



Post Office Box 9010 Addison, Texas  
75001-9010  
5300 Belt Line Road  
(972) 450-7000 Fax: (972) 450-7043

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## AGENDA

### REGULAR MEETING OF THE CITY COUNCIL

AND / OR

### WORK SESSION OF THE CITY COUNCIL

6:00 PM

SEPTEMBER 27, 2011

TOWN HALL

**ADDISON TOWN HALL, 5300 BELT LINE, DALLAS, TX 75254**

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### WORK SESSION

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Item  
#WS1 - Overview of Economic Development Department's  
Business Retention & Expansion Report.

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Item  
#WS2 - Presentation and discussion regarding an update on the  
Texas Municipal Retirement System (TMRS).

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### REGULAR MEETING

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#### Pledge of Allegiance

Item #R1- Announcements and Acknowledgements regarding Town

and Council Events and Activities

Introduction of Employees

Discussion of Events/Meetings

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Item #R2- Consent Agenda.

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#2a- Approval of Minutes for the September 13, 2011 Regular Council Meeting.

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#2b- Approval of a resolution that authorizes the Town to designate representatives that can transact business with the TexPool local government investment pool.

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#2c- Approval of an agreement for professional services with Waters-Oldani Executive Recruitment of The Waters Consulting Group, Inc. to conduct a recruitment process leading to the hiring of a Chief Financial Officer for the Town of Addison.

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#2d- Approval of the renewal of an Interlocal Agreement with Dallas County to allow the Town of Addison to continue participation in the Dallas County Household Hazardous Waste Network to provide for collection and disposal of household hazardous waste.

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#2e- Approval of a forty five (45) day extension of a marketing collateral agreement with Krause Advertising in the amount of \$27,520.

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Item #R3 Recognition of Tom Braun for his service towards the

-

construction of George Bush Elementary.

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Item #R4 Presentation, discussion and consideration of approval of  
- an ordinance amending the Town's investment policy set forth in Chapter 2, Article IV, Division 3 of the Town's Code of Ordinances.

Attachment(s):

1. FY12 Investment Policy
2. Exhibit B - Approved Broker/Dealers
3. Ordinance to Amend Investment Policy

Recommendation:

Staff recommends approval of the ordinance amending the Town's FY 2012 investment policy.

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Item #R5 Presentation, discussion and consideration of approval of a  
- resolution adopting the Town of Addison Investment Strategy for FY 2012.

Attachment(s):

1. FY 2012 Investment Strategy Statement
2. Resolution to Adopt Investment Strategy

Recommendation:

Staff recommends approval of the resolution adopting the Town's FY 2012 investment strategy.

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Item #R6 Presentation by Tom Lamberth, UDR, regarding the  
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progress of the Vitruvian Park Development.

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Item #R7 Discussion of and consideration of approval of a proposed  
- scope of service in the amount of \$35,000 for the  
Metrocrest Chamber of Commerce.

Attachment(s):

1. Metrocrest Chamber Letter

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Item #R8 Discussion of possible issuance of General Obligation  
- Refunding & Improvement Bonds, Series 2011.

Attachment(s):

1. Presentation

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Item #R9 Presentation, discussion, and consideration of approval of  
- an ordinance amending the Town's financial policies set  
forth in Chapter 2, Article IV, Division 2 of the Town's Code  
of Ordinances.

Attachment(s):

1. Ordinance Amending Financial Policies

Recommendation:

Staff recommends approval.

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Item Discussion and consideration of approval of a resolution  
#R10 - affirming the appointment of a member of the DART Board  
of Directors.

Attachment(s):

1. DART Resolution
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Item  
#R11- Discussion and consideration of appointments to the Addison Bond Committee.

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Item  
#ES1 - Closed (Executive) session of the Addison City Council pursuant to Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

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Item  
#R12 - Consideration of any action regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or any action regarding the offer of a financial or other incentive to such business prospect or business prospects.

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Adjourn Meeting

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Posted:  
Chris Terry, 9/16/2011, 5:00 PM

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**



## **Council Agenda Item: #WS1**

**AGENDA CAPTION:**

Overview of Economic Development Department's Business Retention & Expansion Report.

**FINANCIAL IMPACT:**

TBD

**BACKGROUND:**

Council will be provided an overview of local business retention and expansion visits conducted by mayor and economic development director.

**RECOMMENDATION:**

N/A

**COUNCIL GOALS:**

Provide For A Diversified Business Climate

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## **Council Agenda Item: #WS2**

**AGENDA CAPTION:**

Presentation and discussion regarding an update on the Texas Municipal Retirement System (TMRS).

**FINANCIAL IMPACT:**

**BACKGROUND:**

Presentation by Executive Director, David Gavia.

**RECOMMENDATION:**

**COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible Manner, Employ High-Quality, Service-Oriented Personnel, Take actions to make Addison a leader in sustainable development and operations that protect and enhance the Town's quality of life

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## Council Agenda Item: #R 2a

**AGENDA CAPTION:**

Approval of Minutes for the September 13, 2011 Regular Council Meeting.

**FINANCIAL IMPACT:**

N/A

**BACKGROUND:**

N/A

**RECOMMENDATION:**

N/A

**COUNCIL GOALS:**

N/A

**ATTACHMENTS:**

Description:

[September 13 Minutes](#)

Type:

Backup Material

# OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL REGULAR MEETING

September 13, 2011

7:30 PM - Town Hall

Addison Town Hall, 5300 Belt Line, Dallas, TX 75254

Posted by Chris Terry, 9/9/2011, 5:00 PM

Council Members Present:

Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Absent:

None

## REGULAR MEETING

Item #R1 - Announcements and Acknowledgements regarding Town and Council Events and Activities

The following employees were introduced: Katie Roller, Finance and Patty Frederick, Dispatch

There was no action taken.

Item #R2 - Consent Agenda

#2a - Approval of Minutes for the August 23, 2011 Regular Council Meeting.

A motion to Approve was made by Council Member Blake Clemens.

The motion was seconded by Council Member Kimberly Lay.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

#2b - Approval of Minutes for the August 30, 2011 Special Council Meeting.

A motion to Approve was made by Council Member Blake Clemens. The motion was seconded by Council Member Kimberly Lay.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

#2c - Approval of a Resolution authorizing the execution of an Interlocal Agreement between the Town of Addison and the Town of Highland Park for the use of the Town's jail facility.

Resolution R11-013 was approved.

A motion to Approve was made by Council Member Blake Clemens. The motion was seconded by Council Member Kimberly Lay.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

#2d - Authorizing the Town of Addison to reenter into an agreement with the Texas Department of Transportation for a Selective Traffic Enforcement Program (STEP) grant in the amount of \$29,648.26.

Item was pulled for clarification. Ron Davis spoke regarding this item, advising the Council that the total amount will be less than the amount specified.

Council Member Lay moved approval of the item with the redaction the dollar amount of the grant; subject to the City Manager and City Attorney final review and approval.

A motion to Approve w/ Conditions was made by Council Member Kimberly Lay.

The motion was seconded by Council Member Blake Clemens.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

#2e - Approval of an Ordinance of the Town of Addison, Texas providing for the abandonment of the Town's interest in a portion of a sanitary sewer easement generally located within the area adjacent to the southeast corner of the intersection of Addison Road and Keller Springs Road.

Ordinance 011-056 was approved.

A motion to Approve was made by Council Member Blake Clemens.

The motion was seconded by Council Member Kimberly Lay.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

Item #R3 - Recognition of Tom Braun for his service towards the construction of George Bush Elementary.

Item was deferred until the September 27 Council Meeting.

There was no action taken.

Item #R4 - Presentation by Tom Lamberth, UDR, regarding the progress of the Vitruvian Park Development.

Item was deferred until the September 27 Council Meeting.

There was no action taken.

Item #R5 - Discussion and consideration of appointments to the Bond Advisory Committee.

Roger Mellow nominated Pam Krueger, 14640 Vintage Lane, to the Bond Advisory Committee.

A motion to Approve was made by Council Member Roger Mellow.

The motion was seconded by Council Member Bruce Arfsten.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

Item #R6 - FINAL PLAT/Lot 6A, Block D, Addison Airport Industrial District. Discussion and consideration of approval of a final plat for one tract of 3.532 acres, addressed as 4300 Lindbergh Drive, and located on the south side of Lindbergh Drive, 1,100 feet east of the intersection of Midway and Lindbergh Drive, on application from W.O. Bankston Paint and Body, Inc., represented by Mr. Christopher McCluskey of Pacheco Koch Consulting Engineers, Inc.

COMMISSION FINDINGS: The Addison Planning and Zoning Commission, meeting in regular session on August 25, 2011, voted to recommend approval of the final plat for Lot 6A, Block D, Addison Airport Industrial District, subject to the following conditions: 1. A three foot (3') right-of-way dedication is required along Lindbergh Drive according to the Town of Addison Transportation Plan. 2. Add all necessary water line and electrical easements. 3. Show the limits of the detention area easement and add the attached language to the face of the plat. 4. Provide a closure sheet. 5. The plat shall be revised to contain a note stating that all electric utility lateral and service lines on the site shall be constructed underground. Voting Aye: Angell, Doherty, Groce, Gunther, Hewitt, Oliver, Voting Nay: None Absent: Wheeler

Carmen Moran spoke regarding this item.

A motion to Approve was made by Council Member Bruce Arfsten.  
The motion was seconded by Council Member Blake Clemens.  
The motion result was: Passed  
Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow,  
Resnik  
Voting Nay: None

Item #R7 - Discussion of and consideration of action regarding  
Metrocrest Chamber sub-lease of Visit Addison.

Council Member DeFrancisco clarified that his motion from August 23  
should read "8 months of base lease payments, starting May 1, 2011  
and ending December 31, 2011, be abated and prorated monthly  
through the term of the remainder of the lease agreement."

A motion to Approve was made by Council Member Chris  
DeFrancisco.  
The motion was seconded by Council Member Kimberly Lay.  
The motion result was: Passed  
Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow,  
Resnik  
Voting Nay: None

Item #R8 - PUBLIC HEARING regarding the Town of Addison's  
Annual Budget and proposed tax rate for the Fiscal Year ending  
September 30, 2012.

The following people spoke at the public hearing:

Mary Carpenter, 4006 Winter Park Drive

There was no action taken.

Item #R9 - Consideration, discussion and approval of an ordinance of  
the Town of Addison, Texas approving and adopting the annual

budget for the fiscal year beginning October 1, 2011 and ending September 30, 2012; providing that said expenditures for said fiscal year shall be made in accordance with said budget; providing for a repeal clause.

Ordinance 011-057 was approved.

A motion to Approve was made by Council Member Kimberly Lay.

The motion was seconded by Council Member Bruce Arfsten.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

Item #R10 - Consideration and approval of a resolution ratifying the property tax increase reflected in the annual budget for the fiscal year beginning October 1, 2011, and ending September 30, 2012.

This item (originally listed as R12) was moved by Mayor Meier to precede the adoption of the FY12 tax rate in accordance with state law.

Resolution R11-014 was approved.

A motion to Approve was made by Council Member Blake Clemens.

The motion was seconded by Council Member Neil Resnik.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

Item #R11 - Presentation, discussion and consideration of approval of an ordinance levying taxes for the Town of Addison, Texas and fixing and adopting the tax rate on all taxable property for the year 2011 at a rate of \$0.5800 per one hundred dollars (\$100.00) valuation on all

taxable property within the corporate limits of the Town of Addison as of January 1, 2011; providing for a penalty and interest for delinquent taxes; declaring an emergency and providing an effective date.

Ordinance O11-058 was approved.

A motion to Approve was made by Council Member Blake Clemens.

The motion was seconded by Council Member Neil Resnik.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

Item #R12 - Presentation, discussion and consideration of approval of an amendment to the Code of Ordinances of the City by amending Chapter 82 (Utilities), Article I (In General), Division 5 (Rates and Charges) by amending Section 82-76 and Section 82-77 increasing sewage rates and water rates for all customer classifications.

Ordinance 011-059 was approved.

A motion to Approve was made by Council Member Bruce Arfsten.

The motion was seconded by Council Member Blake Clemens.

The motion result was: Passed

Voting Aye: Arfsten, Clemens, DeFrancisco, Lay, Meier, Mellow, Resnik

Voting Nay: None

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Mayor-Todd Meier

Attest:

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City Secretary-Chris Terry

## **Council Agenda Item: #R 2b**

### **AGENDA CAPTION:**

Approval of a resolution that authorizes the Town to designate representatives that can transact business with the TexPool local government investment pool.

### **FINANCIAL IMPACT:**

There is no financial impact associated with this item.

### **BACKGROUND:**

In addition to investing in individual securities, the Town also invests a portion of our investment portfolio in a local government investment pool known as TexPool. The pool invests primarily in short-term securities maturing in less than 7 days, and Town funds are available at any time without penalty. As such, TexPool offers the Town a competitive short-term investment yield with the added flexibility of immediate funds availability.

Due to staffing changes, the list of authorized representatives with TexPool needs to be amended to delete the Chief Financial Officer and add the Management Analyst and Assistant to the City Manager.

To make these changes, TexPool requires that the City Council approve a resolution. The Financial Services Manager is also retained as an authorized representative that can conduct transactions with TexPool. The Financial Services Manager, Management Analyst, and Assistant to the City Manager are also currently authorized to conduct transactions with the Town's other investment pool known as TexSTAR.

### **RECOMMENDATION:**

Staff recommends approval.

### **COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible

## Manner

### ATTACHMENTS:

Description:

[Resolution](#)

Type:

Resolution Letter



# RESOLUTION AMENDING AUTHORIZED REPRESENTATIVES

WHEREAS, THE TOWN OF ADDISON - 11333  
(Participant Name & Location Number)

("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("TexPool/ Texpool Prime"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

- A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.
- B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and
- C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representatives of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1. Name: MARISA PERRY Title: Financial Services Manager  
Phone/Fax/Email: 972-450-7044 / 972-450-7096 / mperry@addisontx.gov  
Signature: [Handwritten Signature]

2. Name: JERRY LEWANDOWSKI Title: Management Analyst  
Phone/Fax/Email: 972-450-7011 / 972-450-7096 / jlewandowski@addisontx.gov  
Signature: [Handwritten Signature]

ORIGINALS REQUIRED

TEX - REP

3. Name: mart mcwambgs Title: Assistant to the city manager  
Phone/Fax/Email: 917.450.1090/917.450.1043/mmcwambgs@addisontx.gov  
Signature: [Signature]

4. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone/Fax/Email: \_\_\_\_\_  
Signature: \_\_\_\_\_

List the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name marisa perry

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. This limited representative cannot perform transactions. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

5. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone/Fax/Email: \_\_\_\_\_

D. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation. This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 21<sup>st</sup> day september, 2011.

NAME OF PARTICIPANT: The Town of Addison, 11333

BY: [Signature]  
Signature  
marisa perry Todd meier  
Printed Name  
financial services manager mayor  
Title

ATTEST: \_\_\_\_\_  
Signature  
CHRIS PERRY  
Printed Name  
Assistant city manager / city secretary  
Title

**This document supersedes all prior Authorized Representative designations.**

ORIGINALS REQUIRED

TEX – REP

## Council Agenda Item: #R 2c

### **AGENDA CAPTION:**

Approval of an agreement for professional services with Waters-Oldani Executive Recruitment of The Waters Consulting Group, Inc. to conduct a recruitment process leading to the hiring of a Chief Financial Officer for the Town of Addison.

