOINTMENT(S) TO THE BOARD OF ADJUSTMENT.** *Motion by Bill Fuller and seconded by Wilbert "Walky" Wachtendorf to approve the reappointment of Jim Winton, Bradley Turner and Bruce Dollens; all seven in favor, motion passed.*

5. **CONSIDER ACTION ON NOMINATION TO THE MCLENNAN COUNTY 9-1-1 EMERGENCY ASSISTANCE DISTRICT BOARD OF MANAGERS.** *Motion by Alex Snider and seconded by Travis Bailey to cast ballot for Mr. John Knue; all seven in favor, motion passed.*

6. **CONSIDER AND TAKE APPROPRIATE ACTION CONCERNING AN ORDINANCE OF THE CITY OF HEWITT, TEXAS VACATING AND ABANDONING A 10 FOOT WIDE UTILITY EASEMENT ALONG THE REAR PROPERTY LINE AT 124 CLAUDETTE DRIVE BEING LOT 1, BLOCK 4, OF THE ELLIS FARM SOUTH ADDITION IN THE CITY OF HEWITT, MCLENNAN COUNTY, TEXAS; PROVIDING A SAVINGS CLAUSE; REPEALING ORDINANCES IN CONFLICT THEREWITH; AND DECLARING AN EMERGENCY.** *A motion was made by Bill Fuller and seconded by Travis Bailey to approve ordinance, seven in favor, motion passed.*

7. **ADJOURN.** *A motion was made by Bill Fuller and seconded by Ronnie McNiel to adjourn to the meeting at 7:09 p.m., all seven in favor, motion passed.*

EXECUTIVE SESSION

Mayor Passalugo reconvened the Executive Session at 7:14 p.m. pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:

- **Pursuant to § 551.087 – Deliberation regarding Economic Development Negotiations.**
- **Pursuant to §551.074 - Personnel Matters.** (Council will meet in Executive Session to discuss the annual evaluation of the City Manager.)

Close Executive Session. *A motion was made by Alex Snider and seconded by Ronnie McNiel to close the Executive session at 7:44 p.m.*

Approved: April 21, 2014

Lydia Lopez, City Secretary

Ed Passalugo, Mayor

HEWITT TEXAS

ITEM #3 – 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: April 21, 2014

AGENDA ITEM #: 4

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Consideration and action on Municipal Depository Contract with a term of two years beginning July 1, 2014, with three additional one-year extension options.

STAFF RECOMMENDATION/ITEM SUMMARY:

Following this agenda item is the analysis and recommendation of Valley View Consulting, L.L.C.

ATTACHMENTS:

Valley View Consulting, L.L.C. attachment

Valley View Consulting, L.L.C.

April 3, 2014

Ms. Lee H. Garcia, CPA, CGFO
Finance Director
City of Hewitt
105 Tampico Drive
Hewitt, TX 76643

Dear Ms. Garcia:

Thank you for the opportunity to assist the City of Hewitt (the "City") with this Bank Depository Services Request for Applications (the "RFA") project.

The objective of this engagement was to select a primary depository bank following the expiration of the current contract which ends June 30, 2014, with no remaining options for renewal.

Procedure

The primary depository bank process proceeded as follows:

The project began with the establishment of a Calendar of Events to ensure that the required project steps were performed in a timely and sequential manner.

The process for selecting a depository bank is governed by the State of Texas Government Code and Local Government Code: Chapter 105 Municipal Depository Act; Chapter 176 Conflict of Interest Act; Chapter 2256 Public Funds Investment Act; and Chapter 2257 Public Funds Collateral Act.

In addition to complying with these State statutory requirements, it was necessary to understand and comply with the City's financial and purchasing policies and Investment Policy.

The RFA procedure was conducted as follows:

1. Analyzed historical bank service usage and balance records.
2. Determined the minimum banking services and potential additional services.

