HEWITT
TEXAS

NOTICE OF MEETING
OF THE GOVERNING BODY

Notice is hereby given that a **Workshop** meeting of the governing body of the City of Hewitt will be held on the **1st day of December, 2014 at 5:30 PM in Hewitt City Hall, 105 Tampico Drive**, Hewitt, Texas, at which time the following subjects will be discussed:

1. Call meeting to order.
2. 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 park improvements.
   c. Briefing and discussion concerning backflow management program.
   d. Briefing and discussion concerning upcoming events.
   e. Briefing and discussion concerning Public Safety operations – Police & Fire.
   f. Special presentation by Chiefs Jim Devlin and Lance Bracco.
3. Review regular meeting agenda items.
4. Interview of prospective board member(s).
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 4:30 AM/PM on November 25, 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
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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 **1st day of December, 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. Call meeting to order.
2. Pledge of Allegiance to the U.S. Flag
3. Consider approval of minutes of the Council Workshop/Regular Meeting of November 3, 2014 and Special Called Meeting of November 20, 2014.
4. Hear visitors on matters pertaining to city business.
5. Consider reappointments to the Library Board of Directors.
6. Consider appointment/reappointments to the Parks and Beautification Committee.
7. Confirm City Manager's appointment to the Police Officers' Civil Service Commission in accordance with Chapter 143 of the Texas Local Government Code.
8. Administer Oath of Office to newly appointed members of the Parks & Beautification Committee and the Police Officers' Civil Service Commission.
9. Consider appointment of Municipal Court Judge.
10. Consider a resolution amending City of Hewitt's Investment Policy.
11. 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 4:30 AM/PM on November 25, 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.

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COUNCIL WORKSHOP AGENDA ITEM #1.a

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CITY ENGINEER'S REPORT
November 25, 2014

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

I-35 Widening - Utility Adjustments:

As per my discussions with TxDOT, Odessa was to pick up the damaged pump and get it repaired. Then TxDOT was to be bringing in a third party electrical engineer to trouble shoot the system when the repaired pump is brought back in. At this time Adam Miles has been in contact with TxDOT, in an effort to push for this matter to be resolved.

Water Utility Improvements:

Commerce Park Water Plant:

Elevated Storage Tank; Steel erection crew is on site and is currently forming the skirt for the bowl. They should be finishing up the initial construction of the bowl, and will begin preparations to paint and add the logos. This project is called to be completed on April 15, 2015.

Plant Contract; Plans are approx. 70% complete at this time, currently we are waiting on the electrical engineer to complete their portion so that I can finalize the civil portion. We are currently planning on having this project ready to receive bids by mid-January of 2015, so that as soon as the elevated contractor is finishing up the plant contractor can move onsite.

Piping; The plans for this project are approx. 90% complete. We are having to revise a proposed easement, once the land owners are in agreement then this project will be ready to receive bids.

Ritchie Road Plant and Well Electrical System Improvements:

We had a preconstruction for this project on November 19th. We are currently reviewing the first round of submittals for the project. According to the terms of the contract this project should be completed by the end of May of 2015.

Street Micro-Slurry Seal:

Due to weather concerns, we have suspended this contract till April of 2015.

2014 Certificate of Obligation Projects

Old Temple Road Street Improvements:

Topographic surveys have been received and preliminary work has begun on the project. We intend to have this project ready to receive bids by April of 2015 to that construction can begin as soon as school is released for the 2015 summer.

Panther Way Street Improvements:

HEWITT
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CITY ENGINEER'S REPORT
November 25, 2014

Topographic surveys have been received. We are currently working on the preliminary sizing of culverts along the path of the project We intend to have this project ready to receive bids by April of 2015 to that construction can begin as soon as school is released for the 2015 summer.

City Hall / Library:

We are currently finishing the grading plan for the proposed structure, and will be finishing up the design once all other parties involved finish up their designs.

By:

Miles W. Whitney, P.E.

STATE OF TEXAS
MILES W. WHITNEY
116154
LICENSED
PROFESSIONAL ENGINEER

HEWITT TEXAS

COUNCIL WORKSHOP AGENDA ITEM #1.c

BSI Online Program Summary

For over 15 years, BSI has been the country's leader in backflow management. To better assist municipalities, BSI has developed a revolutionary way to administer the mandated backflow tracking portions of a cross-connection control program. This program, called BSI Online, is a completely tester driven and environmentally friendly system. Better yet, BSI Online is NOT software that municipal staff must constantly update and maintain - i.e. NO time consuming data entry and NO expensive start up and support fees.