### **FINANCIAL IMPACT:**

Funds from salary savings will be available due to the retirement of the Chief Financial Officer in the FY 2011-12 budget. Cost: Professional fee - \$17,500.

### **BACKGROUND:**

Staff has identified the experienced firm of Waters-Oldani Executive Recruitment of the Waters Consulting Group, Inc. to perform these functions for the Town. Waters-Oldani proposes a targeted approach involving development of a brochure and advertising materials for the position, candidate identification, applicant screening, background and reference checks and assistance in the interview process.

A proposed timeline is detailed in the attached proposal. Mr. Chuck Anderson of Waters-Oldani will be in attendance at the Tuesday, September 27th Council meeting to answer any questions.

### **RECOMMENDATION:**

Staff recommends approval.

### **COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible Manner, Employ High-Quality, Service-Oriented Personnel

### **ATTACHMENTS:**

Description:

[Waters Agreement for Services](#)

[CFO Timeline](#)

Type:

Cover Memo

Cover Memo

## AGREEMENT FOR SERVICES

Agreement made this 12<sup>th</sup> day of September 2011 between the Town of Addison, Texas, hereafter referred to as “the Client”, and The Waters Consulting Group, Inc., hereafter referred to as “WCG”.

### RECITALS

The Client has its principal place of business at 16801 Westgrove Drive, Addison, Texas 75001-9010. WCG has its principal place of business at 5050 Quorum Drive, Suite 625, Dallas, Texas 75254. WCG provides services to clients across the nation in the field of wage and salary system development, performance assessment and management, executive recruitment and other related human resource services; therefore, the Client engages the executive recruitment services of WCG; and in consideration of the promises herein contained, both parties agree to the following:

### TERM

1. This Agreement shall be for the period necessary for successful completion of the project, commencing on September 12, 2011 and may not be terminated by the Client unless WCG's services are no longer desired. If the Client terminates, WCG is entitled to any portion of its fee so earned. If any of these provisions apply, the terminating party must provide 30 days written notice to the other party.

### SCOPE OF PROFESSIONAL SERVICES

2. WCG will provide professional services in the area of an executive recruitment for the position of Chief Financial Officer. This Agreement includes WCG's commitment to provide all elements of the recruitment process, services, and conditions described in our Proposal dated September 12, 2011.

### PROFESSIONAL FEE AND EXPENSES

3. The professional fee is \$17,500.00 for services with an additional hourly rate for other optional elements, if elected by the Client. Project-related expenses are additional and include, but are not limited to, advertising, printing, candidate background and reference checks, and travel expenses for on-site visits by the Lead Consultant.. Project-related expenses are approximately \$6,500.00. Travel expenses incurred by candidates for on-site interviews with the client are not

the responsibility of WCG and are handled directly by the client organization. The Client will make payments for the project upon receipt of an invoice submitted by WCG. Payment to WCG is expected within 30 calendar days. All invoices will be forwarded to the Client for processing unless otherwise directed. For reporting purposes, WCG's tax identification number is 75-2272138.

The all-inclusive professional price will be billed in four installments; 30% of the fee will be billed at the beginning of the recruitment; 30% at the implementation of Phase I; 30% at the implementation of Phase II; and the final 10% upon acceptance of offer by the candidate.

PHASE	DESCRIPTION OF PROFESSIONAL SERVICES
Phase I	Task 1 – Candidate Profile Development/Advertising/Marketing (includes one day on site by Lead Consultant) Task 2 – Identify Quality Candidates
Phase II	Task 3 – Screening of Applications and Submission of Recommended Finalists to Client. Task 4 – Reference Checks, Background Checks, and Academic Verifications
Phase III	Task 5 – Final Process/On-Site Interviews with Finalists (includes two days on site by Lead Consultant)
Conclusion	Acceptance of offer by candidate
<b>TOTAL ALL-INCLUSIVE PROFESSIONAL FEE</b>	
<b>\$17,500.00</b>	

OPTIONAL SERVICES FOR CONSIDERATION	FEES
Additional work related to the search process and as specifically requested by the client which is outside of the scope of this project (i.e. additional onsite meetings) is additional. The fixed professional fee for this recruitment anticipates no more than three onsite consulting days with one consultant. However, we would be pleased to provide additional onsite consulting visits for our standard daily rate of \$1500 plus expenses.	\$1500.00 per day plus expenses

**ADDITIONAL PLACEMENTS**

4. If candidates from this recruitment process are selected for another position by the Client, within one year of the close of the recruitment, a fee of 50% of the above mentioned fee amount will be due to WCG.

**TRIPLE GUARANTEE**

5. (1) A commitment to remain with the recruitment assignment until you have made an appointment for the fees and tasks quoted in this proposal. If you are unable to make a

selection from the initial group of Finalists, Waters-Oldani will work to identify a supplemental group until you find a candidate to hire; (2) Your executive recruitment is guaranteed for 24 months against termination for cause. Within the first year, the replacement recruitment will be repeated with no additional professional fee, but only for project-related expenses. During the second year, the replacement recruitment is reduced to 50% of the professional fee plus project-related expenses. Candidates appointed from within your organization do not qualify for this guarantee. This guarantee is subject to further limitations and restrictions of your state laws. Additional services include a performance appraisal and review after 12 months of service of the appointed candidate, with no professional fee charged to you. If you elect to use this service, the only cost you would incur would be the reimbursement for any project-related expenses; and (3) Waters-Oldani will not solicit any candidates selected under this contract for any other position while the candidate is employed with your organization.

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**DEVOTION OF TIME**

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6. WCG shall devote such time to the performance of its duties under this Agreement as is necessary for the completion of all project phases.

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**ENTIRE AGREEMENT**

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7. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this Agreement that is not contained herein shall be valid or binding.

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**AMENDMENT**

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8. This Agreement may be amended by the mutual agreement of the parties hereto in writing and must be attached to and incorporated into this Agreement.

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**LEGAL CONSTRUCTION**

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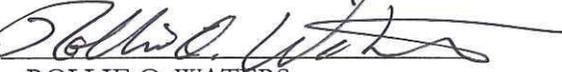
9. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions thereof and this Agreement shall be constructed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Executed on the day and the year first written in this Agreement.

TOWN OF ADDISON, TEXAS

THE WATERS CONSULTING GROUP, INC.

By: x \_\_\_\_\_  
Name:  
Title:

By: x   
Name: ROLLIE O. WATERS  
Title: PRESIDENT

**ADDISON, TEXAS  
EXECUTIVE RECRUITMENT  
CHIEF FINANCIAL OFFICER  
PRELIMINARY TIMELINE**

The following Timeline represents a preliminary schedule for your executive recruitment based on a commencement date of September 27, 2011. Actual target dates will be developed in consultation with and approved by the Town of Addison.

<b>Activity</b>	<b>Target Date</b>
<ul style="list-style-type: none"> <li>• The Waters Consulting Group (WCG) Completes Research and Interviews to Develop Candidate Profile and Recruitment Brochure; The Town of Addison (Town) Approves Ad Placement Schedule and Timeline.</li> </ul>	September 30, 2011
<ul style="list-style-type: none"> <li>• WCG Sends Draft Recruitment Brochure to Town.</li> </ul>	October 10, 2011
<ul style="list-style-type: none"> <li>• Town Returns Draft Recruitment Brochure (with edits) to WCG.</li> </ul>	October 17, 2011
<ul style="list-style-type: none"> <li>• WCG Commences Executive Recruitment Advertising and Marketing.</li> </ul>	October 17, 2011
<ul style="list-style-type: none"> <li>• WCG Commences First Formal Review of Applications and Sends Most Promising Applicants a Candidate Questionnaire to Provide Additional Information about Background and Experience.</li> </ul>	October 31, 2011
<ul style="list-style-type: none"> <li>• WCG Completes First Formal Review of Applications and Sends Selected Resumes and Questionnaire Responses to the Town for Review.</li> </ul>	November 15, 2011
<ul style="list-style-type: none"> <li>• WCG Meets with Town and Recommends Semi-Finalists; Town Selects Finalists for On-Site Interviews.</li> </ul>	November 21, 2011
<ul style="list-style-type: none"> <li>• WCG Completes Reference Checks/Background Checks/Academic Verification for Finalists.</li> </ul>	December 5, 2011
<ul style="list-style-type: none"> <li>• WCG Sends Documentation for Finalists to Town.</li> </ul>	December 8, 2011
<ul style="list-style-type: none"> <li>• Town Conducts On-Site Interviews with Finalists.</li> </ul>	Week of December 12, 2011
<ul style="list-style-type: none"> <li>• Town Extends Employment Offer to Finalist.</li> </ul>	Week of December 12, 2011

## Council Agenda Item: #R 2d

### **AGENDA CAPTION:**

Approval of the renewal of an Interlocal Agreement with Dallas County to allow the Town of Addison to continue participation in the Dallas County Household Hazardous Waste Network to provide for collection and disposal of household hazardous waste.

### **FINANCIAL IMPACT:**

Disposal costs are billed based on actual usage. Based on historical usage, program costs are anticipated not to exceed \$10,000.

### **BACKGROUND:**

The town entered into an Interlocal Agreement with Dallas County in order to join the Dallas County Household Hazardous Waste Network in 2008. The agreement provides the cooperative framework for the Town and Dallas County to undertake a variety of activities necessary to coordinate the planning and implementation of a Household Hazardous Waste (HHW) collection program, and to provide public education aimed at decreasing the generation of HHW.

### **RECOMMENDATION:**

Staff recommends approval

### **COUNCIL GOALS:**

Provide Superior Public Safety, Customer Service, Social and Health Services to the Community, Take actions to make Addison a leader in sustainable development and operations that protect and enhance the Town's quality of life

### **ATTACHMENTS:**

Description:

[Dallas County ILA](#)

Type:

Backup Material

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**AMENDMENT NO. 4  
TO THE HOUSEHOLD HAZARDOUS WASTE INTERLOCAL AGREEMENT  
(The "Agreement")  
BETWEEN  
DALLAS COUNTY  
AND  
TOWN OF ADDISON  
(The "City")  
A MEMBER CITY OF  
THE DALLAS AREA HOUSEHOLD HAZARDOUS WASTE NETWORK**

**WHEREAS**, on August 16, 2011, the Dallas County Commissioners Court was briefed on a request from the cities of the Dallas Area Household Hazardous Waste Network to renew and revise the effective term and specify new fiscal year budgets for the Household Hazardous Waste Program Interlocal Agreement ("Agreement") that was authorized by Court Order 2007-1474; and

**WHEREAS**, Amendment No. 4 will extend the Agreement for a fifth and final year, from October 1, 2011 through September 30, 2012, as provided in Section I of the Agreement, which permits up to four additional one-year renewals of the contract term; and

**WHEREAS**, the requested amended Exhibit A2012, attached herein, will allow each participating city to update its individual budget limit for FY12; and

**WHEREAS**, the requested amended Exhibit B2012, attached herein, will update overall program budget amounts for the new fiscal year; and

**WHEREAS**, Amendment No. 4, along with the attachments, will serve to continue the Household Hazardous Waste Program through fiscal year 2012, with no other changes in the basic terms and conditions of the Agreement, at no cost to Dallas County;

**NOW THEREFORE**, by execution of this Amendment No. 4, the Agreement is amended hereby as set forth below.

**I.  
PURPOSE**

Amendment No. 4 amends the Agreement to reflect changes in the effective term and fiscal year budget, as those changes are indicated in Exhibits A2012 and B2012.

**II.  
EFFECT OF THE AGREEMENT**

By execution of this Amendment No. 4, the Agreement is amended hereby with respect to the Exhibits described below. No other sections, provisions, clauses or conditions of the Agreement are waived, deleted or changed hereby, and shall all remain in full force and effect throughout the term of the Agreement and any duly authorized amendments.

**III.  
AMENDED PROVISIONS**

The new term of the Agreement shall be October 1, 2011, through September 30, 2012.

First, Exhibit A2011 of the FY2011 Agreement entitled *Changes to Interlocal Agreement FY2010 Between Dallas County and HHW Network Member City*, as contained in Amendment No. 3, shall be deleted in its entirety and shall be replaced with the attached Exhibit A2012 entitled *Changes to Interlocal Agreement FY2011 Between Dallas County and HHW Network Member City*.

Second, Exhibit B2011 of the FY2011 Agreement entitled *FY2011 HHW Program Budget Summary*, as contained in Amendment No. 3, shall be deleted in its entirety and shall be replaced with the attached Exhibit B2012 entitled *FY2012 HHW Program Budget Summary*.

**IN WITNESS WHEREOF**, by their signatures below, the duly authorized representatives of Dallas County and City of Dallas, a member city of the Dallas Area Household Hazardous Waste Network, do hereby agree and append this Amendment No. 4 to the Agreement.

**EXECUTED THIS** the \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**DALLAS COUNTY:**

**TOWN OF ADDISON:**

\_\_\_\_\_  
**BY:** Clay Jenkins  
County Judge

\_\_\_\_\_  
**BY:**  
**TITLE:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**BY:** Chief  
Civil Section  
Dallas County District Attorney's Office

## EXHIBIT A2012

### CHANGES TO INTERLOCAL AGREEMENT FY2011 BETWEEN DALLAS COUNTY AND HHW NETWORK MEMBER CITY

The following replaces the language contained in Exhibit A2011 of the agreement.

1. "A sum not to exceed \$ \_\_\_\_\_  
for disposal, setup, operational, capital and transportation costs for HHW  
collection for residents of the City during the period from October 1, 2011  
through September 30, 2012.
  - a. Collection, setup, and disposal costs will be paid after-the-  
fact, based on actual usage by the city at events and at the  
collection center.
  - b. Operational and capital costs shall be paid quarterly in  
advance.
  - c. In the event of early withdrawal, the operational and capital  
costs will not be pro-rated for partial quarter participation but will  
become immediately due and payable in full."

**Exhibit B2012**

**FY2012 HHW PROGRAM BUDGET SUMMARY**

This exhibit summarizes the total program funding for FY2012 as approved by the Dallas Area Household Hazardous Waste Network at its regular meeting on April 13, 2011, and replaces the language contained in Exhibit B2011 of the agreement.

Fixed costs include personnel and operating costs, which are shared by the Network cities based on single-family household projections published by North Central Texas Council of Governments. Personnel costs include all HHW staff salaries and fringe. Operating costs include supplies, equipment, advertising, public education, volunteer support, staff development, printing, postage, facility maintenance, utilities, and all other direct programming costs.

Capital costs are provided by the cities based on single-family household projections published by North Central Texas Council of Governments and set aside for capital maintenance and improvements including building repairs, equipment repair or replacement, mechanical upgrades, and expansion projects.

Variable costs are comprised of vendor costs for collection, contract labor, and disposal, which vary according to actual usage and are indicated in the budget summary for planning purposes only. ***Funding for collection, contract labor, and disposal costs will be collected from the cities after the fact, on an as-used basis.***

Budget adjustments made during the term of the agreement shall not result in a City Funding amount that exceeds the approved budget total shown herein. The County may make line item transfers within the operating budget when these transfers do not exceed \$5,000. Budget adjustments in excess of \$5,000 must be approved by the HHW Network.