3. Developed a list of potential financial institutions within seven miles of City Hall:
    a. American Bank
    b. Bank of America Merrill Lynch
    c. BBVA Compass Bank
    d. Central National Bank
    e. Extraco Bank
    f. Fidelity Bank of Texas
    g. First Community Bank
    h. Incommons Bank
    i. Independent Bank
    j. JPMorgan Chase Bank
    k. National Bank (incumbent)
    l. PointWest Bank
    m. Synergy Bank
    n. Texas First State Bank
    o. Wells Fargo Bank
4. Contacted the financial institutions to confirm distribution information, describe process, and identify the designated recipient.
5. Drafted the RFA for review and approval.
6. Advertised as required.
7. Distributed RFAs to the identified and receptive financial institutions.
8. Contacted each financial institution to ensure RFA receipt, and to confirm the date and time of the pre-application conference and the deadline for receipt of applications.
9. Held a non-mandatory pre-application conference that was attended by representatives of:
    a. BBVA Compass Bank
    b. Extraco Bank
    c. Independent Bank
    d. Wells Fargo Bank
10. No additional RFA requests were received as a result of the advertisement.
11. By the deadline, four applications were received:
    a. National Bank (incumbent)
    b. BBVA Compass Bank
    c. Extraco Bank
    d. Independent Bank

This process provided a competitive environment with four banks submitting applications. The evaluation of the applications was based on, but not limited to, the following criteria, in no particular order of priority:

1. Ability to perform the required and requested services,
2. Reputation of applicant and quality of services,
3. Cost of services,
4. Retention and transition offers and incentives,
5. Funds availability,

6. Interest paid on interest bearing accounts and deposits,
7. Earnings credit calculation on compensating balances,
8. Completeness of application and agreement to points in the RFA,
9. Physical location within Council approved distance,
10. Convenience of locations,
11. Previous service relationship with the City, and
12. Financial strength and stability of the institution

Application Analysis

The analysis began with an overall review of each bank's general financial strength and ability to provide the bank services necessary to meet the City's current and future service needs. Each of the responding banks exhibited acceptable financial strength. The BBVA Compass and Extraco applications contained exceptions and service limitations unacceptable to the City and were eliminated from consideration, although they are included in the attached Bank RFA Analysis. While estimating future service fees poses certain challenges, the analysis compares the relative attractiveness of each bank's application within current prescribed parameters.

Fees

Each bank's fee schedule was analyzed based on the City's banking service needs and estimated activity levels. Independent Bank's application waived all fees. Several banks offered conversion credits and incentives (such as waived fees, supplies, and check scanners). Where appropriate, the estimated service fees were adjusted for any incentives:

	Est. Monthly Fees	Est. 2 Year Fees	Est. 5 Year Fees
Independent Bank	$0	$0	$0
National Bank	($629)	($15,093)	($37,732)
Extraco Bank	($1,596)	($33,516)	($90,972)
BBVA Compass Bank	($4,109)	($87,888)	($235,795)

Earnings

The City recognizes that in addition to bank services, the bank's desire to pay for bank balances augments a relationship and helps offset any fees. While the City's balances fluctuate month-to-month and within individual months, the recent monthly average bank balances approximated $3.5 million and it was projected that the City would maintain comparable balances in the selected primary depository.

There are two potential earnings sources: soft-dollar earnings credit and hard-dollar interest. Earnings credit generates "earnings" that can only be used to offset banking fees. Earnings credit that exceeds the applicable fees is not paid to the City as interest. Hard-dollar interest is the normal type of earnings that can be used to pay service charges or may be credited to the City's accounts. Interest earnings above the applicable service charges are kept by the City. One earnings type or the other, or a combination of the two, can be used to offset any services charges.

In the analysis, each bank's potential earnings credit rate was compared to the hard-dollar interest rate. The better option was then optimized to offset the greatest amount of banking fees. Where appropriate, once the City's target compensating balance generated enough earnings credit to offset most fees, any excess balance was invested in that bank's most attractive hard-dollar interest earnings alternative.

The estimated two year net fees after application of optimized earnings credit are as follows:

Bank	Est. Two Year Fees	Est. Two Year Earnings Credit	Est. Two Year Net Fees
Independent Bank	$0	$0	$0
National Bank	($15,093)	$0	($15.093)
Extraco Bank	($33,516)	$16,007	($17,509)
BBVA Compass Bank	($87,888)	$31,374	($56,513)

The City recognizes that in addition to bank services, the bank's desire to pay for bank balances augments a relationship and potentially increases interest income. Independent Bank proposed its NOW Account rate (currently at 0.05%) plus 0.30%, with a floor of 0.30% resulting in a current rate of 0.35%. In the current rate environment, that floor represents substantial value to the City. National Bank proposed its average managed rate, currently 0.14% with no floor.