BSI Online eliminates the time needed to administer a tracking program, while allowing you to maintain complete control of your backflow program.

Here's how it works:

DATABASE SETUP All existing backflow assemblies within your municipality will be added to the BSI Online database by BSI staff. This information is garnered from your existing database and past test reports, as well as any additional backflow data discovered during inspections and surveys.

TESTER MEETING BSI will perform in initial tester meeting with all companies doing backflow testing in your community. This meeting is designed to train the tester as to how to submit test reports via the BSI Online system, answer any questions they may have and also to serve as a way to get to know all the local testing companies.

NOTIFICATIONS BSI will send written notifications via U.S. Mail (postage paid, letters sent with your municipal logo) to water customers informing them of their backflow testing requirements. BSI Online sends multiple notices, which are all 100% customizable. To assist your water customers and increase compliance, BSI Online also includes the company name and contact information for the last tester of record on each notification. BSI will handle all returned mail, ensuring that each customer is properly notified. Lastly, we keep a detailed log of all notices sent, should the municipality ever need copies.

DATA ENTRY All test reports for existing or replacement backflow assemblies are entered by the backflow tester via the BSI Online program. BSI Online requires all information to be filled in, eliminating incomplete test reports and automatically verifies whether the test is passing or failing per State standards. The system is easy to use and provides many benefits to the testing companies as well, such as email reminders and past history reports for their company.

TEST REPORT SUBMITTAL The tester will pay a $12.95 filing fee when submitting each backflow test report. As each report is successfully submitted, PDF copies of the report are automatically sent via email to both the municipality and the tester. The tester also receives a receipt via email detailing all test reports submitted.

continued on next page

Backflow Solutions, Inc.

BSI Online Program Summary

continued from page 1

SECURITY BSI Online takes the security of your system very seriously. All customers are protected by an individual confirmation number that keeps their information private. Your data is backed up multiple times a day on separate, off site servers (which utilize the most up to date firewalls and system protections).

REPORTING The municipality will have complete access into the system. Your data will always be accessible to you, and you will be able to view the backflow information for your customers, as well as track the companies working in your town. We have developed a comprehensive dashboard which will immediately allow you to view non-compliant customers, as well as a customizable reporting system which is constructed to fit your specific needs.

CONSULTING BSI will provide consulting services to the municipality on all backflow related issues for the duration of the agreement. BSI will also provide representation/consulting during any inspections or inquiries from your local governing agency. BSI is comprised of industry experts willing to assist you in any way possible.

CUSTOMER SERVICE BSI will handle all customer service issues and questions from water customers and testers via our 24 hour, 800 customer service number. This includes assistance with BSI Online, statutory and code questions, technical plumbing and fire protection questions, as well as general customer inquiries. Your customers will speak to a live, human being who can answer their questions, and will never be directed to automated menus.

Total Cost for Tracking/Management for the BSI Online Program: $495.00 per year

(includes both non-residential and residential connections, no limit as to the number of connections or backflow assemblies)

Summary:

The goal of BSI Online is to provide you with a comprehensive and budget friendly way to administer your backflow program. BSI Online provides extensive reporting features, GSI integration and allows you to maintain complete control of your program while taking advantage of BSI Online's capabilities and expertise.

Please contact us with any questions. We thank you for considering us and look forward to becoming a member of your community.

Sincerely,

Brad Stancampiano
Executive Vice President
Backflow Solutions Inc. BSI Online
www.bsiprograms.com
800.414.4990

BACKFLOW SOLUTIONS, INC.

BSI ONLINE PROGRAM SUMMARY OF FEES

City of Hewitt Building and Permits Enter the Backflow Reports:

Fees:	Lawn Sprinkler Back Flow Device	@10.00
	Lawn Sprinkler Base Fee	@25.00
	Sprinkler Head (i.e. 10) @1.00	@10.00
	Backflow Report	@15.95
Total Fees:		**$60.95**

Benefit of the City entering reports: The permit department keeps up with the contractors that do not submit a backflow report after the project is done. The 16.00 would cover the cost of ensuring the backflow reports are done and submitted correctly. It has been the practice of the past that the contractors do not turn in backflow reports unless they are called or flagged in the system not to issue any more permits until the backflow reports are submitted.