<b>BUDGET SECTION</b>	<b>CITY FUNDING</b>
<b>OPERATIONAL BUDGET (FIXED COSTS)</b>	
Personnel Costs	\$ 376,301
Operating Costs	\$ 200,575
Sub-Total	\$ 576,876
<b>CAPITAL EXPENSE BUDGET</b>	\$ 20,000
<b>COLLECTION / LABOR / DISPOSAL BUDGET (VARIABLE COSTS)</b>	\$ 752,750
<b>TOTAL PROGRAM BUDGET</b>	<b>\$1,349,626</b>

## Council Agenda Item: #R 2e

**AGENDA CAPTION:**

Approval of a forty five (45) day extension of a marketing collateral agreement with Krause Advertising in the amount of \$27,520.

**FINANCIAL IMPACT:**

Funding will be sourced from the Marketing Department's budget.

**BACKGROUND:**

n/a

**RECOMMENDATION:**

**COUNCIL GOALS:**

Continue to Attract Visitors

**ATTACHMENTS:**

Description:

[Contract Extension Agreement](#)

Type:

Backup Material

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**FOURTH AMENDMENT TO ADVERTISING AGREEMENT**

This Fourth Amendment to Advertising Agreement (“Fourth Amendment”) is made as of October 1, 2011 (“Effective Date”) by and between the Town of Addison, Texas (the “City”) and Krause Advertising, Inc., a Texas corporation (“Krause”) (the City and Krause are herein sometimes referred to together as the “parties” and individually as a “party”).

Recitals:

1. The City and Krause previously entered into an agreement entitled “Advertising Agreement” (the “Original Agreement”) dated October 1, 2007, pursuant to which Krause has provided to the City advertising services as requested by the City. The Advertising Agreement has been amended three times to, among other things, extend its term and to modify its scope (as amended, the “Advertising Agreement”).

2. Subject to its terms and conditions, the Advertising Agreement was, by the last amendment prior to this Fourth Amendment, to continue in effect through September 30, 2011. As set forth herein, the parties desire to extend the term of the Advertising Agreement for a period of 45 days following September 30, 2011 and to make other modifications applicable to that period of time as set forth herein.

**NOW, THEREFORE**, for and in consideration of the above and foregoing premises, the mutual promises and covenants contained herein, and other good and valuable consideration, the Town of Addison, Texas and Krause Advertising, Inc. do contract and agree as follows:

**Section 1. Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein in their entirety.

**Section 2. Amendment.** The Advertising Agreement is modified and amended as set forth below. Capitalized words and phrases used but not defined herein have the meaning given to them in the Advertising Agreement.

A. *Term.* The Advertising Agreement shall be extended for a period of 45 days following September 30, 2011, or from October 1, 2011 through November 14, 2011 (the “Extended Term”). During the Extended Term, Krause will provide advertising Services to the City in accordance with the Advertising Agreement as further amended by this Fourth Amendment.

B. *Services.* During the Extended Term, Krause will provide advertising Services, as requested from time to time by the City and to the City’s satisfaction, for:

1. Addison WorldFest (scheduled to be held October 22– 23, 2011) (“WorldFest”), with the Services to be provided for WorldFest are those described in the category labeled “Production Job” as set forth in Exhibit 1 attached hereto and incorporated herein (the “WorldFest Services”); and

2. the promotion of economic development, with the Services to be provided for such promotion being those described in the category labeled “Media” as set forth in Exhibit 1 (the “Economic Development Services”).

These advertising Services are the only Services to be provided by Krause to the City, and to be paid for by the City, during the Extended Term.

C. *Compensation.*

1. Compensation to be paid by the City to Krause for the WorldFest Services and the Economic Development Services (collectively, the “Extended Services”) shall be as follows:

(a) The compensation for each component (job) for the WorldFest Services shall not exceed the amounts for them set forth in Exhibit 1, and the total compensation for the WorldFest Services shall not exceed \$11,030.00 as set forth in Exhibit 1.

(b) The compensation for each component (run date) for the Economic Development Services shall not exceed the amounts for them set forth in Exhibit 1, and the total compensation for the Economic Development Services shall not exceed \$16,490.00 as set forth in Exhibit 1.

(c) The total compensation and payment by the City to Krause for the Extended Services shall not exceed \$27,520.00 as set forth in the item “Total Production & Media” included in Exhibit 1.

2. Within 30 days after providing any of the Extended Services, Krause will submit to the City an invoice for those Extended Services. Each invoice shall include a description of the Extended Services provided. Krause will provide such additional documents, materials and/or information as the City may request in connection with the invoice and/or the compensation to be paid to Krause.

D. *Provisions Applicable to All Services.*

1. All advertising Services provided by Krause include two rounds of revisions. For all additional revisions as may be requested by the City, Krause will, prior to providing further revisions, provide to the City an estimate of the cost for all of Krause’s time and expenses, together with any third-party services in connection therewith. Krause shall not provide any further revisions until such time as the City has approved such estimate in writing.

2. Krause shall not provide any advertising Services hereunder, or engage the services or work of any third person or entity, until the same has been approved in writing by the City.

3. Subject to the terms and conditions of the Advertising Agreement, and including this Fourth Amendment, the City will pay an invoice submitted by Krause within thirty

(30) days following the date of the City's receipt of the invoice and all of the additional documents, materials and/or information (if any) requested by the City from Krause.

4. The City's obligation to pay the advertising Services of Krause and expenses and costs related thereto under this Agreement is subject to the annual appropriation and budgeting of funds by the City to pay the same.

5. Any provision hereof to the contrary notwithstanding, the City shall not be obligated to make payment to Krause hereunder if:

(a) Krause is in default of any of its obligations under this Agreement or any other documents in connection with the Services (and payment may be withheld to the extent of any such default);

(b) Any part of such payment is attributable to any work or Services of Krause which are not performed in accordance with this Agreement;

(c) Krause has failed to make payment promptly to subcontractors or consultants or other third parties used by Krause in connection with Krause's Services or other work hereunder for which the City has made payment to Krause; or

(d) If the City, in its good faith judgment and after consultation with Krause, determines that the portion of the compensation then remaining unpaid will not be sufficient to complete the applicable advertising Services under this Agreement, no additional payments for such Services will be due Krause hereunder unless and until Krause performs a sufficient portion of such Services so that such portion of the compensation remaining unpaid is determined by City to be sufficient to complete such Services.

6. All records, documents, plans, proposals, surveys, evaluations, recommendations, reports, and all other materials and information in whatever form or format (whether paper, electronic or otherwise) prepared, reviewed, evaluated, or received by, for, or on behalf of Krause, or which are in or subject to Krause's possession or under Krause's control, pursuant to, in connection with, or related to this Fourth Amendment, and the work and services of Krause hereunder, (collectively, the "Records") shall belong to and are owned by the City. Upon request of the City, or upon the termination or expiration of this Fourth Amendment, Krause shall promptly provide and deliver any and all Records to the City.

Krause, its officers, employees, representatives, and agents shall keep (and Krause shall cause its subcontractor(s) to keep) all Records received by or on behalf of Krause, or prepared by or for Krause or the City, in connection with or related to the Services hereunder, confidential, and shall not release, reveal, divulge, or furnish the same to any person or entity unless authorized in writing by the City. This obligation shall survive the expiration or termination of this Agreement. In the event of Krause's breach or threatened breach of this provision, the City shall be entitled to an injunction or restraining order obtained from any court having appropriate jurisdiction restraining Krause from any unauthorized use or disclosure of such information, but such injunction or restraining order shall not limit the City's right to seek any other remedy available to

the City, whether at law, in equity or otherwise, in connection with such breach or threatened breach.

The provisions of this paragraph 6 shall survive the expiration or termination of this Fourth Amendment.

**Section 3. No Third Party Beneficiaries.** The Agreement, and all amendments thereto (including this Third Amendment) are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

**Section 4. No Other Amendments.** Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of the Advertising Agreement shall remain unchanged and in full force and effect (including, without limitation, provisions concerning insurance, and concerning indemnity. To the extent of any conflict between this Fourth Amendment and the Original Agreement and prior amendments to the Original Agreement, the terms and provisions of this Fourth Amendment shall control. Without limiting the foregoing, the City and Krause agree that all provisions of the Advertising Agreement, including provisions relating to termination, breach or default of the Advertising Agreement and City remedies for such breach or default, and indemnity obligations and provisions (as set forth in the Second Amendment to Advertising Agreement between the City and Krause), shall apply to the terms, conditions and provisions of this Fourth Amendment.

**Section 5. Effective Date; Extension of Term.** This Fourth Amendment shall take effect on October 1, 2011, and as set forth above shall continue in effect through November 14, 2011, subject to the termination provisions and other terms and provisions of the Advertising Agreement and as amended by the Fourth Amendment, and subject to the annual appropriation and budgeting of funds by the Town to make payments hereunder. If funds to make any payment or payments under the Advertising Agreement, including as amended by this Fourth Amendment, are not appropriated and budgeted by the Town, the said Advertising Agreement shall terminate.

**Section 6. Authority to Execute.** The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Amendment on behalf of the parties hereto.

**IN WITNESS WHEREOF**, the undersigned parties execute this First Amendment To Advertising Agreement effective as of the date first set forth above.

**TOWN OF ADDISON, TEXAS**

**Krause Advertising, Inc.**

By: \_\_\_\_\_  
Ron Whitehead, City Manager

By: \_\_\_\_\_  
Typed/printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 1**

*[attach schedule of billing]*

## Council Agenda Item: #R3

**AGENDA CAPTION:**

Recognition of Tom Braun for his service towards the construction of George Bush Elementary.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

**COUNCIL GOALS:**

N/A

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## **Council Agenda Item: #R4**

### **AGENDA CAPTION:**

Presentation, discussion and consideration of approval of an ordinance amending the Town's investment policy set forth in Chapter 2, Article IV, Division 3 of the Town's Code of Ordinances.

### **FINANCIAL IMPACT:**

There is no financial impact associated with the approval of the investment policy. The FY 2012 budget includes \$100,920 in interest earnings for the fiscal year.

### **BACKGROUND:**

The Public Funds Investment Act (PFIA) requires the Council to annually review and approve an investment policy for the Town. The Town's investment advisor, First Southwest Asset Management (FSAM), has assisted staff with the development and review of the proposed investment policy for FY 2012.

FSAM suggested several changes in accordance with items included in the last legislative session. In addition, staff is recommending that the following notable changes be made to the policy.

- Extend the maximum length of the investment advisor contract from two years to five years. This change is made to establish a more reasonable bidding and negotiation cycle.
- Revise the deadline for preparation and presentation of the investment report from 45 days after the quarter to 60 days after the quarter. This change is made to establish a more reasonable timeline for data preparation and analysis.

### **RECOMMENDATION:**

Staff recommends approval of the ordinance amending the Town's FY 2012 investment policy.

### **COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible

# Manner

## ATTACHMENTS:

Description:

- [FY12 Investment Policy](#)
- [Exhibit B - Approved Broker/Dealers](#)
- [Ordinance to Amend Investment Policy](#)

Type:

- Backup Material
- Backup Material
- Cover Memo

**TOWN OF ADDISON**

**INVESTMENT POLICY**

**For**

**FY 2011-12**

Revised and Adopted:  
September 27, 2011

**TOWN OF ADDISON, TEXAS  
INVESTMENT POLICY**

**I.**

**SCOPE**

The Public Funds Investment Act, Chapter 2256, Texas Government Code, prescribes that each Town is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of the Town's funds. This Policy shall not apply to the selection, retention or other issues concerning the depositories of the Town's funds in demand and time deposits as provided under Chapter 105 of the Local Government Code.

This Policy shall apply to the investment and management of all funds of the Town under its control, other than those expressly excluded herein or by applicable law or valid agreement. This Policy shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this Policy and the requirements of any fund subject hereto, the specific requirement applicable to such fund shall be followed as well as all other provisions of this Policy other than those in conflict. The Employees Deferred Compensation Agency Fund is excluded from coverage under this Policy.

This Policy also requires the formal adoption of an "Investment Strategy Statement" that specifically addresses each of the Town's fund groups. Each Investment Strategy Statement will describe its objectives concerning:

- a) suitability of investment type,
- b) preservation and safety of principal,
- c) liquidity,
- d) marketability of each investment,
- e) diversification of the portfolio, and
- f) yield.

In order to make effective use of the Town's resources, all monies shall be pooled into one investment bank account, except for those monies required to be accounted for in other bank accounts as stipulated by applicable laws, bond covenants or contracts. The income derived from this pooled investment account shall be distributed in accordance with the Town's internal procedures.

**II.**

**OBJECTIVES**

The Town's principal investment objectives in order of priority are:

1. Conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy.
2. Preservation of capital and the protection of investment principal.
3. Maintenance of sufficient liquidity to meet anticipated disbursement and cash flows.
4. Diversification to avoid incurring unreasonable risks regarding securities owned.
5. Attainment of a market rate of return equal to or higher than the performance measure established from time to time by the Chief Financial Officer of the Town which is commensurate with the acceptable risk and liquidity objectives of this Policy.

**III.**

## **DELEGATION OF AUTHORITY**

The City Manager appoints the Chief Financial Officer (CFO) and the Chief Financial Officer's designee(s) as the "Investment Officers" of the Town. Direct management responsibility for the investment program is delegated by the City Council to the Chief Financial Officer (hereinafter referred to as the "CFO"). The Investment Officers' authority will at all times be limited by all applicable laws and regulations in effect from time to time and this Policy. The Investment Officers shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

With written approval from the City Manager, the CFO may delegate any phase of the investment management program to any of the Investment Officers. Such approval shall state specifically the functions such person is authorized to perform or that the person is authorized to perform all activities of the CFO under this Policy. The CFO shall obtain and maintain, at the Town's expense, fidelity bonds for himself and each of his designees in amounts determined adequate by the CFO (which shall not be less than five percent of the amounts subject to this Policy) for each fiscal year as shown by the approved budget. No person may engage in an investment transaction except as provided under the terms of this Policy and the internal procedures established by the CFO. A current list of persons authorized to transact investment business and wire funds on behalf of the Town shall be maintained by the CFO.

The CFO shall develop and maintain written administrative procedures for the operation of the investment program consistent with this Policy. The controls shall be designed to prevent, identify and control losses of public funds arising from deviation from this Policy, fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the Town.

In the discretion of the City Council and in any event upon the termination or reassignment of any Investment Officer authorized to conduct transactions for the Town pursuant to this Policy, the authority of such person shall be revoked and such revocation of authority shall be immediately communicated by the CFO orally and in writing to each and every depository, broker/dealer, investment advisor, custodian and other agency or entity with whom the Town has any existing or continuing relationship in the management of its investments.

The CFO and all Investment Officers shall attend at least one training session relating to the treasurer's or officer's responsibilities within 12 months after taking office or assuming duties; and attend a training session not less than once in a two-year period that begins on the first day of the Town's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of training. Such training from an independent source shall be approved or endorsed by the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, or the North Central Texas Council of Governments to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

## **IV.**

### **INVESTMENT ADVISORS**

The Town may, in the discretion of the CFO, and the approval of the City Council, appoint one or more Investment Advisors to assist the Town's financial staff in the management of the Town's funds. The Investment Advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an Investment Advisor. To be eligible for consideration, an Investment Advisor shall demonstrate to the CFO knowledge of, and experience in, the management of public funds. The CFO will satisfy himself as to the Advisor's qualifications by all appropriate means, including reference checks with the Advisor's other clients, the State Securities Board and the Securities and Exchange Commission. An appointed Investment Advisor shall act solely in an advisor and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the Town.