With "hard dollar" interest earnings available on the remaining balances, the net Earnings/(Cost) was calculated for each bank:

Bank	Est. Two Year Fees	Est. Two Year Interest Earnings	Est. Two Year Net Earnings/(Cost)
Independent Bank	$0	$24,900	$24,900
National Bank	($15,093)	$9,960	($5,133)
Extraco Bank	($17,509)	$0	($17,509)
BBVA Compass Bank	($56,513)	$0	($56,513)

While the initial term of the contract is for a two-year period, there are options for three one-year extensions. With the presumption of a satisfactory service relationship, the contract will be for the full five years. The five year net Earnings/(Cost) comparison is shown below:

Bank	Est. Five Year Fees	Est. Five Year Interest Earnings	Est. Five Year Net Earnings/(Cost)
Independent Bank	$0	$62,251	$62,251
National Bank	($37,732)	$24,900	($12,831)

Extraco Bank	($50,954)	$0	($50,954)
BBVA Compass Bank	($157,359)	$0	($157,359)

Recommendation

The proposed fee waiver and interest income advantage places Independent Bank as the leading candidate. For assurance that Independent Bank has the capabilities to provide the required and requested services, an on-line system demonstration was conducted and references were checked. While there will be some effort and cost associated with transitioning the primary depository relationship to Independent Bank, preliminary estimates by staff indicate it would not alter the outcome of the recommendation.

Based on the City's evaluation criteria listed above and the preceding financial analysis, we concur with staff's findings that Independent Bank represents the "best value" to the City. The contract term is two years, commencing July 1, 2014, with three additional one-year extension options.

It should be noted that National Bank has been a good business partner to the City over the current contract term, providing effective and responsive service, and was only slightly second to Independent Bank in the consideration of best value.

Please contact Tom, Dick, or me to discuss any questions or additional information needs. Thank you for this opportunity to serve the City.

Sincerely,

William J Koch

William J Koch
Valley View Consulting, L.L.C.
972.682.6900 (direct)

Attachment

Hewitt Bank RFA Analysis

March 26, 2014	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
		Fees do not include Safekeeping	Fees do not include charges for collateral @ 17 bps annually paid in advance through analysis or hard charge, safekeeping, or FDIC insurance of $351 monthly	NO Fee Proposal; Safekeeping fees not included
Proposed Fees				
Monthly Fee Estimate	(629)	(4,109)	(1,596)	-
Fees for Two Year Term	(15,093)	(98,605)	(38,304)	-
Fees for Five Year Term	(37,732)	(246,512)	(95,760)	-
Contract Incentives				
Waived Fees		8,217	4,788	
Conversion Costs (Cash Payment)		2,500		
Initial Order of Checks & Deposit Slips (Credit)				
Other				
Total Fees for Two Year Term less Incentives	(15,093)	(87,888)	(33,516)	-
Total Fees for Five Year Term less Incentives	(37,732)	(235,795)	(90,972)	-
Earnings Credit	Bank Managed Rate	Preferred ECR (0.32%) plus 0.17%	Bank Managed Rate	N/A
Earnings Credit Rate	0.02%	0.49%	0.25%	
Target Balance Allocated To Offset Fees	0	3,557,186	3,557,186	-
Monthly Earnings Credit less Reserve	0	1,307	667	-
Earnings Credit for Two Year Term	0	31,374	16,007	-
Earnings Credit for Five Year Term	0	78,436	40,018	-
Reserve Requirement		10%	10%	
Net Fees for Two Year Term	(15,093)	(56,513)	(17,509)	-
Net Fees for Five Year Term	(37,732)	(157,359)	(50,954)	-

Interest Income Estimate

Hewitt Bank RFA Analysis

March 26, 2014	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
Investment Option	Bank Managed Rate	Tiered PF MMA 0.03% - 0.10% Max $10 MM	MMA - 0.20% Balances over $1MM	NOW Account (0.05%) + 0.30%
Interest Rate	0.14%	0.10%	0.20%	0.35%
Investment Balance	3,557,186	-	-	3,557,186
Monthly Investment Income	415	-	-	1,038
Two Year Investment Income	9,960	-	-	24,900
Five Year Investment Income	24,900	-	-	62,251
Two Year Income/(Cost)	(5,133)	(56,513)	(17,509)	24,900
Five Year Income/(Cost)	(12,831)	(157,359)	(50,954)	62,251

As of 2/27/14 submission date.