Contractor Enters the Backflow Reports:

Fees:	Lawn Sprinkler Back Flow Device	@10.00
	Lawn Sprinkler Base Fee	@25.00
	Sprinkler Head (i.e. 10) @ 1.00	@10.00
	Backflow Report	@12.95 (contactors files directly)
Total Fees:		**$57.95**

Benefit of the Contractor entering reports: The contractor saves $3.00 entering backflow reports through the BMI website.

Possible issues with contractor entering reports: If the contractor cannot presently turn in backflow reports, they are most likely not going to submit them electronically. However, we can provide a computer in the lobby with the link to BMI, so that they can enter the reports in our lobby after they have finished the project. Leaving no excuse for not entering them.

The building department still has to follow up to make sure all backflow reports are done.

Builders are not issued a CO until the backflow report is submitted, this has greatly reduced the amount of backflow reports not being turned in, however, on residences that are already in existence, we still have to do follow ups continually.

As of, November 25, 2014, there are 791 addresses **accounted for** and **permitted** for Sprinkler Systems and RPZ valves. There are more left unaccounted for and discovering more each day.

791 x 15.95 = 12,616.45 + 495.00 = 13,111.45

791 x 12.95 = 10,243.45 + 495.00 = 10,738.45

<u>The City of Hewitt only pays 495.00 a year</u>

TCEQ requires backflow reports to be submitted annually.

It is an enormous undertaking for the City of Hewitt to keep current with all backflow reports and compliance. Although it can be done, it cost more manpower, postage and time to do it. BSI handles all backflow reports, notifications, renewals and keeps track of all testers and their license. BSI also provides the reports for TCEQ and keeps us in compliance. For $495.00 a year.

HEWITT
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COUNCIL WORKSHOP AGENDA ITEM #1.d

IMPORTANT DATES

December 12, 2014 – Holiday Luncheon – (11:30-1:00)

December 13, 2014 – Christmas Parade and Tree Lighting (Lineup at 3:00 PM - Parade to begin at 4:00 PM and Tree lighting at 5:30 PM)

December 24-25, 2014 – Christmas Eve and Christmas Day Holidays

Book Boogie 5K Fun Run – April 11, 2015 – Hewitt Public Library

Barking Mad Ball – June 19, 2015 (Street Dance) and Dog Days – June 20, 2015 – Hewitt Public Library

HEWITT TEXAS

COUNCIL WORKSHOP AGENDA ITEM #4

APPLICATION FOR BOARDS & COMMISSION TO THE CITY OF HEWITT

The City of Hewitt appreciates your interest in serving the community. A listing of the boards and commissions is found behind your application. Appointments are made during the year as vacancies occur. This is great opportunity for to play a vital role in shaping your community.

NAME OF APPLICANT: Fred Bridger

HOME ADDRESS: 613 Durango Circle

DAYTIME TELEPHONE NUMBER: 254-749-88[illegible] EMAIL ADDRESS: FBridger@PFGTemple.com

PLEASE CHECK APPROPRIATE STATEMENTS: ☑ I reside within the city limits of Hewitt, Texas.*
☐ I do ☐ I do not . . . own property located in Hewitt, Texas.

* *IMPORTANT - - By checking this box and signing this form, you are indicating that your __legal residence__ or domicile - your home and fixed place of habitation to which you intend to return after any temporary absence - is located within the city limits of Hewitt, Texas.*

LENGTH OF TIME APPLICANT HAS RESIDED IN THE HEWITT CITY LIMITS: 1 month

PLEASE INDICATE BELOW HOW YOU WOULD LIKE TO SERVE THE CITY OF HEWITT. (__IMPORTANT__: IF MORE THAN ONE AREA IS INDICATED, __NUMBER YOUR PREFERENCES__ WITH "1" BEING YOUR FIRST CHOICE, "2" BEING YOUR SECOND CHOICE, ETC.). PLEASE SEE REVERSE SIDE FOR DESCRIPTIVE INFORMATION.