Each Investment Advisor, appointed by the Town, shall agree that its investment advice shall at all times be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence, in such matters exercise in the management of their client's affairs, not for speculation by the

client or production of fee income by the advisor or broker but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

Appointment of an Investment Advisor shall otherwise be according to the Town's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the CFO, the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed five years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

## V.

### STANDARD OF CARE

As provided for in the Public Funds Investment Act, the standard of care for the Town's investments shall be that such "investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The CFO and the Investment Officers shall recognize that the investment activities of the Town are a matter of public record.

The CFO and the Investment Officers, acting in accordance with written procedures and exercising the proper standard of care, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that this Policy and the CFO's procedures were followed. In determining whether the CFO or an Investment Officer has exercised the proper standard of care, all investments over which the individual had responsibility will be considered rather than a single investment.

## VI.

### AUTHORIZED SECURITIES INVESTMENTS

Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements, (including but not limited to Chapter 2256 Texas Government Code, the Public Funds Investment Act), the following securities and deposits are the only ones permitted as investments for the Town's funds:

- a. Direct obligations of the United States government with a maturity not to exceed five (5) years from the date of purchase; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).
- b. Senior debt obligations with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities may be held as collateral although principal-only and interest-only mortgage-backed securities as well as all types of collateralized mortgage obligations (CMO) and real estate mortgage investment conduits (REMICs) are expressly prohibited.
- c. Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government, or fully insured by the Federal Deposit Insurance Corporation (FDIC), with a stated maturity not to exceed five (5) years from the date of purchase.
- d. Time Certificates of Deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch office in the state of Texas which have been approved by the Town in accordance with Section XI of this Investment Policy.

In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a broker that has its main office or a branch office in Texas and is selected from a list adopted by the City Council, or from a depository institution with its main office or branch office in Texas. The broker or depository shall act as the custodian for the various certificates on behalf of the Town.

e. Prime commercial paper with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least:

A-1 by Standard & Poor's,  
P-1 by Moody's or  
F1 by Fitch

(1) At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.

(2) If more than two (2) of the above stated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

(3) If the commercial paper issuer has senior debt\* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:

A-1 by Moody's,  
A+ by Standard and Poor's and  
A+ by Fitch

\*Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a "plus (+) rating", the maximum maturity of 270 days or less will be allowed.

f. Eligible Bankers Acceptances with original maturities not exceeding 180 days, issued on domestic banks operating under the banking laws of the United States, whose senior long term debt is rated, at the time of purchase, A-1 or higher by Moody's, A+ by Standard and Poor's, or A+ by Fitch.

g. Repurchase agreements with a defined termination date of 90 days or less on U.S. Treasury and Federal Agency securities listed in items "a" and "c" above, collateralized initially at a minimum market value of 102% of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation.

If the market value of the collateral falls below 101 percent the dollar value of the transaction, the collateral will be required to be brought up to the 102 percent initial maintenance level. A Repurchase Agreement is defined as a simultaneous agreement to buy, hold for 90 days or less, and then sell back an obligation described in item (g) above, the principal and interest of which are guaranteed by the United States.

Repurchase Agreements shall be entered into only with dealers who: 1) are recognized as primary reporting dealers with the Market Reports Division of the Federal Reserve Board of New York; and 2) have an executed, Town approved Master Repurchase Agreement. Collateral (purchased securities) shall be held by the Town's custodian bank or in a segregated account registered in the name of the Town of Addison with an approved third-party safekeeping agent and the market value of the collateral securities shall be marked-to-the market no less than weekly.

For the purpose of item "g" of this section, the term "collateral" shall mean "purchased securities" under the terms of the Town approved Master Repurchase Agreement. Collateral bearing no coupon will have a maturity not to exceed five (5) years. All other eligible collateral shall have a maturity limit of 10 years.

The term repurchase agreements include reverse repurchase agreements. The term of a reverse repurchase agreement shall not exceed 90 days and any investments acquired with the proceeds from the reverse repurchase agreement shall not exceed the term of that agreement.

h. Money Market Funds meeting each of the following criteria:

- (1) Registered with and regulated by the Securities and Exchange Commission;
- (2) Has provided the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
- (3) No commission fee shall be charged on purchases or sales of shares;
- (4) Have an objective of maintaining a constant daily net asset value of \$1.00 per share;
- (5) Limit assets of the fund to those securities listed in paragraphs “a”, “b”, “c” and “g” above; and
- (6) Have a maximum stated maturity of 13 months and dollar weighted average portfolio maturity of not more than 60 days. A list of Town approved Money Market Funds shall be kept by the CFO.

i. State investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council.

j. Local investment pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council.

k. Direct obligations of the State of Texas or its agencies rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent with a maturity not to exceed two (2) years from the date of purchase.

l. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States with a maturity not to exceed two (2) years from the date of purchase.

## VII.

### OTHER INVESTMENT GUIDELINES

The Town seeks active management of its portfolio assets. In the effort of meeting the objectives of this Policy, the Town may from time to time sell securities that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities, yielding net proceeds less than 98 percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the CFO.

Each investment transaction must be based upon competitive quotations received from at least three (3) broker/dealers who have been approved by the Town in accordance with Texas law.

The purchase and sale of all securities shall be on a delivery-versus-payment or payment-versus-delivery basis (i.e. for securities purchases, monies will not be released by the Town’s safekeeping bank until securities are received at the Federal Reserve Bank for further credit to the Town’s safekeeping bank. In the case of securities sales, monies will be received by the Town’s safekeeping bank via the Federal Reserve Bank, as the securities are simultaneously released to the purchaser). In this manner, the Town will always have possession of either its securities or its monies.

An investment that requires a minimum credit rating does not qualify as an AUTHORIZED SECURITIES INVESTMENT during the period the investment does not have the minimum credit rating even if the investment had the

appropriate rating at the time of purchase. The Investment Officers shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

## **VIII.**

### **PORTFOLIO MATURITIES**

Maturities shall be selected which provide for both stability of income and reasonable liquidity.

At all times, the Town shall maintain 10 percent of its total investment portfolio in instruments maturing in 90 days or less. The weighted average maturity of all securities and certificates of deposit in the Town's total investment portfolio at any given time (not including cash or demand deposits) shall not exceed 18 months.

In the case of callable securities, the first "call" date may be used as the "maturity" date for investment purposes in this section if in the opinion of the CFO there is little doubt that the security will be called prior to maturity. At all times the stated final maturity shall be used in portfolio average life calculations and reported as outlined in this Policy.

Investment of bond proceeds shall be invested in the investment types listed in Section VI. "a", "b", "c", "h", "i", and "j" for a period of time not to exceed five (5) years. Additionally, bond proceeds may be invested in a repurchase agreement that exceeds 90 days if reductions are allowed from the agreement without penalty for legitimate bond proceeds expenditures and the final maturity is within the "temporary period" as defined by the Internal Revenue Service (this arrangement is commonly referred to as a "flexible repurchase agreement").

## **IX.**

### **INVESTMENT LIMITS**

It is the policy of the Town to avoid concentration of assets in a specific maturity, a specific issue, or a specific class of securities, with the exception of U.S. Treasury issues listed in Section VI "a." The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets.

The Town will not exceed the following maximum limits as a percentage of the total portfolio for each of the categories listed below:

- 20 percent in Money Market Funds as outlined in Section VI "h"
- 30 percent in Certificates of Deposit
- 30 percent in Commercial Paper
- 30 percent in Bankers Acceptances
- 40 percent in Local Government Investment Pools as authorized in Section VI "h" and "j"
- 70 percent in State Government Investment Pools as authorized in Section VI "i"
- 70 percent in Instrumentality securities described in Section VI "b"

In addition to the limitations set forth above the Town's investment in any single money market fund shall never exceed 10 percent of the total assets of the money market fund.

The CFO and investment officers shall evaluate how each security purchased fits into the Town's overall investment strategy.

The amount of investments in U.S. Treasury and Agency Securities and Repurchase Agreements backed by those securities as defined in section VI(a), VI(c) and VI(g), shall at no time be less than 30 percent of the total portfolio. There shall be no maximum limits on these investments.

Bond proceeds shall be exempt from the maximum limitation stated above for State Government Pools, but only for the period of time required to develop a comprehensive draw-down schedule for the project for which the proceeds are intended, the maximum being 60 days, at which time the funds representing bond proceeds must be prudently diversified.

## **X.**

## SELECTION OF BROKER/DEALERS

The Town shall maintain a list of approved security broker/dealers maintaining minimum capital of \$10,000,000 and being in business for at least five years. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Securities may only be purchased from those authorized institutions and firms identified in the above list.

Broker/dealers and other financial institutions will be selected by the CFO on the basis of expected financial stability, experience in selling fixed income securities to other local governments as well as perceived ability to service the Town's account. Each broker/dealer authorized to conduct business with the Town, shall be required to submit a Broker/Dealer questionnaire as well as updated financial statements. In addition, all firms shall provide a detailed resume of the firm's primary sales representative, appropriate references and wiring instructions. The CFO shall maintain a file on each firm containing the most recent information.

The CFO shall review the quality of service and financial stability of each broker/dealer and financial institution approved under this Section at least annually. Any approved broker/dealer or financial institution may be removed from the list of approved broker/dealers with the approval of the CFO, if in the opinion of the CFO, the firm has not performed adequately or its financial condition is considered inadequate. The City Council shall, at least annually, review, revise, and adopt the list of qualified broker/dealers and financial institutions which are authorized to engage in investment transactions with the Town.

All business organizations eligible to transact investment business with the Town shall be presented a written copy of this Policy. The qualified representative of the business organization seeking to transact investment business with the Town shall execute a written instrument substantially to the effect that the qualified representative has:

- 1) received and thoroughly reviewed this Policy, and
- 2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town.

The Town shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above. In addition, each Investment Advisor appointed by the Town shall execute the written instrument described above.

If the City Council has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the Town. The advisor shall determine selection criteria. The advisor shall annually present a list of its authorized broker/dealers to the Town for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the Town's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the Town as part of its standard trade documentation.

## **XI.**

### **SELECTION OF DEPOSITORIES**

Certificates of Deposit (CD) may be placed with banking institutions doing business in the state of Texas which offer competitive and documented interest rates, both at or above interest rates available on government securities to similar maturity dates. All deposits exceeding the current FDIC deposit insurance amount shall be fully collateralized in order to be eligible as Town investments.

In addition to maintaining proper collateral, bank financial positions shall be considered to best assure prudent investment. Relevant criteria shall include capital ratios, liquidity, profitability and asset growth. Information sources for financial data may include [www.bankrate.com](http://www.bankrate.com) and the FDIC website at [www.fdic.gov](http://www.fdic.gov). Because the financial condition of banks may change rapidly, primary focus shall be on maintaining adequate levels of collateral to support deposit amounts. If the Town utilizes the services of an investment advisor, the advisor shall assist in the evaluation of both the financial institution and assigned collateral.

## **XII.**

### **SAFEKEEPING AND CUSTODY**

Investment securities purchased for the Town will be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a Federal Reserve Member financial institution designated as the Town's safekeeping and custodian bank. The Town may designate more than one (1) custodian bank. In no event will the Town's custodial or safekeeping institution also be a counterparty (broker or dealer) to the purchase or sale of those securities. The Town shall execute a written Safekeeping Agreement with each bank prior to utilizing the custodian's safekeeping services. Only a state or national bank located within the State of Texas, may be utilized as a custodian of securities pledged to secure certificates of deposit. The safekeeping agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities in its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest.

The CFO shall maintain a list of designated custodian banks and a copy of the Safekeeping Agreement executed with each custodian bank.

The Town must approve release of securities, in writing, prior to their removal from the custodial account. A telephonic facsimile of a written authorization shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained in the Town's files.

All securities shall be confirmed in the name of the Town and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the Town. The Custodian shall not otherwise deposit purchased or pledged securities. All book entry securities, owned by the Town, shall be evidenced by a safekeeping receipt issued to the Town and signed by the appropriate officer at the custodian bank stating that the securities are held in the Federal Reserve system in a CUSTOMER ACCOUNT naming the Town as the "customer". In addition, the custodian bank will, when requested, furnish a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.

The original safekeeping receipt for each transaction including purchased securities under a repurchase agreement and collateral securing deposits will be forwarded to the CFO or his designee and held in a secured file by the Town.

Securities delivered as part of a repurchase agreement may be held with an independent third-party safekeeping agent, provided that they are fully registered in the Town's name, segregated in account designated in the name of the Town and governed by a fully executed custodial agreement.

### **XIII.**

#### **RECORDKEEPING AND REPORTING**

A record shall be maintained of all bids and offerings for securities transactions in order to ensure that the Town receives competitive pricing. All transactions shall be documented by the person authorizing the transaction in a form that shows that person's name, the party instructed to execute the transaction, the date, a description of the transaction and a brief statement of the reason(s) for the transaction.

Each depository institution of the Town's funds and purchased securities shall maintain separate, accurate and complete records relating to all deposits of the Town's funds, the securities pledged to secure such deposits and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Town, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. In addition, each depository shall file all reports required by the Texas State Depository Board. Each depository and custodian shall agree to make all the records described in this paragraph available to the CFO's designee and the Town's auditors at any reasonable time.

At least once each quarter, the CFO or investment officers shall verify that all securities owned by the Town or pledged to the Town are held in safekeeping in the Town's custodial bank with proper documentation. At least annually the Town's investment program, including the records of custodians and depositories, shall be audited by independent certified public accountants selected by the City Council. This annual audit shall include a compliance audit of the management controls on investments and adherence to the Town's Investment Policy and strategies.

All broker/dealers, custodians, depositories, and investment advisors shall maintain complete records of all transactions that they conducted on behalf of the Town and shall make those records available for inspection by the CFO or other representatives designated by the City Council or City Manager.

All sales of securities for less than the book value of the security shall be approved by the CFO and reported to the City Council at the next regular meeting. Sales of securities for less than 98 percent of the book value of the securities must be approved by both the City Manager and the CFO.

All contracted Investment Advisors shall report at least monthly on the straight-line book value, the market value of investment holdings, and total earnings yield and such other information required by the CFO. Unrealized profits or losses in the Town's investment portfolio will be disclosed but will not be used in the calculation of income earned for the month. Contracted Investment Advisors shall postmark their monthly reports to the CFO no later than 15 business days following the close of the reporting month.

An investment report shall be prepared by the CFO within 60 days of the quarter end that:

- a) describes in detail the investment position of the Town,
- b) states the reporting period beginning book and market values, additions or changes to the book and market values during the period and ending book and market values for the period of each pooled fund group,
- c) states the reporting period beginning book and market value and ending book and market value for each investment security by asset type and fund type,
- d) states the maturity date of each investment security,
- e) states the fund for which each investment security was purchased,
- f) states fully accrued interest for the reporting period,
- g) states the compliance of the investment portfolio with the Town's Investment Policy, Investment Strategy Statement and the Public Funds Investment Act,
- h) summarizes quarterly transactions, including a detailed list of the gains and losses recognized, and

i) explains the total earnings yield during the previous quarter and compares the portfolio's performance to other benchmarks of performance.