Historical Bank	3,557,186
91-Day T-Bill Discount	0.05%
26-Week T-Bill Discour	0.08%
Fed Funds Rate	0.10%
Fed Funds Rate	0.25%
Local Government Inve	0.07%
One Month LIBOR	0.17%

DETAIL RESPONSE ANALYSIS

RFA "Best Value" Criteria

Ability to perform and provide the required and requested services
Reputation of applicant and quality of services
Cost of services
Retention and transition incentives and additional offers
Funds availability
Interest paid on interest bearing accounts and deposits
Earnings credit calculation on account balances
Completeness of application and agreement to points in the RFA
Physical location within council approved boundaries
Convenience of locations
Previous service relationship with the City
Financial strength and stability of institution

RFA Responses

Hewitt Bank RFA Analysis

	March 26, 2014	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
1	On-Line Banking Services (R)	Yes	Yes	Yes	No - No Float Information
2	Positive Pay & Account Reconciliation (R)	Part of Internet Banking Product?	No - no Payee Name but offers indemnification	Yes - no Payee Name	No - no Payee Name
3	Reverse Positive Pay Service	No	Yes	No	Yes
4	ACH (R)	Yes	Yes	Yes	Yes
5	ACH Direct Debit (R)	Yes	Yes	Yes	Yes
6	ACH Debit Blocking (R)	Yes	Yes	Yes	Yes
7	"Post No Checks" (R)	Yes	Yes	Yes	Yes - Thru Positive Pay
8	Consumer Bill Pay Processing	No	No	Yes (MARS Retrieval & Fed Line Reports available?)	Response does not address the service; Possibly via 3rd Party
9	Remote Deposit Capture (R)	Yes	Yes	Yes	Yes
10	Funds Availability	Yes	Yes	Yes	Yes
11	Employee Check Cashing (R)	Yes	Yes	Yes	Yes
12	Returned Check Reprocessing (R)	Yes	Yes	Yes	Yes
13	Account Analysis (R)	Yes	Yes	Yes	No
14	Bank Statements (R)	Yes	Yes	Yes	No, Accounts w/no activity are made dormant after 12 mo but can easily be reactivated. Any balances are not escheated to State.
15	Payment for Services	Yes	Yes	Yes	N/A
16	Quarterly Account Settlement (R)	Yes	Yes	No, Monthly	N/A
17	Research (R)	Yes	Yes	Yes	Yes
18	Bank Errors	Yes	Yes	Yes	Yes
19	Safekeeping (R)	Yes	Yes	Yes	TIB - monitoring & reporting via mail or email
20	Sweep Account	Yes	Yes	Yes	Yes
21	Audit Confirmations	Yes	Yes	Yes	Yes
22	FDIC Insurance Assessment	Waived	100% to City	100% to City	Waived
23	Reserve Requirement	Yes, 10%	Yes, 10%	Yes, 10%	No

Hewitt Bank RFA Analysis

	March 26, 2014	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
	<u>Collateral Requirements</u>				
1	Collateralization	Yes	Yes	Yes	Yes
2	Collateral Amount	Yes	Yes	Yes	Cap of $7 MM at N/C (CDARS?)
3	Custody/Safekeeping	Frost	Yes (FHLB LOC)	Yes (FHLB LOC)	TIB or FHLB
4	Collateral Substitution	Yes	Yes	Yes	Yes
5	Collateral Report	Yes	Yes	Yes	Yes
6	Board Resolution	Yes	Yes	Yes	Yes
	<u>Investment Activities</u>				
1	Direct Investment Alternative	Yes	Yes	Yes	Yes
2	Certificates of Deposit	Yes	Yes	Yes	Yes
3	Certificates of Deposit => $250,000	Rates quoted at time of placement	Rates quoted at time of placement	Yes	Yes
	<u>Overdraft Provisions</u>				
1	Net Overdraft Defined	Yes	Yes	Each Account separately	Yes
2	Notification	Yes	Yes	Yes	Yes
3	Stipulations	25 Days, $10K; 0%	2 Days, $25K; 7.25%	3 Days, $100K, WSJ Prime	5 Days, Case by Case; 5% after five days
	<u>Other Stipulations</u>				
1	Notifications	Yes	Yes	Yes	Yes
2	Notifications of Incoming Wires	Yes	Yes	Yes	Will set up email notification thru WT Platform.
3	Right to Cancel under Federal & State Law Rulings	Yes	Yes	Yes	Yes
4	Access to Bank Records	Yes	Yes	Yes	Yes
5	Rights to open and maintain other accounts	No, unless service or product not available from bank.	Yes	Yes	Yes
6	Right to terminate	No, Bank would need written reason with 90 day's to rectify.	Yes	Yes	Reciprocal right to terminate.