____ Board of Adjustment (must be resident and owner of property in Hewitt)
____ Civil Service Commission (must be resident of Hewitt)
____ Library Board (must be resident of Hewitt)
✓ Parks and Beautification Committee (must be resident of Hewitt)
____ Planning and Zoning Commission (must be resident and owner of property in Hewitt)

OTHER WAYS YOU SERVE YOUR COMMUNITY: 34 years in Optimist Club

SPECIAL INTERESTS/SKILLS/EXPERIENCE/EDUCATION YOU FEEL MAY BE HELPFUL: Love Outdoors & Wildlife

OCCUPATION/EMPLOYER: PFG Temple

REFERENCES (MUST BE HEWITT RESIDENTS): Fred Raby TELEPHONE #: 254-666-8870

TELEPHONE #:

SIGNATURE OF APPLICANT: Fred Bridger DATE: 10/30/14

Return Application to:
Lydia Lopez, City Secretary
P.O. Box 610
105 Tampico Dr.
Hewitt, Texas 76643
(Fax # 666-6014)

____OFFICE USE ONLY

Date attended board meeting: ____
Date Interviewed by Council: ____
Date appointed by Council: ____
Date sworn in by Council: ____ **Term to expire:** ____
Reappointed: ____ **Term to expire:** ____

Revised: December 2010

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 3

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider approval of minutes of the Council Workshop/Regular/Special Joint Workshop Meeting of November 3, 2014 and Special Called Meeting of November 20, 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
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MINUTES OF A CITY COUNCIL WORKSHOP/MEETING HEWITT CITY HALL – 105 TAMPICO DRIVE November 3, 2014 - 5:30/7:00 PM

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

Members Absent: Ronnie McNiel

Staff Present: City Attorney Charlie Buenger, City Engineer Miles Whitney, City Manager Adam Miles, Assistant City Manager James Barton, Fire Chief Lance Bracco, Police Chief Jim Devlin, Deputy Police Chief Tuck Saunders, Library Director Waynette Ditto, Finance Director Lee Garcia, Utilities Director James Black, and City Secretary Lydia Lopez

Staff Absent: HR/Civil Service Director Susana Garcia-Gilmore

Workshop – 5:30 PM

1. Mayor Wilbert Wachtendorf called meeting to order at 5:30 PM.
2. 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 calculations of wastewater rates including a presentation by Dan Jackson with Economist.com
    c. Informational briefing and discussion was held concerning proposed high density residential development for Senior Citizens and Veterans by Chris Applequist and Adrian Iglesias.
3. The regular meeting agenda items were reviewed.
4. Adjourn. *A motion was made by Mayor Pro Tem Ed Passalugo and seconded by Council Member Bill fuller to adjourn at 6:58 PM; all six in favor.*

REGULAR MEETING – 7:00 PM

1. **CALL THE MEETING TO ORDER.** Mayor Wachtendorf called the meeting to order at 7:00 PM.

2. **PLEDGE OF ALLEGIANCE TO THE U.S. FLAG** – Council Member Travis Bailey led the Pledge of Allegiance.

3. **CONSIDER APPROVAL OF MINUTES OF THE COUNCIL WORKSHOP/REGULAR MEETING OF OCTOBER 6, 2014.** *A motion was made by Mayor Pro Tem Ed Passalugo and seconded by Council Member Travis Bailey to approve the minutes as submitted but allow for corrections; all six in favor, motion passed.*

4. **HEAR VISITORS ON MATTERS PERTAINING TO CITY BUSINESS.** Ryan Johnson, and Mark Odermann, Midway Little League, appeared to request assistance with utilities at Midway Little League fields behind Hewitt Elementary.

5. **CONSIDER A RESOLUTION AUTHORIZING A PROPERTY TAX ABATEMENT FOR ALLIANCE DISTRIBUTING FOR IMPROVEMENTS LOCATED AT 657 ALLIANCE PARKWAY.** *A motion was made by Council Member Bill Fuller and seconded by Council Member James Vidrine to approve; all six in favor, motion passed.*

6. **ADJOURN.** *Motion was made by Mayor Pro Tem Ed Passalugo and seconded by Council Member Travis Bailey to adjourn the meeting at 7:10 PM, all six in favor, motion passed.*

SPECIAL JOINT WORKSHOP

1. Mayor Wachtendorf called the meeting to order at 7:15 PM.
2. Discussion was held concerning the following topics:
   a. Current City projects
   b. Current direction of the Chamber and area partnerships
   c. Use of City property by the Chamber
   d. Future funding of the Publicity and Tourism Agreement
3. Adjourn. *Motion was made by Council Member Alex Snider and seconded by Mayor Pro Tem Ed Passalugo to adjourn the meeting at 8:05 PM, all six in favor, motion passed.*