This report will be presented to the City Council and signed by all of the Town's Investment Officers. .

Market valuations of investments shall be provided by the Investment Advisor on a monthly basis. The Investment Advisor shall use independent market pricing sources including, but not limited to, Interactive Data Corporation (IDC) and Bloomberg, to monitor the market price of investments acquired with the Town's funds.

Within 60 days after the end of the Town's fiscal year the CFO shall prepare, sign and deliver to the City Manager and the City Council an annual report on the Town's investment program and investment activity which has also been signed by each officer and employee of the Town authorized to conduct any of the Town's investment activity. The annual report shall include full year earnings yield. Such annual report shall include an analysis of the compliance with this Policy as well as changes in applicable laws and regulations during the previous year and may include any other items of significance related to the investment program.

If the Town places funds in any investment other than registered investment pools or accounts offered by its depository bank, the above reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council.

#### **XIV.**

#### **ETHICS AND CONFLICTS OF INTEREST**

Officers and employees of the Town involved in the investment process shall refrain from personal business activity that involves any of the Town's approved custodians, depositories, broker/dealers, or investment advisors and shall refrain from investing in any security issue held by the Town. Employees and officers shall not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the Town's business for personal investment decisions, shall in all respects subordinate their personal investment transactions to those of the Town particularly with regard to the timing of purchases and sales and shall keep confidential all investment advice obtained on behalf of the Town, and all transactions contemplated and completed by the Town, except when disclosure is required by law.

All Investment Officers of the Town shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with business organization seeking to sell investments to the Town or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Town.

#### **XV.**

#### **COLLATERAL REQUIREMENTS**

Any deposits exceeding FDIC insurance limits shall be fully collateralized by securities listed in items "a" and "b" below, and the collateral shall be held by a third party custodian bank approved by the Town.

a. Direct obligations of the United States government; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

b. Senior debt obligations issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities are eligible as collateral, but principal-only and interest-only mortgage-backed securities and collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) are expressly prohibited.

Consistent with the requirements of State law, the Town requires all bank and savings bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Town depositories will be required to sign a Security Agreement with the Town and the Town's custodian. The agreement shall define the Town'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:

- a. the Agreement must be in writing;
- b. the Agreement has to be executed by the Depository and the Town contemporaneously with the acquisition of the asset;
- c. the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the Town;
- d. the Agreement must be part of the Depository's "official record" continuously since its execution.

## **XVI.**

### **POLICY REVISIONS**

The Investment Policy and Investment Strategy Statements will be reviewed at least annually by the CFO and the City Council and may be amended as conditions warrant by the City Council.

**EXHIBIT B**

**TOWN OF ADDISON**

**APPROVED BROKER/DEALERS**

**For**

**FY 2011-12**



**FirstSouthwest Asset Management, Inc.**  
**Approved Broker/Dealers**  
**July 2011**

Bank of America Securities  
Barclays Capital  
BNP Paribas  
Cantor Fitzgerald & Co  
Citigroup Global Markets  
Coastal Securities  
Compass Bank  
Credit Suisse  
Deutsche Bank / Alex Brown  
FTN Financial  
G.X. Clarke & Co.  
Goldman Sachs  
HSBC Securities  
Jefferies & Co.  
JP Morgan Chase  
KeyBanc Capital Markets  
Loop Capital Markets  
Mesirow Financial  
Mizuho Securities  
Morgan Keegan & Co  
Morgan Stanley  
Oppenheimer & Co.  
Piper Jaffray & Co.  
Raymond James  
RBC Capital Markets  
RBS Securities  
Rice Financial  
Robert W. Baird & Co.  
Stifel, Nicolaus & Co.  
Stone & Youngberg  
UBS Financial  
Weller, Anderson & Co.  
Wells Fargo Securities  
Williams Capital Group

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE IV (FINANCE), DIVISION 3 (INVESTMENT POLICY) AS SET FORTH HEREIN; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, in accordance with State law the City Council of the Town of Addison, Texas (the “Town”) has heretofore adopted an investment policy regarding the investment of its funds and funds under its control; and

**WHEREAS**, the said investment policy is set forth in Division 3, Article IV, Chapter 2 of the City’s Code of Ordinances; and

**WHEREAS**, the City Council has reviewed the said investment policy and desires to amend the same as set forth herein.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:**

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Amendment. Chapter 2 (Administration) of the Code of Ordinances (the “Code”) of the Town of Addison, Texas (the “Town”) is hereby amended in the following particulars, and all other chapters, articles, sections, subsections, paragraphs, phrases, and words are not amended but are ratified and confirmed:

A. Division 3 (Investment Policy) of Article IV (Finance) of Chapter 2 of the Code is amended as follows (additions are underlined; deletions are ~~struck through~~):

**Sec. 2-201. Revisions.**

This division and investment strategy statements will be reviewed at least annually by the Chief Financial Officer and the City Council and may be amended as conditions warrant by the City Council.

**Sec. 2-202. Scope.**

(a) The Public Funds Investment Act (V.T.C.A., Government Code ch. 2256) prescribes that each town is to adopt rules governing its investment practices and to define the authority of the investment officer. The following provisions of this division address the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of the Town's funds. This division shall not

apply to the selection, retention or other issues concerning the depositories of the Town's funds in demand and time deposits as provided under V.T.C.A., Local Government Code ch. 105.

(b) This division shall apply to the investment and management of all funds of the Town under its control, other than those expressly excluded herein or by applicable law or valid agreement. This division shall not supersede the restrictions on investment and use applicable to any specific fund and, in the event of any conflict between this division and the requirements of any fund subject to this division, the specific requirement applicable to such fund shall be followed as well as all other provisions of this division other than those in conflict. The employees deferred compensation agency fund is excluded from coverage under this policy.

(c) This division also requires the formal adoption of an "investment strategy statement" that specifically addresses each of the Town's fund groups. Each investment strategy statement will describe its objectives concerning:

- (1) Suitability of investment type;
- (2) Preservation and safety of principal;
- (3) Liquidity;
- (4) Marketability of each investment;
- (5) Diversification of the portfolio; and
- (6) Yield.

(d) In order to make effective use of the Town's resources, all monies shall be pooled into one investment bank account, except for those monies required to be accounted for in other bank accounts as stipulated by applicable laws, bond covenants or contracts. The income derived from this pooled investment account shall be distributed in accordance with the Town's internal procedures.

**Sec. 2-203. Objectives.**

The Town's principal investment objectives in order of priority are:

- (1) Conformance with all federal regulations, state statutes and other legal requirements including the Town Charter and Town ordinances, including this division.
- (2) Preservation of capital and the protection of investment principal.
- (3) Maintenance of sufficient liquidity to meet anticipated disbursements and cash flows.

(4) Diversification to avoid incurring unreasonable risks regarding securities owned.

(5) Attainment of a market rate of return equal to or higher than the performance measure established from time to time by the Chief Financial Officer of the Town which is commensurate with the acceptable risk and liquidity objectives of this policy.

**Sec. 2-204. Delegation of Authority.**

(a) The City Manager appoints the Chief Financial Officer and the Chief Financial Officer's designee(s) as the "investment officers" of the Town. Direct management responsibility for the investment program is delegated by the City Council to the Chief Financial Officer (hereinafter referred to as the "CFO"). The investment officers' authority will at all times be limited by all applicable laws and regulations in effect from time to time and this policy. The investment officers shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

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(b) With written approval from the City Manager, the CFO may delegate any phase of the investment management program to any of the investment officers. Such approval shall state specifically the functions such person is authorized to perform or that the person is authorized to perform all activities of the CFO under this division. The CFO shall obtain and maintain, at the Town's expense, fidelity bonds for the CFO and each of the CFO's designees in amounts determined adequate by the CFO (which shall not be less than 5% of the amounts subject to this policy) for each fiscal year as shown by the approved budget. No person may engage in an investment transaction except as provided under the terms of this division and the internal procedures established by the CFO. A current list of persons authorized to transact investment business and wire funds on behalf of the Town shall be maintained by the CFO.

(c) The CFO shall develop and maintain written administrative procedures for the operation of the investment program consistent with this policy. The controls shall be designed to prevent, identify and control losses of public funds arising from deviation from this policy, fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the Town.

(d) In the discretion of the City Council and in any event upon the termination or reassignment of any investment officer authorized to conduct transactions for the Town pursuant to this division, the authority of such person shall be revoked and such revocation of authority shall be immediately communicated by the CFO orally and in writing to each and every depository, broker/dealer, investment advisor, custodian and other agency or entity with whom the Town has any existing or continuing relationship in the management of its investments.

(e) The CFO and all investment officers shall attend at least one training session relating to the Treasurer's or officer's responsibilities within 12 months after taking office or assuming duties; and attend a training session not less than once in a two-year period that begins on the first day of the Town's fiscal year and consists of the two consecutive fiscal years after that date. and receive not less than 10 hours of training. Such training from an independent source shall be approved or endorsed by either Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, or the North Central Texas Council of Governments to include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act (V.T.C.A., Government Code ch. 2256).

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**Sec. 2-205. Investment Advisors.**

(a) The Town may, in the discretion of the CFO, and with the approval of the City Council, appoint one or more investment advisors to assist the Town's financial staff in the management of the Town's funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment advisor. To be eligible for consideration, an investment advisor shall demonstrate to the CFO knowledge of, and experience in, the management of public funds. The CFO will satisfy himself as to the advisor's qualifications by all appropriate means, including reference checks with the advisor's other clients, the State Securities Board and the Securities and Exchange Commission. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this division, and without any discretionary authority to transact business on behalf of the Town.

(b) Each investment advisor appointed by the Town shall agree that its investment advice shall at all times be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence, in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker, but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

(c) Appointment of an investment advisor shall otherwise be according to the Town's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager if in the opinion of the CFO the advisor has not performed adequately. The term of any investment advisor contract may not exceed five years. Any renewal or extension of an investment advisor contract must be made by the City Council by resolution.

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**Sec. 2-206. Standard of Care.**

(a) As provided for in the V.T.C.A., Government Code § 2256.006(a), the standard of care for the Town's investments shall be that such "investments shall be made with

judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

(b) The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The CFO and the investment officers shall recognize that the investment activities of the Town are a matter of public record.

(c) The CFO and the investment officers, acting in accordance with written procedures and exercising the proper standard of care, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that this division and the CFO's procedures were followed. In determining whether the CFO or an investment officer has exercised the proper standard of care, all investments over which the individual had responsibility will be considered rather than a single investment.

**Sec. 2-207. Authorized Securities Investments.**

Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements, (including, but not limited to, V.T.C.A., Government Code ch. 2256), the following securities and deposits are the only ones permitted as investments for the Town's funds:

(1) Direct obligations of the United States government with a maturity not to exceed five (5) years from the date of purchase; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

(2) Senior debt obligations with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following federal agencies and instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities may be held as collateral although principal-only and interest-only mortgage-backed securities as well as all types of collateralized mortgage obligations (CMO) and real estate mortgage investment conduits (REMICs) are expressly prohibited.

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(3) Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government, or fully insured by the Federal Deposit Insurance Corporation (FDIC), with a stated maturity not to exceed five years from the date of purchase.

(4) Time certificates of deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a

branch office in the State of Texas which have been approved by the Town in accordance with section XI of this investment policy.

In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of ~~principal~~ and interest of each CD federally insured may be purchased through a ~~broker that has its main office or a branch office in Texas and is selected from a list adopted by the City Council, or from a~~ depository institution with its main office or branch office in Texas. The ~~broker or~~ depository shall act as the custodian for the various certificates on behalf of the Town.

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(5) Prime commercial paper with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least: A-1 by Standard & Poor's, P-1 by Moody's, or F1 by Fitch.

a. At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.

b. If more than two (2) of the above stated agencies rates and issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

c. If the commercial paper issuer has senior debt\* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least: A-1 by Moody's, A+ by Standard & Poor's, and A+ by Fitch.

\* Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a "plus (+) rating", the maximum maturity of two hundred seventy (270) days or less will be allowed.

(6) Eligible bankers acceptances with original maturities not exceeding 180 days, issued on domestic banks operating under the banking laws of the United States, whose senior long term debt is rated, at the time of purchase, A-1 or higher by Moody's, A+ by Standard and Poor's, or A+ by Fitch.

(7) Repurchase agreements with a defined termination date of 90 days or less on U.S. Treasury and federal agency securities listed in subsections (1) and (3) of this section, collateralized initially at a minimum market value of 102% of the dollar value of the transaction, with the accrued interest accumulated on the collateral included in the calculation. If the market value of the collateral falls below 101% of the dollar value of the transaction, the collateral will be required to be brought up to the 102% initial maintenance level. A repurchase agreement is defined as a simultaneous agreement to buy, hold for 90 days or less, and then

sell back an obligation described in this subsection (7), the principal and interest of which are guaranteed by the United States. Repurchase agreements shall be entered into only with dealers who:

a. Are recognized as primary reporting dealers with the Market Reports Division of the Federal Reserve Board of New York; and

b. Have an executed, Town approved Master Repurchase Agreement. Collateral (purchased securities) shall be held by the Town's custodian bank or in a segregated account registered in the name of the Town of Addison with an approved third-party safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market no less than weekly.

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For the purpose of this subsection (7) the term "collateral" shall mean "purchased securities" under the terms of the Town approved master repurchase agreement. Collateral bearing no coupon will have a maturity not to exceed five (5) years. All other eligible collateral shall have a maturity limit of 10 years. The term "repurchase agreements" includes reverse repurchase agreements. The term of a reverse repurchase agreement shall not exceed 90 days and any investments acquired with the proceeds from the reverse repurchase agreement shall not exceed the term of that agreement.

(8) Money market funds meeting each of the following criteria:

a. Registered with and regulated by the Securities and Exchange Commission;

b. Has provided the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;

c. No commission fee shall be charged on purchases or sales of shares;

d. Have an objective of maintaining a constant daily net asset value of \$1.00 per share;

e. Limit assets of the fund to those securities listed in subsections (1), (2), (3) and (7) of this section; and

f. Have a maximum stated maturity of 13 months and dollar-weighted average portfolio maturity of not more than 60 days. A list of approved money market funds shall be kept by the CFO.

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(9) State investment pools organized under the Interlocal Cooperation Act (V.T.C.A., Government Code ch. 791) that meet the requirements of V.T.C.A.,

Government Code ch. 2256, and have been specifically approved by the CFO and authorized by the City Council.

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(10) Local investment pools organized under the Interlocal Cooperation Act (V.T.C.A., Government Code ch. 791) that meet the requirements of V.T.C.A., Government Code ch. 2256, and have been specifically approved by the CFO and authorized by the City Council.

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(11) Direct obligations of the state or its agencies rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent with a maturity not to exceed two (2) years from the date of purchase.

(12) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the state or the United States with a maturity not to exceed two (2) years from the date of purchase.

#### **Sec. 2-208. Other Investment Guidelines.**

(a) The Town seeks active management of its portfolio assets. In the effort of meeting the objectives of this policy, the Town may, from time to time, sell securities that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities yielding net proceeds less than 98% of the book value of the securities must be approved in advance and in writing by both the City Manager and the CFO.