	March 26, 2014	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
7	All fees and rates fixed for entire contract period, including extensions.	Yes	Yes	Yes	No, only interest rate may be renegotiated at each extension with mutual acceptance.
8	One Relationship Officer; One Relationship Manager	Wayne Gartman, City President 254.297.6110; Juanita Bohne, Branch Operations 254.865.2211	Scott Ridgway, City President 254.751.8246 (for both)	Kathleen Gray, VP 254.761.2035; Mark Reynolds. Regional President 254.761.2037	Kevin Poynter, VP 254.399.6366; Samantha Gutierrez, Branch Services Manager 254.870.2388
	<u>Miscellaneous</u>				
1	Semi-Annual Meeting	Yes	Yes	Yes	Yes
2	Formal Agreement Required	Yes	Yes	Yes	Yes
3	Annual Audited Financial Report	Yes	Yes	Yes	Yes
4	Advertisement Acknowledged	Yes	Yes	Yes	Yes
	<u>Application Submission</u>	Yes	Yes	Yes	Yes
	<u>Fee Schedule</u>	Yes	Yes	Yes	N/A
	<u>Information Requirements Response Attachments</u>				
1	Account Analysis	Provided	Provided	Provided (proforma)	N/A
2	Rate Basis	Provided	Provided	Provided	Provided
3	Sample Collateral Agreement	Provided	Provided	Provided, but NOT ACCEPTABLE. City to be charged for Collateral	TIB, FHLB, & CDARS - Provided
4	Security Measures	Provided	Provided	Provided	Provided
5	Technology Specifications	Provided	Provided	Provided description of on-line services	Provided
6	Sample Safekeeping Report	Provided	Provided	Provided (TIB pledge notification)	Provided
7	Sweep ? Investment Account Information	Provided	Provided	Provided	Provided
8	Summary Business Continuity Plan	Provided	Provided	Provided	Provided

#	Item	National Bank (Incumbent)	BBVA Compass	Extraco	Independent Bank
9	References	City of Copperas Cove; City of Kempner; Copperas Cove ISD	Belton ISD; Central Texas Council of Governments; Bell County; White Settlement ISD; City of Killeen; Temple ISD	Killeen ISD; McLennan County Appraisal District; Hamilton County Electric Coop.	Howe ISD; Town of Little Elm; Princeton ISD; Town of Prosper; Prosper ISD
	Other Considerations				
1	Implementation Credit				
2	Supply allowance				Free deposit materials & checks (from Bank's vendor)
3	Monthly Service Charge Waiver		2 months	3 months	
4	Payment to City (alternate to waiver option)		2,500		
5	Discounts				
6	Minimum balance requirement				
6.1	Maximum balance limitation				
7	Other		2 free check scanners		Free Safe Deposit Box (subject to availability)
8	List of branch locations	Provided	Provided		
9	Availability Schedule				
10	Affirmative Action Plan				
11	Community Reinvestment Act				
12	Bankrate.com Rating	4 Star	4 Star	4 Star	5 Star
13	Employee Banking Program				
14	Investment Policy Certification				
15	Safekeeping Services				
16	Notice of Negative Information				
17	Personal Information Disclosure				
18	Sample bank service agreements				
19	Bank Services information				
20	Sample Collateral Report		Provided		
21	Additional Services				
22	Implementation Plan			Provided	