Approved: December 1, 2014

Lydia Lopez, City Secretary

Wilbert Wachtendorf, Mayor

HEWITT
TEXAS

MINUTES OF A CITY COUNCIL
SPECIAL CALLED MEETING
HEWITT CITY HALL – 105 TAMPICO DRIVE
November 20, 2014 – 5:30 PM

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

Members Absent: Council Member Ronnie McNiel

Staff Present: City Manager Adam Miles, Assistant City Manager James Barton and City Secretary Lydia Lopez

Special Called Meeting – 5:30 PM

1. Mayor Wachtendorf called the meeting to order at 5:30 PM.
2. Convene Executive Session pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following: **NOT HELD**
   - **Pursuant to §551.072 – Purchase, Exchange, Lease, or Value of Real Property.**
3. Close Executive Session.
4. Authorize City Manager to negotiate and execute an agreement for the sale of property located at 208 Chama Drive, Hewitt, TX. *A motion was made by Mayor Pro Tem Ed Passalugo and seconded by Council Member Travis Bailey to authorize the City Manager to negotiate and execute an agreement for the sale of property located at 208 Chama Drive with the City netting $300,000 or above; all six in favor, motion passed.*
5. Adjourn. *A motion was made by Council Member Travis Bailey and seconded by Mayor Pro Tem Ed Passalugo to adjourn the meeting at 5:47 PM.*

Approved: December 1, 2014

Lydia Lopez, City Secretary

Wilbert Wachtendorf, Mayor

HEWITT
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ITEM #4 – 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 1, 2014

AGENDA ITEM #: 5

SUBMITTED BY: Waynette Ditto, Library Director

ITEM DESCRIPTION:

Consider reappointments to the Library Board of Directors.

STAFF RECOMMENDATION/ITEM SUMMARY:

Board members Eric Ames, Mary Anna Roch, Lydia Dashner, 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**
Travis Bailey Ward 1 (05-2015) 412 Oklahoma Avenue 666-1492	Chairman (04-2016) Jim Winton 1136 Heatherwood 857-9436	(06-2016) Kurt Krakowian 804 Pebble Creek Cr. 855-1139	(12-2014) Fred Raby 732 Castleman Creek 666-8870	(12-2014) Eric Ames 249 Fieldcrest Dr. 710-1576
Mayor Wilbert (Walky) Wachtendorf Ward 1 (05-2016) 328 Travis 666-3759	(04-2016) Bradley T. Turner 600 Yukon Pass 723-4912	(06-2016) Bobby Wolske 109 Devonshire 366-4743	(12-2015) Brandon Fuller 504 Aspen Incline Dr. (817) 648-6378	(12-2015) Gayle H. Shipp 704 Cheyenne Trail 495-1044
Bill Fuller Ward 2 (05-2016) 218 Chelsea/PO Box 568 666-3304	(04-2015) Douglas Bergen 264 Earle Rd. 666-0855	(06-2016) Walter H. Peterson 500 Moss Hill Rd. 757-5128	(12-2015) Kevin Summers 208 Russell 349-2533	Secretary (12-2014) Mary Anna Roch 708 Regina 666-0886
James Vidrine Ward 2 (05-2015) 504 Rowan Oak 666-2115	(04-2015) Charles Howard 155 Ellis Farm Rd. 732-4746	(06-2017) David Dossey 1008 Tillamook 722-6325	(12-2015) **Vacancy**	(12-2014) Lydia Dashner 520 Angel Fire Dr. 666-9623
Mayor Pro Tem Ed Passalugo Ward 3 (05-2015) 137 E. Chapman Rd. 420-1926	(04-2015) R. Don Vardeman 432 S First St. 666-2670	(06-2017) Charlie Turner 209 Laredo 666-0087	(12-2014) Lloyd Coffman 807 Attaway 855-3655	(12-2014) Jerry Waltman 1205 Steamboat Drive 666-9459
Ronnie McNiel Ward 3 (05-2016) 960 Lands End Cove 717-2752	Alternate (04-2016) L. Bruce Dollens 1217 Darbyton 644-9437	(06-2017) Michael Lee Hix 336 Bowie Lane 723-5071	(12-2014) Robert Smith 412 Texas Avenue 420-2599	Treasurer (12-2015) Shirlene Lands 217 W. Warren P. O. Box 133 666-3490
Alex Snider At Large (05-2015) 1017 Wind Hill (281) 734-7622	Alternate (04-2016) **VACANCY**	(06-2017) John J. Baker 317 Bonham Drive 235-0464	(12-2014) Ruth D. Coffman 807 Attaway 855-6883	President (12-2015) Sally Goldman 132 Texas 666-2436

Updated: 5/20/2014

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 6

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider appointment/reappointments to the Parks & Beautification Committee.