(b) Each investment transaction must be based upon competitive quotations received from at least three (3) broker/dealers who have been approved by the Town in accordance with state law.

(c) The purchase and sale of all securities shall be on a delivery-versus-payment or payment-versus-delivery basis (i.e., for securities purchases, monies will not be released by the Town's safekeeping bank until securities are received at the Federal Reserve Bank for further credit to the Town's safekeeping bank. In the case of securities sales, monies will be received by the Town's safekeeping bank via the Federal Reserve Bank as the securities are simultaneously released to the purchaser). In this manner, the Town will always have possession of either its securities or its monies.

(d) An investment that requires a minimum credit rating does not qualify as an authorized securities investment during the period the investment does not have the minimum credit rating even if the investment had the appropriate rating at the time of purchase. The investment officers shall take all prudent measures that are consistent with this division to liquidate an investment that does not have the minimum rating.

#### **Sec. 2-209. Portfolio Maturities.**

(a) Maturities shall be selected which provide for both stability of income and reasonable liquidity.

(b) At all times the Town shall maintain 10% of its total investment portfolio in instruments maturing in 90 days or less. The weighted average maturity of all securities and certificates of deposit in the Town's total investment portfolio at any given time (excluding cash and demand deposits) shall not exceed one and one-half (1½) years.

(c) In the case of callable securities, the first "call" date may be used as the "maturity" date for investment purposes in this section if, in the opinion of the CFO, there is little doubt that the security will be called prior to maturity. At all times the stated final maturity shall be used in portfolio average life calculations and reported as outlined in this division.

(d) Investment of bond proceeds shall be invested in the investment types listed in section 2-207(1) through (3) and (8) through (10) of this Chapter 2 for a period of time not to exceed five (5) years. Additionally, bond proceeds may be invested in a repurchase agreement that exceeds 90 days if reductions are allowed from the agreement without penalty for legitimate bond proceeds expenditures and the final maturity is within the "temporary period" as defined by the Internal Revenue Service (this arrangement is commonly referred to as a "flexible repurchase agreement").

**Sec. 2-210. Investment Limits.**

(a) It is the policy of the Town to avoid concentration of assets in a specific maturity, a specific issue, or a specific class of securities, with the exception of U.S. Treasury issues listed in subsection 2-66(1). The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets.

(b) The Town will not exceed the following maximum limits as a percentage of the total portfolio for each of the categories listed below:

TABLE INSET:

Categories	Percentage
Money market funds as outlined in subsection 2-207(8)	20
Certificates of deposit	30
Commercial paper	30
Bankers' acceptances	30
Local government investment pools as authorized in subsection 2-207(8) and (10)	40
State government investment pools as authorized in subsection 2-207(9)	70
Instrumentality securities described in subsection 2-207(2)	70

(c) In addition to the limitations set forth above, the Town's investment in any single money market fund shall never exceed 10% of the total assets of the money market fund.

(d) The CFO and investment officers shall evaluate how each security purchased fits into the Town's overall investment strategy.

(e) The amount of investments in U.S. Treasury and Agency Securities and Repurchase Agreements backed by those securities, as defined in subsections 2-66(1), (3) and (7), shall at no time be less than 30% of the total portfolio. There shall be no maximum limits on these investments.

(f) Bond proceeds shall be exempt from the maximum limitation stated above for state government investment pools, but only for the period of time required to develop a comprehensive draw schedule for the project for which the proceeds are intended, the maximum being 60 days, at which time the funds representing bond proceeds must be prudently diversified.

**Sec. 2-211. Selection of Brokers/Dealers.**

(a) The Town shall maintain a list of approved security broker/dealers maintaining minimum capital of \$10,000,000 and being in business for at least five years. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Securities may only be purchased from those authorized institutions and firms identified in the above list.

(b) Broker/dealers and other financial institutions will be selected by the CFO on the basis of their expected financial stability, experience in selling fixed income securities to other local governments as well as perceived ability to service the Town's account. Each broker/dealer authorized to conduct business with the Town shall be required to submit to the Town a broker/dealer questionnaire as well as updated financial statements. In addition, all firms shall provide a detailed resume of the firm's primary sales representative, appropriate references and wiring instructions. The CFO shall maintain a file on each firm containing the most recent information.

(c) The CFO shall review the quality of service and financial stability of each broker/dealer and financial institution approved under this section at least annually. Any approved broker/dealer or financial institution may be removed from the list of approved broker/dealers with the approval of the CFO if, in the opinion of the CFO, the firm has not performed adequately or its financial condition is considered inadequate. The City Council shall, at least annually, review, revise and adopt the list of qualified broker/dealers and financial institutions which are authorized to engage in investment transactions with the Town.

(d) All business organizations eligible to transact investment business with the Town shall be presented a written copy of this policy. The qualified representative of the business organization seeking to transact investment business with the Town shall

execute a written instrument substantially to the effect that the qualified representative has:

- (1) Received and thoroughly reviewed this policy, and
- (2) Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town.

(e) The Town shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above. In addition, each investment advisor appointed by the Town shall execute the written instrument described above.

(f) If the City Council has contracted with a registered investment advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the Town. The advisor shall determine selection criteria. The advisor shall annually present a list of its authorized broker/dealers to the Town for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the Town's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the Town as part of its standard trade documentation.

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**Sec. 2-212. Selection of Depositories.**

(a) Certificates of Deposit (CD) may be placed with banking institutions doing business in the State of Texas which offer competitive and documented interest rates, both at or above interest rates available on government securities to similar maturity dates. All deposits exceeding the current FDIC deposit insurance amount shall be fully collateralized in order to be eligible as Town investments.

(b) In addition to maintaining proper collateral, bank financial positions shall be considered to best assure prudent investment. Relevant criteria shall include capital ratios, liquidity, profitability and asset growth. Information sources for financial data may include [www.bankrate.com](http://www.bankrate.com) and the FDIC website at [www.fdic.gov](http://www.fdic.gov). Because the financial condition of banks may change rapidly, primary focus shall be on maintaining adequate levels of collateral to support deposit amounts. If the Town utilizes the services of an investment advisor, the advisor shall assist in the evaluation of both the financial institution and assigned collateral.

**Sec. 2-213. Safekeeping and Custody.**

(a) Investment securities purchased for the Town will be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a Federal Reserve member financial institution designated as the Town's safekeeping and custodian

bank. The Town may designate more than one (1) custodian bank. In no event will the Town's custodial or safekeeping institution also be a counterparty (broker or dealer) to the purchase or sale of those securities. The Town shall execute a written safekeeping agreement with each bank prior to utilizing the custodian's safekeeping services. Only a state or national bank located within the state may be utilized as a custodian of securities pledged to secure certificates of deposit. The safekeeping agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities in its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest.

(b) The CFO shall maintain a list of designated custodian banks and a copy of the safekeeping agreement executed with each custodian bank.

(c) The Town must approve release of securities, in writing, prior to their removal from the custodial account. A telephonic facsimile of a written authorization shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained in the Town's files.

(d) All securities shall be confirmed in the name of the Town and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the Town. The custodian shall not otherwise deposit purchased or pledged securities. All book entry securities owned by the Town shall be evidenced by a safekeeping receipt issued to the Town and signed by the appropriate officer at the custodian bank stating that the securities are held in the Federal Reserve System in a customer account naming the Town as the "customer." In addition, the custodian bank will, when requested, furnish a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.

(e) The original safekeeping receipt for each transaction including purchased securities under a repurchase agreement and collateral securing deposits will be forwarded to the CFO or his designee and held in a secured file by the Town.

(f) Securities delivered as part of a repurchase agreement may be held with an independent third-party safekeeping agent, provided that they are fully registered in the Town's name, segregated in account designated in the name of the Town and governed by a fully executed custodial agreement.

**Deleted:** All certificated securities (those transferred by physical delivery) shall:  
¶  
(1) Be held by an approved custodian bank or any correspondent bank in New York City approved by the CFO; and  
¶  
(2) The correspondent bank or the town's safekeeping bank shall issue a safekeeping receipt to the town evidencing that the securities are held by the correspondent bank for the town.

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¶  
(f) .

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**Sec. 2-214. Recordkeeping and Reporting.**

(a) A record shall be maintained of all bids and offerings for securities transactions in order to ensure that the Town receives competitive pricing. All transactions shall be documented by the person authorizing the transaction in a form that shows that person's name, the party instructed to execute the transaction, the date, a description of the transaction and a brief statement of the reason for the transaction.

(b) Each depository institution of the Town's funds and purchased securities shall maintain separate, accurate and complete records relating to all deposits of the Town's funds, the securities pledged to secure such deposits and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Town, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. In addition, each depository shall file all reports required by the Texas State Depository Board. Each depository and custodian shall agree to make all the records described in this subsection available to the CFO's designee and the Town's auditors at any reasonable time.

(c) At least once each quarter, the CFO shall verify that all securities owned by the Town or pledged to the Town are held in safekeeping in the Town's custodial bank with proper documentation. At least annually, the Town's investment program, including the records of custodians and depositories, shall be audited by independent certified public accountants selected by the City Council. This annual audit shall include a compliance audit of the management controls on investments and adherence to the Town's investment policy and strategies.

(d) All broker/dealers, custodians, depositories and investment advisors shall maintain complete records of all transactions that they conducted on behalf of the Town and shall make those records available for inspection by the CFO or other representatives designated by the City Council or City Manager.

(e) All sales of securities for less than the book value of the security shall be approved by the CFO and reported to the City Council at the next regular meeting. Sales of securities for less than 98% of the book value of the securities must be approved by both the City Manager and the CFO.

(f) All contracted investment advisors shall report at least monthly on the straight-line book value, the market value of investment holdings, and total earnings yield and such other information required by the CFO. Unrealized profits or losses in the Town's investment portfolio will be disclosed but will not be used in the calculation of income earned for the month. Contracted investment advisors shall postmark their monthly reports to the CFO no later than 15 business days following the close of the reporting month.

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(g) An investment report shall be prepared by the CFO within 60 days of the quarter end that:

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- (1) Describes in detail the investment position of the Town;
- (2) States the reporting period beginning book and market values, additions or changes to the book and market values during the period and ending book and market values for the period of each pooled fund group;

- (3) States the reporting period beginning book and market value and ending book and market value for each investment security by asset type and fund type;
- (4) States the maturity date of each investment security;
- (5) States the fund for which each investment security was purchased;
- (6) States fully accrued interest for the reporting period;
- (7) States the compliance of the investment portfolio with the Town's investment policy, investment strategy statement and the Public Funds Investment Act (V.T.C.A., Government Code ch. 2256);
- (8) Summarizes quarterly transactions, including a detailed list of the gains and losses recognized; and
- (9) Explains the total earnings yield during the previous quarter and compares the portfolio's performance to other benchmarks of performance.

**Deleted:** investment return

This report will be presented to the City Council and signed by all of the Town's investment officers.

(h) Market valuations of investments shall be provided by the investment advisor on a monthly basis. The investment advisor shall use independent market pricing sources including, but not limited to, Interactive Data Corporation (IDC) and Bloomberg, to monitor the market price of investments acquired with the Town's funds.

(i) Within 60 days after the end of the Town's fiscal year, the CFO shall prepare, sign and deliver to the City Manager and the City Council an annual report on the Town's investment program and investment activity which has also been signed by each officer and employee of the Town authorized to conduct any of the Town's investment activity. The annual report shall include full year earnings yield. Such annual report shall include an analysis of the compliance with this article as well as changes in applicable laws and regulations during the previous year and may include any other items of significance related to the investment program.

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(j) If the Town places funds in any investment other than registered investment pools or accounts offered by its depository bank, the above reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council.

**Sec. 2-215. Ethics and Conflicts of Interest.**

(a) Officers and employees of the Town involved in the investment process shall refrain from personal business activity that involves any of the Town's approved custodians, depositories, broker/dealers, or investment advisors and shall refrain from investing in any security issue held by the Town. Employees and officers shall not utilize

investment advice concerning specific securities or classes of securities obtained in the transaction of the Town's business for personal investment decisions, shall, in all respects, subordinate their personal investment transactions to those of the Town, particularly with regard to the timing of purchases and sales and shall keep confidential all investment advice obtained on behalf of the Town and all transactions contemplated and completed by the Town, except when disclosure is required by law.

(b) All investment officers of the Town shall file with the Texas state ethics commission and the City Council a statement disclosing any personal business relationship with a business organization seeking to sell investments to the Town or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Town.

**Sec. 2-216. Collateral Requirements.**

Any deposits exceeding FDIC insurance limits shall be fully collateralized by securities listed in items "a" and "b" below, and the collateral shall be held by a third party custodian bank approved by the Town.

a. Direct obligations of the United States Government; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

b. Senior debt obligations issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). Mortgage-backed securities are eligible as collateral, but principal-only and interest-only mortgage-backed securities and collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) are expressly prohibited.

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Consistent with the requirements of state law, the Town requires all bank and savings bank deposits to be federally-insured or collateralized with eligible securities. Financial institutions serving as Town depositories will be required to sign a security agreement with the Town and the Town's custodian. The agreement shall define the Town'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:

- a. The agreement must be in writing;
- b. The agreement has to be executed by the depository and the Town contemporaneously with the acquisition of the asset;

c. The agreement must be approved by the Board of Directors or the loan committee of the depository and a copy of the meeting minutes must be delivered to the Town;

d. The agreement must be part of the depository's "official record" continuously since its execution.

**Sec. 2-217. Policy Revisions.**

The investment policy and investment strategy statements will be reviewed at least annually by the CFO and the City Council and may be amended as conditions warrant by the City Council.

Section 3. Savings. This Ordinance shall be cumulative of all other ordinances of the Town affecting the Town's investment policy or investment strategy and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance.

Section 4. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 5. Effective Date. This Ordinance shall become effective from and after its date of passage and approval.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
Todd Meier, Mayor

Deleted: Joe Chow

ATTEST:

By: \_\_\_\_\_  
Chris Terry, City Secretary

Deleted: Lea Dunn

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John Hill, City Attorney

## **Council Agenda Item: #R5**

### **AGENDA CAPTION:**

Presentation, discussion and consideration of approval of a resolution adopting the Town of Addison Investment Strategy for FY 2012.

### **FINANCIAL IMPACT:**

There is no financial impact associated with the approval of the investment strategy.

### **BACKGROUND:**

The Public Funds Investment Act (PFIA) requires the Council to annually review the Town's investment strategy. The Town's investment advisor, First Southwest Asset Management, has assisted staff with the development of the attached strategy. The investment strategy has been drafted to comply with all aspects of the PFIA.

For FY 2012, staff is not recommending any change to our investment strategy. The investment strategy has the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town
- Preservation and safety of principal
- Liquidity
- Marketability of the investment if the need arises to liquidate the investment prior to maturity
- Diversification of the investment portfolio
- Yield

### **RECOMMENDATION:**

Staff recommends approval of the resolution adopting the Town's FY 2012 investment strategy.

### **COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible

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## ATTACHMENTS:

Description:

- [FY 2012 Investment Strategy Statement](#)
- [Resolution to Adopt Investment Strategy](#)

Type:

- Backup Material
- Resolution Letter

**EXHIBIT A**

**TOWN OF ADDISON**

**INVESTMENT STRATEGY STATEMENT**

**For**

**FY 2011-12**

Adopted:  
September 27, 2011

## **PREFACE**

It is the policy of the Town of Addison that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted Investment Policy.

In accordance with the Texas Public Funds Investment Act (Chapter 2256, Tex. Gov. Code), the City Council shall adopt Investment Strategy Statements that address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the Town;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment if the need arises to liquidate the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield

Effective investment strategy development coordinates the primary objectives of the Town's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. Aggressive cash management shall be utilized to increase the available "investment period" for all Town funds. Investment security maturity selections shall be based on cash flow requirements and market conditions to take advantage of interest earnings as viable and material revenue to all Town funds. The Town's portfolios shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

## **INVESTMENT STRATEGY**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

Suitability – any investment eligible in the Investment Policy is suitable.

Safety of principal – all investments shall be of high quality securities with no perceived default risk. Market price fluctuations will, however, occur. By managing the weighted average days to maturity for the Operating fund portfolio to less than 270 days and restricting the maximum allowable maturity to five years, the price volatility of the overall portfolio will be minimized.

Liquidity – operating funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools and money market mutual funds should provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

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

Diversification – investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Town. When conditions are favorable, market cycle risk will be reduced by diversifying the appropriate maturity structure out to three years. Adhering to the Investment Policy’s maximum investment-type limits (Section IX. INVESTMENT LIMITS) should restrict the exposure of the fund to any one-market sector.

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 should be the minimum yield objective. The Town's Chief Financial Officer ("CFO") may also compare the operating fund’s performance to other appropriate benchmarks.

The Investment Policy permits the Town to sell securities from time to time that it owns in order to better position its portfolio assets. Sales of securities prior to maturity shall be documented and approved by the CFO before such a transaction is consummated. Sales of securities, yielding net proceeds less than ninety-eight (98) percent of the book value of the securities, must be approved in advance and in writing by both the City Manager and the CFO.

**RESOLUTION NO. R11-xxx**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS  
ADOPTING AN INVESTMENT STRATEGY FOR FY 2011-12.**

**WHEREAS**, the Public Funds Investment Act (PFIA) requires the Council to annually review the Town's investment strategy; and,

**WHEREAS**, the Town's investment advisor, First Southwest Asset Management, has assisted staff with the development of the attached strategy; and,

**WHEREAS**, the investment strategy has been drafted to comply with all aspects of the PFIA; and,

**WHEREAS**, for FY 2011-12, staff is not recommending any change in our investment strategy; and,

**WHEREAS**, the investment strategy has the following priorities (in order of importance);

- » Understanding the suitability of the investment to the financial requirements of the Town
- » Preservation and safety of principal
- » Liquidity
- » Marketability of the investment if the need arises to liquidate the investment prior to maturity
- » Diversification of the investment portfolio
- » Yield

**BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON  
TEXAS:**

THAT the City Council does hereby approve adopting an investment strategy for FY 2011-12.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this 27<sup>th</sup> day of September, 2011.

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Todd Meier, Mayor

ATTEST:

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Chris Terry, City Secretary

## Council Agenda Item: #R6

**AGENDA CAPTION:**

Presentation by Tom Lamberth, UDR, regarding the progress of the Vitruvian Park Development.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

**COUNCIL GOALS:**

N/A

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## Council Agenda Item: #R7

**AGENDA CAPTION:**

Discussion of and consideration of approval of a proposed scope of service in the amount of \$35,000 for the Metrocrest Chamber of Commerce.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

n/a

**COUNCIL GOALS:**

N/A

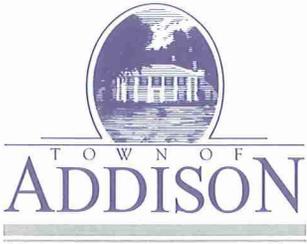
**ATTACHMENTS:**

Description:

[Metrocrest Chamber Letter](#)

Type:

Backup Material



Post Office Box 9010

Addison, Texas 75001-9010

5300 Belt Line Road

(972) 450-7000

FAX (972) 450-7043

September 8, 2011

Tracy Eubanks  
Interim President  
Metrocrest Chamber of Commerce  
5100 Belt Line Road  
Suite 430  
Dallas, TX 75254

Dear Tracy,

I want to thank you for taking the time to meet with me and administrative staff of the Town of Addison. I want to reiterate our support to the Metrocrest Chamber and want to thank you for your leadership. We are very pleased with the direction you have taken the organization.

As a key stakeholder, the Metrocrest Chamber is an important facet of Addison. By collaborating and leveraging our resources, I strongly believe that we can develop a substantive program that will generate a win-win for the Chamber and our Town. To this end, I would like to propose a few programs that the Chamber can assist us in enhancing our efforts related to economic development, marketing, special events and visitor services.

I want to outline programs below we discussed in our meeting that we believe your Chamber can provide in support of the Town of Addison. One slight change to our discussion I want to point out is item #2 below. Instead of support with our business retention and expansion program, we would like to solicit your Chamber's assistance in developing a locally-focused business start-up manual for entrepreneurs. Included in the following are remuneration figures to compensate the Chamber for the services listed:

1. *Economic Development Marketing (\$10,000):*
  - a. Assist with sports marketing development by creating an inventory and analysis of facilities in the area to accommodate such events.
  - b. Provide marketing support of Addison Conference Center and Visit Addison facilities that will generate at least 5 events annually.
  - c. Provide marketing support to our economic development department.

2. *Entrepreneur Development Support (\$10,000):*
  - a. Develop local business start-up manual that includes the steps for starting a business.
  - b. Highlight local resources available to entrepreneurs (ie. SBA, SBDCs, SCORE, etc.)
  - c. Develop list of Chamber members that can provide initial counseling to entrepreneurs focusing in on accounting, legal support, marketing, etc.
  - d. Provide quarterly training event led by seasoned professional that will enhance knowledge for entrepreneurs on starting a business.
  
3. *Worldfest Relationship Enhancement (\$5,000):*
  - a. Develop strategy to reach out to minority/ethnic chambers of commerce in the region to create awareness of Worldfest in Addison.
  - b. Increase participation of minority chambers in Worldfest.
  
4. *Hotel Concierge Support (\$5,000):*
  - a. Assist Visitor Services in establishing a Hotel Concierge Business program for major conferences held at local hotels.
  - b. Provide volunteers at targeted hotel conferences to disseminate information of local attractions, local events, and business support services.
  
5. *Develop Aviation Related Forum at Addison Airport (\$5,000):*
  - a. Collaborate with airport management to develop a timely aviation forum.
  - b. Market event to local businesses with emphasis on airport tenants.

I would like to encourage you to discuss the programs we have highlighted above with your board of directors to ensure their support as well. We are available to meet with them should they have any questions. However, I would like to also mention that there are two caveats to our proposal: the first is that this proposal is contingent on your board's continued support of you as the president of the Metrocrest Chamber; and the second is that we would like to receive a quarterly report from your Chamber on the progress of the items listed above that should also highlight project milestones. You may be asked to make a presentation of this report to our City Council.

Should the proposal be accepted by your board, the Town of Addison recommends providing 2/3 of the total initial funding listed above. This may help provide cash flow to initiate some of the programs. If there are other alternatives you would like us to consider, please do not hesitate to let us know.

The Town of Addison looks forward to strengthening our working relationship with the Metrocrest Chamber of Commerce. I strongly believe that this proposal will also create value added programs for your business members to increase local business networking opportunities. Please do not hesitate to contact me if you have any questions or if you would like to schedule a follow-up meeting to discuss our proposal in more detail. I look forward to hearing from you on your board's decision.

Sincerely,



Ron Whitehead  
City Manager

## Council Agenda Item: #R8

### **AGENDA CAPTION:**

Discussion of possible issuance of General Obligation Refunding & Improvement Bonds, Series 2011.

### **FINANCIAL IMPACT:**

There is no direct financial impact related to the discussion of this item. Under the current interest rate environment, the Town could realize a reduction of about \$60,000 in annual debt service payments over the next eight year by refunding a portion of its outstanding debt through the issuance of new debt. The \$3 million of new debt issued for Belt Line Road Streetscape improvements would add approximately \$230,000 in annual debt service.

### **BACKGROUND:**

The FY 2012 budget contemplated issuing \$3 million for further improvements to the Belt Line Road Streetscape. The Town has also several outstanding bond issues that can be refunded at a savings to the Town. The current interest rate environment is conducive to a debt issue prior to the end of the 2011 calendar year.

### **RECOMMENDATION:**

The workshop session is intended only to brief the council on this topic.

### **COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible Manner

### **ATTACHMENTS:**

Description:

[Presentation](#)

Type:

Presentation



#### Contacts

David Medanich

777 Main Street

Suite 1200

Fort Worth, Texas 76102

817.332.9710

david.medanich@firstsw.com

Laura Alexander

777 Main Street

Suite 1200

Fort Worth, Texas 76102

817.332.9710

laura.alexander@firstsw.com

Proposed General Obligation Refunding & Improvement Bonds, Series 2011

September 16, 2011

**Town of Addison, Texas**

## Topics of Discussion

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- Market Opportunity
- Refunding Candidates
- Refunding Information
- Estimated Debt Payments
- Benefit of a Combined Issuance
- Next Steps

# Market Opportunity

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- Tax-exempt interest rates have decreased about 0.5% since July and are close to historically low levels
  
- The Town can finance its planned \$3 million in General Obligation bonds and refinance certain existing bonds to lower its debt service payments in the current low interest rate environment

TOWN OF ADDISON, TEXAS

# Refunding Candidates



SERIES	PAR AMOUNT	MATURITIES	COUPON RATES	CALL DATES
General Obligation Refunding Bonds, Series 2001	\$ 1,300,000	2012 - 2013	4.250% - 4.350%	2/15/2011
General Obligation Refunding & Improvement Bonds, Series 2002	3,835,000	2014 - 2017	3.750% - 5.000%	8/15/2012
Combination Tax & Revenue Certificates of Obligation, Series 2003	<u>1,355,000</u>	2016 - 2017	3.500% - 3.625%	2/15/2013
	<u>\$ 6,490,000</u>			

- Refunding was sized to comply with the Bank Qualified limit of \$10 million
  - A bank qualified issuance offers reduced interest rates of approximately 0.5% compared to a Non-Bank Qualified issuance

TOWN OF ADDISON, TEXAS

# Refunding Information



## General Obligation Refunding and Improvement Bonds, Series 2011<sup>(1)</sup>

Date	Refunded Debt Payments	Estimated Refunding Debt Service	Estimated Aggregate Savings	Savings Allocation	
				Estimated Tax Portion Savings	Estimated Hotel Portion Savings
9/30/2012	\$ 911,160	\$ 897,826	\$ 13,334	\$ 4,313	\$ 9,021
9/30/2013	903,205	826,235	76,970	67,768	9,203
9/30/2014	1,107,069	1,033,963	73,106	63,694	9,413
9/30/2015	1,102,038	1,024,223	77,815	68,193	9,623
9/30/2016	1,757,650	1,682,185	75,465	65,340	10,125
9/30/2017	1,758,256	1,687,535	70,721	65,460	5,261
	<u>\$ 7,539,378</u>	<u>\$ 7,151,966</u>	<u>\$ 387,412</u>	<u>\$ 334,767</u>	<u>\$ 52,645</u>
Net Present Value Savings			<u>\$ 354,086</u>		
PV Savings as a Percentage of Bonds being Refunded:			<u>5.456%</u>		

### REFUNDING SUMMARY<sup>(1)</sup>:

- ❑ Total Savings: **\$387,412**
- ❑ Net Present Value Savings: **\$354,086**
- ❑ PV Savings as a % of Refunded Principal: **5.45%**
- ❑ Average Borrowing Cost on 2011 Bonds (TIC): **1.38%**
- ❑ Average Interest Rate on Refunded Bonds: **4.43%**
- ❑ Final Maturity **NOT** Extended
- ❑ Savings are **AFTER** all transaction costs

(1) Market rates as of September 14, 2011 plus 0.10%

# Estimated Tax Supported Debt Service



## General Obligation Refunding & Improvement Bonds, Series 2011<sup>(1)</sup>

FYE 9/30	\$3,000,000 Debt Service @ 2.43%	Tax Portion Refunding Savings	Net New Debt Service
2012	\$80,208	\$4,313	\$75,895
2013	210,688	67,768	142,920
2014	213,220	63,694	149,526
2015	210,700	68,193	142,508
2016	213,128	65,340	147,788
2017	210,503	65,460	145,043
2018	212,825		212,825
2019	209,770		209,770
2020	211,325		211,325
2021	212,750		212,750
2022	212,958		212,958
2023	211,910		211,910
2024	210,658		210,658
2025	209,200		209,200
2026	212,435		212,435
2027	210,363		210,363
2028	208,085		208,085
2029	210,500		210,500
2030	212,505		212,505
2031	209,203		209,203
	<b>\$4,092,930</b>	<b>\$334,767</b>	<b>\$3,758,163</b>

TOWN OF ADDISON, TEXAS

(1) Market rates as of September 14, 2011 plus 0.10%

## Benefit of a Combined Issuance

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Addison!

*Reason for a Combined Bond Sale = Savings*

- By combining the refunding with the \$3 Million into one bond issuance, the Town will save approximately \$50,000 in transaction costs versus having sold the bonds at separate times

TOWN OF ADDISON, TEXAS

## Next Steps

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*Addison!*

- Pricing of the proposed Bonds is targeted for October 24, 2011
- Present bond sale results to Council for approval on October 25, 2011

TOWN OF ADDISON, TEXAS

## **Council Agenda Item: #R9**

### **AGENDA CAPTION:**

Presentation, discussion, and consideration of approval of an ordinance amending the Town's financial policies set forth in Chapter 2, Article IV, Division 2 of the Town's Code of Ordinances.

### **FINANCIAL IMPACT:**

There is no financial impact associated with this item.

### **BACKGROUND:**

While preparing the FY 2011-2012 budget, staff determined that the Town's financial policies should be amended to reflect changes in operations and to comply with new accounting standards. In addition to formatting and minor corrections, staff is recommending the following significant changes:

- Revise references to reservations of fund balance as assignments of fund balance in accordance with GASB 54 fund balance definitions.
- Include a brief description of the Town's cash investment policy including the six objectives for investment.
- Stipulate that large purchases of smaller equipment (such as a bulk purchase to replace all Town computers) will be capitalized.
- Clarify that the 25% minimum fund balance requirement can be met in the current budget year or within the long-term planning horizon.
- Include fund balance classifications per GASB 54 definitions and establish fund balance policy as it relates to these classifications.

These changes are reflected in the attached ordinance.

### **RECOMMENDATION:**

Staff recommends approval.