STAFF RECOMMENDATION/ITEM SUMMARY:

Fred Bridger is scheduled to be interviewed during the workshop. If Council chooses to make this appointment, this will begin his first term. Mr. Bridger will fill the unexpired term of Farrah Burns.

Fred Raby, Lloyd Coffman, Robert Smith and Ruth D. Coffman have terms that expire this month. The Coffmans and Robert Smith have agreed to serve another term. Mr. Raby has declined reappointment. This will leave one vacancy on the Committee. If you have any recommendations for this vacancy, please let me know. These members are in good standing and staff recommends approval of this item.

ATTACHMENTS:

None

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 7

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

ITEM DESCRIPTION:

Confirm City Manager's appointment to the Police Officers' Civil Service Commission in accordance with Chapter 143 of the Texas Local Government Code.

STAFF RECOMMENDATION/ITEM SUMMARY:

Civil Service Commissioner Adam Fiend moved out of the city and is no longer eligible to serve on the Commission. Mr. Tom Mattern has agreed to serve on this Commission and is willing to fill the unexpired term of Mr. Fiend which expires in February 2016.

ATTACHMENTS:

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 8

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Administer Oath of Office to newly appointed members of the Parks & Beautification Committee and the Police Officers' Civil Service Commission.

STAFF RECOMMENDATION/ITEM SUMMARY:

Fred Bridger and Tom Mattern will be present to be sworn in as official members of the Parks & Beautification Committee and Police Officers' Civil Service Commission respectively.

ATTACHMENTS:

Oaths of Office

Form #2204 Rev. 10/2011 **Submit to:** **SECRETARY OF STATE** **Government Filings Section** **P O Box 12887** **Austin, TX 78711-2887** **512-463-6334** **Filing Fee: None**	THE STATE OF TEXAS **OATH OF OFFICE**	**This space reserved for office use**

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Fred Bridger, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Parks & Beautification Committee of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

____
Signature of Officer

State of Texas)
County of McLennan)

Sworn to and subscribed before me this 1 day of December, 20 14 .

(seal)

____
Signature of Notary Public or Other Officer Administering Oath

____
Printed or Typed Name

Form #2204 Rev. 10/2011

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334

Filing Fee: None

This space reserved for office use

OATH OF OFFICE

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Tom Mattern, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Police Officers' Civil Service Commission of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

____
Signature of Officer

State of Texas)
County of McLennan)

Sworn to and subscribed before me this 1 day of December, 20 14 .

(seal)

____
Signature of Notary Public or Other Officer Administering Oath

____
Printed or Typed Name

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 9

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider appointment of Municipal Court Judge.

STAFF RECOMMENDATION/ITEM SUMMARY:

Per the City Charter the Municipal Court Judge must be appointed each year. Dan Francis has agreed to serve if reappointed. Dan has been our Judge for several years; he does an excellent job and has a great working relationship with our Court personnel. Staff recommends approval of his appointment.

ATTACHMENTS:

None

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: December 1, 2014

AGENDA ITEM #: 10

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:
Consider a resolution amending City of Hewitt's Investment Policy.

STAFF RECOMMENDATION/ITEM SUMMARY:
The City's Investment Policy requires Council to review and approve the policy and investment strategies annually, approving any changes or modifications at a regularly scheduled meeting. Changes made this year include: address change for Coastal Securities from 5555 San Felipe St., Ste. 2200, Houston, 77056, to 920 Memorial City Way, 11th Floor, Houston, 77024. Staff recommends adopting the following amended Investment Policy for 2014.

ATTACHMENTS:
Resolution w/Investment Policy 12-1-2014

RESOLUTION NO. 2014-12-01-1

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 1st day of December 2014.

CITY OF HEWITT, TEXAS

____
Wilbert Wachtendorf, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

INVESTMENT POLICY
CITY OF HEWITT
Approved by City Council
December 1, 2014

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 with that entity.

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 high-risk mortgage obligation 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.

Attachment A

City of Hewitt, Texas
Authorized Broker/Dealer List

Coastal Securities
Tony Sekaly
920 Memorial City Way, 11th Floor
Houston, TX 77024
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

Raymond James & Associates, 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

Adopted by Hewitt City Council:

Wilbert Wachtendorf, Mayor **Date**

Lydia Lopez, City Secretary **Date**