**COUNCIL GOALS:**

Conduct the Business of the Town in a Fiscally Responsible Manner

**ATTACHMENTS:**

Description:

[Ordinance Amending Financial Policies](#)

Type:

Ordinance

TOWN OF ADDISON, TEXAS

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE IV (FINANCE), DIVISION 2 (FINANCIAL POLICIES) AS SET FORTH HEREIN; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the Town of Addison, Texas (the “City”) has heretofore adopted financial policies regarding the funds under its control; and

**WHEREAS**, the said financial policies are set forth in Division 2, Article IV, Chapter 2 of the City’s Code of Ordinances; and

**WHEREAS**, the City Council has reviewed the said financial policies and desires to amend the same as set forth herein.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:**

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Amendment. Chapter 2 (Administration) of the Code of Ordinances (the “Code”) of the Town of Addison, Texas (the “City”) is hereby amended in the following particulars, and all other chapters, articles, sections, subsections, paragraphs, phrases, and words are not amended but are ratified and confirmed:

A. Division 2 (Financial Policies) of Article IV (Finance) of Chapter 2 of the Code is amended as follows (additions are underlined; deletions are displayed in the right margin):

**Sec. 2-171. Purpose.**

The Town of Addison, Texas financial policies set forth the basic framework for the fiscal management of the Town. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the Town of Addison City Charter. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions. *Minor changes in policies have been adopted as a result of the issuance of GASB Statement 34 and are noted in italics. While the modified policies influenced how certain funds are displayed or organized, the changes did not affect the application of financial resources to government programs.*

Deleted: city

**Sec. 2-172. Annual budget. (Charter Requirements\*)**

(a) The fiscal year of the Town of Addison shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.\*

(b) The City Manager, prior to August first of each year, shall prepare and submit to the City Secretary the annual budget covering the next fiscal year, which shall contain the following information:\*

(1) The City Manager's budget message shall outline the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the Town.

(2) An estimate of all revenue from taxes and other sources, including the present tax structure rates and property valuations for the ensuing year.

(3) A carefully itemized list of proposed expenses by office, department, agency, and project for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.

(4) A description of all outstanding bonded indebtedness of the Town.

(5) A statement proposing any capital expenditure deemed necessary for undertaking during the next budget year and recommended provision for financing.

(6) A list of capital projects which should be undertaken within the next five succeeding years.

(7) A five-year financial plan for the General, Hotel, Airport, and Utility Funds.

(c) The City Manager's budget should assume, for each fund, operating revenues that are equal to or exceed operating expenditures. The City Manager's budget message shall explain the reasons for any fund that reflects operating expenditures exceeding operating revenues.\*

(d) At least one public hearing shall be conducted before the City Council, allowing interested citizens to express their opinions concerning items of expenditure, giving their reasons for wishing to increase or decrease any items of expense. The notice of hearing shall be published in the official newspaper of the Town not less than 15 days or more than 30 days following date of notice.\*

(e) Following the public hearing, the City Council shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least three days prior to the beginning of the next fiscal year, adopt the budget by a favorable majority vote. If the City Council fails to adopt the budget, the Town shall continue to operate under the

existing budget until such time as the City Council adopts a budget for the ensuing fiscal year.\*

(f) On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the City Council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Under conditions which may arise, the City Council may amend or change the budget to provide for any additional expense.\*

(g) The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than ninety days following the date of the budget's adoption by the City Council.

**Sec. 2-173. Basis of accounting and budgeting.**

(a) The Town's finances shall be accounted for in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

(1) The accounts of the Town are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project Funds.

(2) Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

(3) The Town utilizes encumbrance accounting for its governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation.

Deleted: reserve

(4) The Town's proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

(b) The Town's annual budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary fund budgets. All annual appropriations lapse at fiscal year end. Under the Town's budgetary process, outstanding encumbrances are reported as assignments of fund balances and do not constitute expenditures or liabilities since the amounts will be expended the subsequent fiscal year.

Deleted: reservations

Deleted: commitments

Deleted: reappropriated and honored

(c) The issuance of Statement 34 by GASB has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the Town will continue utilizing the accounting and budgeting processes as described in paragraphs (1) and (2) of this section. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types. Also, the Town will limit the use of internal service funds and incorporate the financial transactions of those funds into other governmental funds.

#### **Sec. 2-174. Budget administration.**

(a) All expenses of the Town shall be made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

(b) The following represents the Town's budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer (CFO). Transfers between operating departments may occur with the approval of the City Manager and CFO provided that a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a

department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

**Sec. 2-175. Financial reporting.**

(a) Following the conclusion of the fiscal year, the Town's CFO shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by GASB. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

(b) The CAFR shall show the status of the Town's finances on the basis of GAAP. The CAFR shall show fund revenues and expenditures for governmental funds on both a GAAP basis and budget basis for comparison purposes. In all but two cases this reporting conforms to the way the Town prepares its budget. Compensated absences (accrued but unused sick leave) are not reflected in the budget but are accounted for in the CAFR's long-term debt account group. Depreciation expense is not shown in the budget's proprietary funds, although the full purchase price of equipment and capital improvements is reflected as uses of working capital.

(c) Included as part of the CAFR shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.

(d) The CFO shall, within 60 days following the conclusion of each calendar quarter, issue a report to the City Council reflecting the Town's financial condition for that quarter. The quarterly report format shall be consistent with the format of the annual budget document.

**Sec. 2-176. Revenues.**

(a) To protect the Town's financial integrity, the Town will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the Town will attempt to reduce its dependence on sales tax revenue.

(b) For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the eight percent rollback rate as defined by the State of Texas Property Tax Code. City Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

(c) The Town will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The Town may consider providing tax abatements or other incentives to encourage development.

(d) The Town will establish user charges and fees at a level that attempts to recover the full cost of providing the service.

(1) User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.

(2) Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.

(3) The Town will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, and accuracy of water meters).

(e) The Town will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and private agencies for the provision of public services or the construction of capital improvements.

(f) The Town will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.

(g) When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

(h) The Town will invest idle cash to obtain interest income within the constraints of the Town's annually adopted investment policy. That policy established the following six objectives: a.) conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy, b.) preservation of capital and the protection of investment principal, c.) maintenance of sufficient liquidity to meet anticipated disbursement and cash flow, d.) marketability of the investment if the need arises to liquidate the investment prior to maturity, e.) diversification to avoid incurring unreasonable risks regarding securities owned, and f.) attainment of a market rate of return equal to or higher than the performance measure established from time to time by the CFO of the Town which is commensurate with the acceptable risk and liquidity objectives of this policy.

**Sec. 2-177. Operating expenditures.**

(a) Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:

- (1) Operating, recurring expenditures
  - a. Personal services
  - b. Supplies
  - c. Maintenance
  - d. Contractual services
  - e. Capital replacement/lease
- (2) Operating, non-recurring expenditures
  - a. Capital equipment

(b) The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.

(c) The Town will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

(d) Personal service expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the Town shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.

(e) Supply expenditures shall be sufficient for ensuring the optimal productivity of Town employees.

(f) Maintenance expenditures shall be sufficient for addressing the deterioration of the Town's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.

(g) The Town will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the Town. The Town will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the Town.

(h) Capital equipment is defined as equipment that exceeds \$5,000 and has a useful life of at least one year. Bulk purchases of smaller equipment with a useful life of at least one year will be capitalized if the total amount of the purchase exceeds \$25,000. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General Fund operations will be amortized by charges to the departments using the equipment. The amortization

charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The amortization charges and application of those funds will be accounted for in the Capital Replacement Fund.

(i) Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

(j) To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the CFO. Projected expenditures that exceed the ceiling must be submitted as separate budget adjustment requests. The City Manager will recommend the adjustment requests to the City Council, which will vote on the requests.

**Sec. 2-178. Fund balance.**

(a) The annual budget shall be presented to City Council with each fund reflecting an ending fund balance in the current budget year or within the long-term planning horizon which is no less than 25 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25 percent minimum.

(b) Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.

(c) The Town will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.

Deleted: arrest

(d) The Town shall report governmental fund balances per GASB 54 definitions in the balance sheet as follows:

- Nonspendable (includes amounts that are not in a spendable form or are required to be maintained intact, such as inventory or permanent funds)
- Restricted (includes amounts that can be spent only for specific purposes stipulated by external parties, such as grants and child safety fees)
- Committed (includes amounts that can be used only for specific purposes set by resolution of the City Council, such as economic development funding)
- Assigned (includes amounts intended to be used for specific purposes, such as encumbrances)
- Unassigned (includes all amounts not contained in other classifications; can be used for any purpose)

(e) The Town shall approve all commitments by resolution of the City Council. The action to commit funds must occur prior to the fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by resolution of the City Council.

(f) When it is appropriate for fund balance to be assigned, the Town delegates the responsibility to assign funds to the CFO or his designee. Assignments may occur subsequent to fiscal year-end.

(g) The Town will utilize funds in the following spending order:

- Restricted
- Committed
- Assigned
- Unassigned

**Sec. 2-179. Fund transfers.**

(a) With the exceptions noted below, there will be no operating transfers between funds. Any costs incurred by one fund to support the operations of another shall be charged directly to the fund. (For example, actual hours worked by General Fund employees for Hotel Fund events will be charged to the Hotel Fund.)

(b) Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

(c) Transfers are permitted between funds to support economic development programs.

**Sec. 2-180. Debt expenditures.**

(a) The Town will issue debt only to fund capital projects that cannot be supported by current, annual revenues.

(b) To minimize interest payments on issued debt, the Town will seek to maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding 15 years, except in instances when the capital improvements will significantly benefit the community beyond the 15 year period. Retirement of debt principal will be structured to ensure consistent annual debt payments.

(c) The Town will attempt to maintain base bond ratings (prior to insurance) of Aa1 (Moody's Investors Service) and AAA (Standard & Poor's) on its general obligation debt.

(d) When needed to minimize annual debt payments, the Town will obtain insurance for new debt issues.

**Sec. 2-181. Capital project expenditures.**

(a) The Town will develop a multi-year plan for capital projects, which identifies all projects likely to be constructed within a five-year horizon. The multi-year plan will reflect for each project the likely source of funding and attempt to quantify the project's impact to future operating expenditures.

(b) Capital projects will be constructed to:

- (1) Protect or improve the community's quality of life.
- (2) Protect or enhance the community's economic vitality.
- (3) Support and service new development.

(c) To minimize the issuance of debt, the Town will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. "pay-as-you-go").

**Sec. 2-182. Utility capital expenditures.**

The Town will design utility rates sufficient for funding a depreciation reserve which will accumulate resources to replace or rehabilitate aging infrastructure that no longer can be serviced by regular maintenance. Attempts should be made to fund the reserve at a level approximate to annual depreciation of assets as reported in the Town's CAFR.

**Sec. 2-183. Long-term financial plans.**

(a) The Town will adopt every annual budget in context of a long-term financial plan for the General Fund. Financial plans for other funds may be developed as needed.

(b) The General Fund long-term plan will establish assumptions for revenues, expenditures and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.

Section 3. Savings. This Ordinance shall be cumulative of all other ordinances of the City affecting the City's investment policy or investment strategy and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance.

Section 4. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have

passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 5. Effective Date. This Ordinance shall become effective from and after its date of passage and approval.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Todd Meier, Mayor

ATTEST:

By: \_\_\_\_\_  
Chris Terry, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John Hill, City Attorney

## **Council Agenda Item: #R10**

### **AGENDA CAPTION:**

Discussion and consideration of approval of a resolution affirming the appointment of a member of the DART Board of Directors.

### **FINANCIAL IMPACT:**

### **BACKGROUND:**

On August 23, 2011, the DART Board of Directors approved a resolution selecting a reapportionment of the DART Board of Directors based on the 2010 Census and adopting the required plan for assigning members to fill new groupings resulting from the plan. A copy of that resolution is attached to this item.

Under Section 452.573 of the Texas Transportation Code, municipalities in teh DART service area must either affirm the appointment of the member designated in the DART Board Reapportionment Plan, or appoint a new member for the designated group of municipalities on or before October 31, 2011.

### **RECOMMENDATION:**

### **COUNCIL GOALS:**

N/A

### **ATTACHMENTS:**

Description:

[DART Resolution](#)

Type:

Cover Memo



**RESOLUTION  
Of the  
DALLAS AREA RAPID TRANSIT BOARD**

**110089**

(Executive Committee)

***RESOLUTION***

**Dallas Area Rapid Transit Reapportionment of the DART Board of Directors**

WHEREAS, Section 452.577 of the Texas Transportation Code requires that the DART Board be restructured when needed because of population changes as of September 1 after the date that the census data becomes available; and

WHEREAS, data from the 2010 Census indicates a need for a such a reapportionment at this time; and

WHEREAS, the Board has deliberated this matter and in three briefing sessions and has received and considered comments from the municipalities in the DART service area which contained information about the commonality of community interests; and

WHEREAS, as required by Section 452.578, the Board has a plan for filling vacancies following the reapportionment to ensure that each municipality maintains the representation to which it is entitled.

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that:

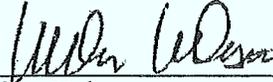
Section 1: The Board selects the following option as the apportionment of its members and that the listed Board members shall represent the municipality or municipalities indicated effective September 1, 2011:

Board Member	Term Ends	Cities
Ray Noah	2012	Addison, Highland Park, Richardson & University Park
William Velasco	2013	Dallas & Cockrell Hill
Faye Wilkins	2012	Plano & Farmers Branch
Mark C. Enoch	2012	Garland, Rowlett & Glenn Heights
Randall Chrisman	2013	Carrollton & Irving
Scott Carlson	2013	Dallas
Richard Carrizales	2012	Dallas
Jerry L. Christian	2013	Dallas
Pamela Dunlop Gates	2013	Dallas
Robert Strauss	2012	Dallas
William Tsao	2013	Dallas
Claude R. Williams Jr.	2013	Dallas
Michael T. Cheney	2012	Garland
John Danish	2013	Irving
Loretta L. Ellerbe	2012	Plano

Section 2: In addition to the possible need for reapportionment as required by Chapter 452 of the Texas Transportation Code, as amended, no later than September 1, 2016, the Board shall undertake a reapportionment analysis based on the official NCTCOG 2015 population estimates if that estimate indicates that the combined seat ratio for the municipalities Carrollton and Irving has increased from the 2010 Census data.



\_\_\_\_\_  
Scott Carlson  
Secretary



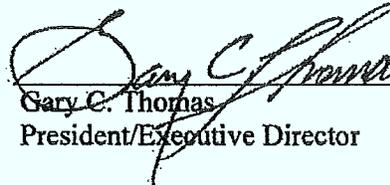
\_\_\_\_\_  
William Velasco  
Chair

APPROVED AS TO FORM:



\_\_\_\_\_  
DART Counsel

ATTEST:



\_\_\_\_\_  
Gary C. Thomas  
President/Executive Director

August 23, 2011

\_\_\_\_\_  
Date

## **Council Agenda Item: #ES1**

### **AGENDA CAPTION:**

Closed (Executive) session of the Addison City Council pursuant to Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

### **FINANCIAL IMPACT:**

TBD

### **BACKGROUND:**

Provide overview of incentives being proposed to corporate recruitment prospects.

### **RECOMMENDATION:**

N/A

### **COUNCIL GOALS:**

Provide For A Diversified Business Climate

### **ATTACHMENTS:**

Description:

Type:

No Attachments Available

## **Council Agenda Item: #R1**

**AGENDA CAPTION:**

Consideration of any action regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or any action regarding the offer of a financial or other incentive to such business prospect or business prospects.

**FINANCIAL IMPACT:**

N/A

**BACKGROUND:**

Executive Session Action Item.

**RECOMMENDATION:**

N/A

**COUNCIL GOALS:**

N/A

**ATTACHMENTS:**

Description:

No Attachments Available

Type: