



Post Office Box 9010 Addison, Texas
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AGENDA

REGULAR MEETING OF THE CITY COUNCIL

AND / OR

WORK SESSION OF THE CITY COUNCIL

6:00 PM

November 12, 2013

TOWN HALL

**5300 BELT LINE RD., ADDISON, TX 75254 6:00PM WORK
SESSION; 7:30PM REGULAR MEETING**

WORK SESSION

WS1 Discussion regarding Dallas Area Rapid Transit (DART).

WS2 Discussion regarding the Planning and Zoning Commission's Land Use Analysis portion of the Town of Addison's proposed Comprehensive Land Use Plan.

REGULAR MEETING

Pledge of Allegiance

R1 Announcements and Acknowledgements regarding Town and Council Events and Activities

Introduction of Employees

Discussion of Events/Meetings

R2 Consent Agenda.

2a Approval of the Minutes for the 10/22/13 Work Session and Regular Council Meeting.

Attachments

Oct. 22 Minutes

2b Approval of a resolution adopting the Town of Addison Investment Strategy for FY 2014.

Attachments

FY 14 Investment Strategy Statement

Investment Strategy Resolution

2c 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.

Attachments

Investment Policy Ordinance

FY13-14 Investment Policy

Exhibit B- Approved Broker/Dealers List

2d Approval of a resolution nominating Michael Hurtt to the Dallas Central Appraisal District Board of Directors

Attachments

DCAD Election Packet

Michael Hurtt Biography

Regular Items

R3 Presentation by the Metrocrest Chamber of Commerce of their year-end accomplishments related to their FY 2013 Service Agreement with the Town of Addison

R4

PUBLIC HEARING, Case 1674-SUP/Pluckers Wing Bar. Public hearing, discussion and consideration of approval of an ordinance changing the zoning on property located at 5100 Belt Line, Suite 520, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, on application from Pluckers Wing Bar, represented by Mr. Barry Bubis of Barry Bubis Architects, Inc.

Recommendation:

Administration recommends approval.

Attachments

docket map, staff report and commission findings
Pluckers Analysis Form

R5

Presentation, discussion and consideration of approval authorizing the City Manager to renew the Town's health insurance contract with Blue Cross/Blue Shield of Texas (BCBSTX).

Recommendation:

Administration recommends approval.

R6

Discussion and consideration of approval of an ordinance providing for increased prior and current service annuities under the act governing the Texas Municipal Retirement system for retiree and beneficiaries of deceased retirees of the Town of Addison.

Recommendation:

Administration recommends approval.

Attachments

TMRS Letter
TMRS COLA Ordinance

R7

Presentation, discussion, and consideration of an ordinance amending the Town's Code of Ordinances by amending Chapter 14 (Aviation), Article III (Municipal Airport), Division 3 (Off-Airport Access to Airport) of the Code by amending Section 14-106 thereof by providing time periods and review criteria in connection with an access (through-the-fence) permit application, modifying permit revocation provisions, adding a length of permit term for permits issued after the ordinance adoption, by amending Section 14-107 to make corresponding changes, and by making other amendments as set forth in the ordinance.

Recommendation:

Administration recommends approval.

R8

Presentation, discussion, and consideration of an Assignment of Ground Lease on Addison Airport from Turbine Aircraft Service, Inc., to 6200 GP LLC, and authorizing the City Manager to execute the assignment agreement on behalf of the Town.

Recommendation:

Administration recommends approval.

Attachments

Memo TAS to 6200 GP LLC

R9

Presentation, discussion, and consideration of approval of a Resolution prioritizing the areas of Special Study that were recommended in the Town of Addison Comprehensive Land Use Plan, which was presented to the Council by the Planning and Zoning Commission on June 11, 2013, and is currently under review by the Council, and establishing a structure for the Special Study teams.

Adjourn Meeting

Posted:

Chris Terry, 11/8/13, 5:00pm

**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.**

Combined Meeting

WS1

Meeting Date: 11/12/2013

Council Goals: N/A

AGENDA CAPTION:

Discussion regarding Dallas Area Rapid Transit (DART).

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

N/A

Combined Meeting

WS2

Meeting Date: 11/12/2013

Council Goals: Create raving fans of the Addison Experience.
Mindful stewardship of Town Resources.
Maintain and enhance our unique culture of creativity and innovation.
Create and implement a Comprehensive Land Use/Revitalization Plan
Brand Protection and Enhancement
Develop Next Great Idea
Promote Sustainability

AGENDA CAPTION:

Discussion regarding the Planning and Zoning Commission's Land Use Analysis portion of the Town of Addison's proposed Comprehensive Land Use Plan.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

N/A

Combined Meeting

2a

Meeting Date: 11/12/2013

Council Goals: N/A

AGENDA CAPTION:

Approval of the Minutes for the 10/22/13 Work Session and Regular Council Meeting.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Administration recommends approval.

Attachments

Oct. 22 Minutes

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION

October 22, 2013

6:00 PM - Town Hall

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254 | 6:00pm Work Session |

7:30pm Regular Meeting

Upstairs Conference Room

Present: Arfsten; Clemens; DeFrancisco; Gunther; Meier; Moore; Resnik

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL REGULAR MEETING

October 22, 2013

6:00 PM - Town Hall

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254 | 6:00pm

Work Session | 7:30pm Regular Agenda

Chris Terry, 06/21/13, 5:00pm

WORK SESSION

WS1

Discussion regarding the proposed sales tax reallocation agreement between the Town and Alpha Services Corporation.

WS2

Discussion of the Town's Airport Strategic Plan.

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Introduction of Employees

Discussion of Events/Meetings

Consent Agenda.

2a

Approval of the Minutes for the October 8, 2013 Work Session and Regular Council Meeting.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

2b

Approval of a sales tax reallocation agreement between the Town and Alpha Services Corporation.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

2c

Approval of an ordinance amending the 2013-2014 service agreement of Larry Dwight as presiding municipal judge of the Addison Municipal Court of Record, increasing the judge's annual rate of pay from \$97,068.40 to \$117,503.36.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

2d

Approval of an annual contract wth Dallas County Health & Human Services for selected public health services.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

2e

Approval of a contract with the Trinity River Authority (TRA) for Environmental Protection Agency (EPA) required services.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

2f

Approval of (i) Contracts for Services between the Town of Addison and the following non-profit agencies: Metrocrest Family Medical Clinic, Metrocrest Chamber of Commerce, The Family Place, Metrocrest Social Services, CONTACT Crisis Line, LaunchAbility, United Basketball League - Texas Wranglers, Dance Council, WaterTower Theatre, and Addison Arbor Foundation, and (ii) an Agreement for the Use of the Addison Theatre Centre between the Town of Addison and each of Water Tower Theatre, subject to the final review and approval of the City Manager and City Attorney.

Motion made by Clemens, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

Regular Items

R3

Discussion and consideration of approval of a contract with Rodney Hand & Associates Marketing Communications, LP for the production of Addison the Magazine of the North Dallas Corridor and Addison and The North Dallas Corridor Visitors Guide in the amount of \$111,000 for a one year period with four annual renewals.

Recommendation:

Administration recommends approval.

Carrie Rice, Director of Communications and Marketing, presented this item. Rodney Hand, President of Rodney Hand & Associates, spoke on this item.

A motion was made by Council Member Clemens to approve the item, subject to City Attorney and City Manager approval, and with the condition that monthly metrics that demonstrate the magazine's effectiveness and success be provided to staff.

Motion made by Clemens, Seconded by Resnik

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

R4

Presentation, discussion and consideration of approval authorizing the City Manager to enter into a Professional Service Agreement with Pyles Whatley Corporation to provide Real Estate Appraisal services for required easement acquisition related to the undergrounding of utilities on Belt Line Road for an amount not to exceed \$113,000.

Recommendation:

Administration recommends approval.

Lisa Pyles, Director of Infrastructure and Operational Services, presented this item.

Motion made by Resnik, Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

Executive Session

ES1

Closed (executive) session of the 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.

Council entered Executive Session at 8:12pm.

Council exited Executive Session at 8:35pm.

Regular Items Continued

R5

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.

A motion was made by Council Member Clemens for the City Manager and City Attorney to proceed as directed in Executive Session.

Motion made by Clemens, Seconded by Arfsten

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

Adjourn Meeting

Mayor-Todd Meier

Attest:

City Secretary-Chris Terry

Combined Meeting

2b

Meeting Date: 11/12/2013

Council Goals: Mindful stewardship of Town Resources.
Look for Operational Efficiencies without cutting services
Identify opportunities for improved governance

AGENDA CAPTION:

Approval of a resolution adopting the Town of Addison Investment Strategy for FY 2014.

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 adviser, First Southwest Asset Management, has assisted administration with the development of the attached strategy. The investment strategy has been drafted to comply with all aspects of the PFIA.

For FY 2014, administration 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:

Administration recommends approval.

Attachments

FY 14 Investment Strategy Statement

Investment Strategy Resolution

EXHIBIT A

TOWN OF ADDISON

INVESTMENT STRATEGY STATEMENT

For

FY 2013-14

Adopted:
November 12, 2013

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.

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS
ADOPTING AN INVESTMENT STRATEGY FOR FY 2013-14.**

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 2013-14, 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 2013-14.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ___ day of November, 2013.

Todd Meier, Mayor

ATTEST:

Chris Terry, City Secretary

Combined Meeting

2c

Meeting Date: 11/12/2013

Council Goals: Mindful stewardship of Town Resources.
Look for Operational Efficiencies without cutting services
Identify opportunities for improved governance

AGENDA CAPTION:

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 2014 budget includes \$109,400 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 administration with the development and review of the proposed investment policy for FY 2014.

For FY 2014, Administration is not recommending any change to our investment policy.

RECOMMENDATION:

Administration recommends approval.

Attachments

Investment Policy Ordinance

FY13-14 Investment Policy

Exhibit B- Approved Broker/Dealers List

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS FINDING THAT THE CITY COUNCIL OF THE TOWN HAS REVIEWED THE TOWN'S INVESTMENT POLICIES AND INVESTMENT STRATEGIES, AND PROVIDING FOR CHANGES THERETO AS SET FORTH HEREIN; AMENDING SECTION 2-213 OF THE CODE OF ORDINANCES REGARDING THE ISSUANCE AND DELIVERY BY A CUSTODIAN OF INVESTMENT SECURITIES OF A TRUST RECEIPT FOR A PLEDGED SECURITY, AND AMENDING SECTION 2-214 OF THE CODE OF ORDINANCES REGARDING A CUSTODIAN PROVIDING A CURRENT LIST OF PLEDGED INVESTMENT SECURITIES UPON REQUEST; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas ("City") has adopted a written investment policy and a separate written investment strategy in accordance with Section 2256.005, Tex. Gov. Code, and the policy and the strategy are included in Chapter 2, Article IV, Division 3 of the Code of Ordinances of the City; and

WHEREAS, Section 2256.005(e) provides that the governing body of an investing entity must review its investment policy and investment strategies not less than annually, and adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies, and the written instrument must record any changes made to either the investment policy or investment strategies; and

WHEREAS, the Texas Legislature, during its 83rd regular session (2013), adopted Senate Bill No. 581 that amended portions of Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act); and

WHEREAS, the City Council has reviewed the City's investment policy and investment strategy, and, in accordance with Senate Bill No. 581, makes changes thereto as set forth in this Ordinance.

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

Section 1. Investment Policy, Investment Strategy Reviewed. The City Council of the Town of Addison, Texas has reviewed the City's investment policy and investment strategy included in Chapter 2, Article IV, Division 3 of the Code of Ordinances of the City. The only changes to the same are included in Section 2 of this Ordinance, below.

Section 2. Amendments. The Code of Ordinances ("Code") of the City is amended as set forth below, and all other chapters, articles, divisions, sections, phrases and words of the Code are not amended hereby (additions to the Code are underlined; deletions are ~~struck-through~~):

A. Section 2-213 (safekeeping and custody) of the Code is amended in part by amending subsection (a) thereof to read as follows:

(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 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~~ (i) issue and deliver to the CFO and City Manager a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest, or (ii) issue and deliver a trust receipt for the pledged security to the Town's depository and instruct the depository to deliver the trust receipt to the CFO and City Manager immediately. The signed safekeeping receipt and trust receipt shall be issued and delivered by the custodian as soon as practicable on the same business day on which the investment security is received

B. Section 2-214 (recordkeeping and reporting) of the Code is amended in part by amending subsection (b) thereof to read as follows:

(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 Comptroller or as otherwise required by law~~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.

At the request of the CFO or the City Manager, a custodian shall provide a current list of all pledged investment securities. The list must include, for each pledged investment security:

- (1) the name of the city;
- (2) the date the security was pledged to secure the city's deposit;
- (3) the Committee on Uniform Security Identification Procedures (CUSIP) number of the security;
- (4) the face value and maturity date of the security; and

(5) the confirmation number on the trust receipt issued by the custodian.

Section 3. Recitals. The above and foregoing recitals to this Ordinance are true and correct and are incorporated into and made a part of this Ordinance for all purposes.

Section 4. Savings; Repealer. This Ordinance shall be cumulative of all other ordinances of the City 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. Provided, however, that the repeal of such ordinances or parts of such ordinances, and the amendments and changes made by this Ordinance, shall not affect any right, property or claim which was or is vested in the City, or any act done, or right accruing or accrued, or established, or any suit, action or proceeding had or commenced before the time when this Ordinance shall take effect; nor shall said repeals, amendments or changes affect any offense committed, or any penalty or forfeiture incurred, or any suit or prosecution pending at the time when this Ordinance shall take effect under any of the ordinances or sections thereof so repealed, amended or changed; and to that extent and for that purpose the provisions of such ordinances or parts of such ordinances shall be deemed to remain and continue in full force and effect.

Section 5. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, paragraph, phrase, word, or provision of this Ordinance or the application of any section, subsection, sentence, paragraph, phrase, word, or provision hereof to any person, firm, corporation, entity, situation or circumstance is for any reason adjudged invalid or held unconstitutional by the valid judgment or decree of a court of competent jurisdiction, the same shall not affect the validity of any other section, subsection, phrase, word, or provision of this Ordinance or the application of any other section, subsection, sentence, paragraph, phrase, word, or provision to any person, firm, corporation, entity, situation or circumstance, and the City Council declares that it would have adopted the valid portions of this Ordinance adopted herein without the invalid or unconstitutional section, subsection, sentence, paragraph, phrase, word, or provision, and to this end the remainder of this Ordinance shall remain in full force and effect.

Section 6. Effective Date. This Ordinance shall become effective from and after its passage and approval and its publication as may be required by law, including but not limited to the City Charter and ordinances.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the ____ day of _____, 2013.

Todd Meier, Mayor

ATTEST:

By: _____
Chris Terry, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

TOWN OF ADDISON

INVESTMENT POLICY

For

FY 2013-14

Revised and Adopted:
November 12, 2013

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
- 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 \$250,000) 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 (CMOs) 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. An exception to the maturity may be made for bond proceeds, provided the repurchase agreement allows for multiple draws at the Town's discretion and the maturity date does not exceed the expected final expenditure date.

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 the following criteria:

- (1) Registered with, and regulated by the Securities and Exchange Commission;
- (2) Providing the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- (3) Charging no commission fee on the purchase or sale of shares;
- (4) Stating a fund objective to maintain a constant daily net asset value of \$1.00 per share;
- (5) Limiting fund assets to those securities listed in paragraphs “a”, “b”, “c” and “g” above; and
- (6) Having 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 and the FDIC website at 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 shall the Town's custodial or safekeeping institution also be the 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 provide monthly reports to the CFO no later than 15 business days following receipt of all depository bank statements, investment pool statements and money market fund statements as necessary to provide a full accounting of the Town's investment and cash position.

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; and
- 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 2013-14

Adopted:
November 12, 2013



FirstSouthwest Asset Management, Inc.
Approved Broker/Dealers
March 2013

Barclays Capital
BNP Paribas
BOSC, Inc.
Cantor Fitzgerald & Co
Citigroup Global Markets
Coastal Securities
Credit Suisse
Deutsche Bank / Alex Brown
Daiwa Capital Markets
FTN Financial
G.X. Clarke & Co.
Goldman, Sachs & Co
Jefferies & Co.
JP Morgan Chase
KeyBanc Capital Markets
Loop Capital Markets
Merrill Lynch (Bank of America)
Mesirow Financial
Mizuho Securities
Morgan Stanley & Co
Piper Jaffray & Co.
Raymond James
RBC Capital Markets
Rice Financial
Robert W. Baird & Co.
Stifel, Nicolaus & Co.
TD Securities
UBS Securities
Wells Fargo Securities
Williams Capital Group

Removed:

HSBC Securities
RBS Securities
Morgan Keegan
Oppenheimer
Weller, Anderson & Co.

Added:

BOSC, Inc.

Combined Meeting

2d

Meeting Date: 11/12/2013

Council Goals: N/A

AGENDA CAPTION:

Approval of a resolution nominating Michael Hurtt to the Dallas Central Appraisal District Board of Directors

FINANCIAL IMPACT:

N/A

BACKGROUND:

Michael Hurtt currently serves as the Suburban Cities' Representative on the Dallas Central Appraisal District Board of Directors. The Addison City Council voted unanimously in November 2011 to elect Mr. Hurtt and his two year term is about to expire. He has been nominated for re-election, along with three other candidates. Each suburban city will cast a vote a vote and the candidate with the majority of votes will serve as the Suburban Representative for the next two years. Attached is a brief biography of Mr. Hurtt.

RECOMMENDATION:

Administration recommends approval.

Attachments

DCAD Election Packet

Michael Hurtt Biography



Dallas Central Appraisal District

Date: October 24, 2013

To: Todd Meier, Mayor, Town of Addison

From: W. Kenneth Nolan, Executive Director/Chief Appraiser

Re: Election of Suburban Cities' Representative to Dallas Central Appraisal District Board of Directors

In accordance with state law, the nomination process for persons to serve on the Dallas Central Appraisal District Board of Directors has been completed. By state law, your agency is required to vote by official ballot resolution, which is enclosed. **You must do so no later than December 16, 2013. If your entity chooses to abstain from voting, please notify me in writing.**

The nominees are as follows. Also included are the names of the nominating cities.

Nominee	Entity(s) Nominating
Ms. Wanda Adams	Balch Springs
Mr. Loren Byers	Irving
Mr. Michael Hurtt	DeSoto, Ovilla, Richardson
Mr. Gerald W. Lemons	Glenn Heights

If you have questions concerning the candidates please contact the entities who nominated them.

Please act on this election process by official ballot resolution and return the ballot resolution to my office in the enclosed envelope by December 19, 2013. **The 1979 resolution adopted by the taxing units participating in Dallas Central Appraisal District, which governs board elections, requires that a candidate receive a majority of the votes in order to be elected to the Board of Directors. Therefore it is imperative that your taxing unit cast its vote by the December 16, 2013 deadline.**

We appreciate your interest in this very important process and look forward to receiving your vote.

WKN/kld

Enclosure (Official Ballot Resolution/Return Envelope)

cc: Ron Whitehead, City Manager
Chris Terry, City Secretary
Eric Cannon, CFO

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF _____, DALLAS COUNTY, TEXAS, CASTING ITS VOTE FOR THE FOURTH MEMBER OF THE BOARD OF DIRECTORS OF THE DALLAS CENTRAL APPRAISAL DISTRICT.

WHEREAS, Dallas County eligible taxing entities have expressed and approved an option which allows for representation to the Appraisal District Board of Directors (in accordance with Section 6.03 of the Texas Property Tax Code) as follows:

1. The City of Dallas shall appoint one (1) member to the Board.
2. The Dallas Independent School District shall appoint one (1) member to the Board.
3. The Dallas County Commissioners Court shall appoint one (1) member to the Board. The member appointed by the Dallas County Commissioners Court shall not be a resident of either the City of Dallas or the Dallas Independent School District.
4. Each of the incorporated cities and towns, except for the City of Dallas, shall have the right to nominate by an official resolution one (1) candidate as the fourth member of the Board of Directors. The said cities and towns shall, from the nominations received, elect by a majority vote, with each city and town being entitled to one (1) vote, the fourth member of the Board of Directors.
5. Each of the School Districts, and the Dallas County Community College District, except the Dallas Independent School District, shall have the right to nominate by an official resolution one (1) candidate as the fifth member of the Board of Directors. The said school districts shall among the nominations received appoint by a majority vote, with each school district being entitled to one (1) vote, the fifth member of the Board of Directors.

The votes required for election to the Board of Directors in 4 and 5 hereof shall be by a majority of those authorized to vote in 4 and 5 respectively and not by a majority of the quorum, and

WHEREAS, the City of _____ does hereby cast its vote by marking the ballot below:

(Check one only)

- Wanda Adams**
- Loren Byers**
- Michael Hurtt**
- Gerald W. Lemons**

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of _____ does hereby confirm its one (1) vote for the election of _____ as the suburban cities' representative to the Board of Directors of the Dallas Central Appraisal District.

PASSED AND APPROVED, this the _____ day of _____, 2013

MAYOR

ATTEST: _____
CITY SECRETARY

SEAL:

Michael Hurtt

Michael Hurtt came to Dallas from Casper, Wyoming in 1971. Graduated from Mortuary Science College, and has been in this area ever since. He was elected to the DeSoto City Council in May of 1998, and served as Mayor Pro Tem those three years. He was elected Mayor in 2001, and again in 2004. He was the seated Mayor when DeSoto was recognized for the ALL AMERICA CITY Award in 2006. He has served as council liaison to the DeSoto Economic Development Corporation, the Arts Commission, and Keep DeSoto Beautiful, a commission he founded in DeSoto. He also served on the North Texas Commission Board of Directors. Recently the 31 suburban cities elected him to the Dallas County Appraisal District Board of Directors for a second two year term. He also serves as Vice-Chairman of the DeSoto Economic Development Corporation. Mr. Hurtt was recently appointed to the Advisory Board for Methodist Charlton Hospital for a three year term.

Mr. Hurtt was a member of the executive board of directors of the Dallas Zoological Society. He also served on Tex-21, the U.S. Conference of Mayors, and the National League of Cities. He was vice president of the Medical Center of Lancaster Hospital Board of Directors, and served on the board of Compass Hospital. In the past, Mr. Hurtt has served on the DeSoto Park Board, Strategy 2000, and the Charter Review Committee. He was also the chairman of the DeSoto Chamber of Commerce and the Best Southwest Chamber Partnership, past president of the DeSoto Rotary Club and the North Texas Funeral Directors Association.

Mr. Hurtt and his wife Marilyn have lived in DeSoto since 1988 and have two grandchildren. He is the owner of West/Hurtt Funeral Home in DeSoto since 1988.

Combined Meeting

R3

Meeting Date: 11/12/2013

Council Goals: Create raving fans of the Addison Experience.
Mindful stewardship of Town Resources.
Maintain and enhance our unique culture of creativity and innovation.
Attract new businesses to Addison
Brand Protection and Enhancement
Enhance sense of community for all stakeholders/Expand
Volunteer Opportunities
Establish a Non-Profit Funding Strategy

AGENDA CAPTION:

Presentation by the Metrocrest Chamber of Commerce of their year-end accomplishments related to their FY 2013 Service Agreement with the Town of Addison

FINANCIAL IMPACT:

\$35,000 grant.

BACKGROUND:

As part of their 2013 Not for Profit Service Agreement, the Metrocrest Chamber of Commerce is required to provide a mid-year and year-end update and report of their accomplishments. Lisa Hermes, President, will provide Council with a year-end report for FY 2013 and update on the Metrocrest Chamber of Commerce.

RECOMMENDATION:

N/A

Combined Meeting

R4

Meeting Date: 11/12/2013

Council Goals: N/A

AGENDA CAPTION:

PUBLIC HEARING, Case 1674-SUP/Pluckers Wing Bar. Public hearing, discussion and consideration of approval of an ordinance changing the zoning on property located at 5100 Belt Line, Suite 520, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, on application from Pluckers Wing Bar, represented by Mr. Barry Bubis of Barry Bubis Architects, Inc.

Recommendation:

Administration recommends approval.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Administration recommends approval.

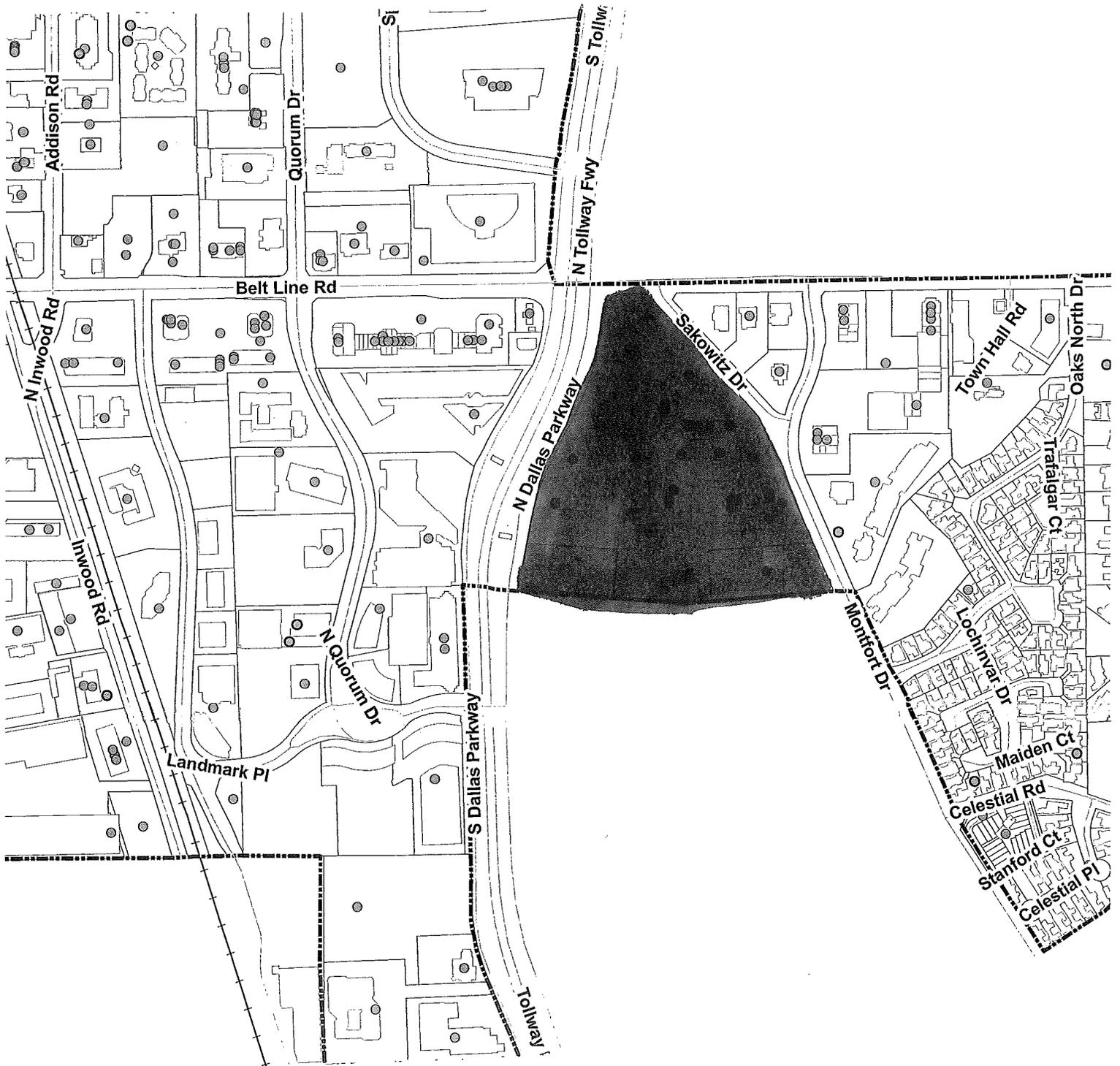
Attachments

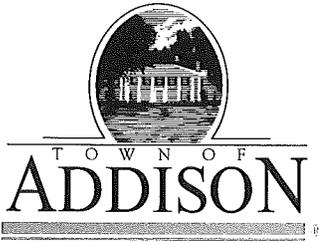
docket map, staff report and commission findings

Pluckers Analysis Form

1674-SUP

PUBLIC HEARING, Case 1674-SUP/Plucker's Wing Bar. Public hearing, discussion and consideration of approval of an ordinance changing the zoning on property located at 5100 Belt Line, Suite 520, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, on application from Plucker's Wing Bar, represented by Mr. Barry Bubis of Barry Bubis Architects, Inc.





June 17, 2013

STAFF REPORT

RE: Case 1674-SUP/Pluckers Wing Bar

LOCATION: 5100 Belt Line Road, Suite 520

REQUEST: Approval of a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only

APPLICANT: Pluckers Wing Bar, represented by Mr. Barry Bubis of Barry Bubis Architects, Inc.

DISCUSSION:

Background. This lease space is being converted from retail space to a restaurant. It is on the south end of the existing buildings in the Village on the Parkway and is a part of the redevelopment plan for the center. It will sit directly north of the entrance to the new AMC Theatre when it is completed in May of 2014. Pluckers Wing Bar is a regional chain with locations in Austin, Houston, and the Metroplex. Its home office is in Austin, Texas and there are other locations in Plano, Allen, and Arlington. Pluckers serves several varieties of chicken wings with different kinds of sauces, but also offers burgers, sandwiches, and salads.

Proposed Plan. The floor plan features an interior space of 6,580 square feet with a 1,580 square foot covered exterior patio. The floor plan shows a bar in the center of the bar area with 118 seats, provided on tall tables and stools. The dining area offers booths and tables that will seat 116, and the patio provides seating for 74 guests.

Exterior Facades. The new restaurant will keep the stucco finish that currently exists in the shopping center, but will add a new brick tower at the restaurant's entrance and a standing-seam metal cover over the patio. There will also be storefront glass added to the existing space, and additional stucco cornices to the top edge of the south and east facades.

Parking. The parking requirement for the Village on the Parkway is at a mixed-use ratio of one space per 250 square feet, regardless of how the space is used. The plans show the center will provide 2,240 spaces, which is 512 spaces over the required number. 500 of those additional spaces will be a 4-level parking structure on the west end of the theatre and across the drive from this restaurant. Under the approved plan for the center, the parking spaces can be provided anywhere on the site, and do not have to be provided immediately in front of the tenant's lease space.

Landscaping. The landscaping on the site is currently being installed by the shopping center developer. However, a lot of the landscaping that should have gone in with the Whole Foods Store was undersized or eliminated from the approved landscaping plan. The Parks Department has been working diligently with the developer to get the landscaping installed in accordance with the plan that was approved, but progress has been slow.

The staff is not yet at a point where it will recommend this request be tabled until the landscaping is installed, but there are other requests for other restaurants that will follow this one, and if there is not real progress made on the installation of the landscaping for the center by the time the additional requests are submitted, the staff will be forced to recommend that all approvals by P&Z and Council be tabled until the landscaping is installed in accordance with the plans that were submitted and approved when the shopping center was rezoned in 2012.

Food Service Code. The kitchen installation must meet all requirements of the Food Service Code. The Environmental Services Official has noted that the plans indicate a full-sized and good quality kitchen.

Mechanical Equipment. The applicant should be aware that if any new mechanical equipment is added to the roof of the restaurant, it must be screened from all adjacent properties. The screening mechanism shall be architecturally compatible, and the Building Official shall make the determination of "architecturally compatible".

Signs. The applicant has shown signs on the facades. While signs are not approved through this process, the staff would note that the term "Bar" is a prominent part of this restaurant's identity and its signage. While the staff typically follows direction from the Town and recommends denial of the use of the term "bar" in exterior signs, it would note two points on this proposed name and sign:

- This site is interior to the Village on the Parkway shopping center, and the signs on the east and south facades will not be visible from outside the Village on the Parkway property.
- Pluckers states that their concept is a Wing Bar, and is a lot more about its variety of wings than its alcoholic beverages. The owner equates the use of the term wing bar to the use of the term "salad bar" or "dessert bar."

Given those points, the staff does not recommend that the term "bar" be eliminated from the restaurant's exterior signs.

RECOMMENDATION:

The Town is pleased to have Pluckers Wing Bar come to Addison, and recommends approval of this request subject to no conditions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C. MORAN". The signature is stylized with a large initial "C" and the name "MORAN" written in a cursive-like font.

Carmen Moran
Director of Development Services

Case 1674-SUP/Plucker's Wing Bar
October 30, 2013

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on October 24, 2013, voted to recommend approval of the request for approval of an ordinance changing the zoning on property located at 5100 Belt Line, Suite 520, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, on application from Pluckers Wing Bar, subject to no conditions.

Voting Aye: Doherty, Groce, Hewitt, Hughes, Oliver, Stockard, Wheeler
Voting Nay: none
Absent: none

Land Use Analysis

Attributes of Success Matrix

Pluckers Wing Bar, 5100 Belt Line Road, Suite 520

Attribute	Comment	Score
Competitive	This proposed restaurant will be a new restaurant for Addison and will help the Village on the Parkway become a destination for dining	
Safe	The project will be safe	
Functional	The restaurant will be directly across from the new AMC Theater and in the shopping center and will be functional.	
Visually Appealing	The restaurant will be visually appealing.	
Supported with Amenities	The site is in a very amenity-rich area.	
Environmentally Responsible	The site will be a remodel of existing retail space and will provide a new, more energy efficient restaurant space.	
Walkable	The project is extremely walkable..	
Overall Assessment	This is a good-quality restaurant and will be an asset to the Town.	

Combined Meeting

R5

Meeting Date: 11/12/2013

Council Goals: Mindful stewardship of Town Resources.
Continue to attract, hire, develop, and retain great employees

AGENDA CAPTION:

Presentation, discussion and consideration of approval authorizing the City Manager to renew the Town's health insurance contract with Blue Cross/Blue Shield of Texas (BCBSTX).

Recommendation:

Administration recommends approval.

FINANCIAL IMPACT:

There will be a cost savings of -3.3% or \$101,485 to the Town.

In addition, there was another 5% budgeted for an anticipated health insurance increase that won't be expended.

BACKGROUND:

In 2004, the Town entered into a contract with BCBSTX to provide group health insurance coverage for its employees. Over the years due to the rising cost of health insurance and several large unexpected claims, the rates have steadily increased.

In our efforts to ensure we have a competitive and sustainable benefits program, the City Manager's office created a benefits committee to review the various options and develop a recommendation for 2014.

In February, employees representing the various Town departments and two Council liaisons, Council member DeFrancisco and Council member Moore, went through a six month long process of meeting and discussing various topics, such as health care reform, best practices from benchmark cities and various plan design options.

The committee's initial recommendation was to take the Town's contract out for bid and ask the carriers to respond with price options on their various plan design options. The Town partnered with a benefits consultant, Holmes Murphy, to help us execute this process.

United Healthcare and Cigna both responded but Aetna declined to quote.

BCBSTX responded with a rate renewal decrease of -3.3%.

RECOMMENDATION:

With the uncertainty of health care and the future of health care reform, we recommend that we do not expose the employees and organization to the volatility of the current health care market and that we renew our contract with BCBSTX at the rate renewal decrease.

The benefits committee will continue to meet and explore options while educating the employees on the various plan design options.

In addition, we will continue to focus on wellness which has been a great driver of the reduction in claims and look for ways to expand our wellness program.

Administration recommends approval.

Combined Meeting

R6

Meeting Date: 11/12/2013

Council Goals: Mindful stewardship of Town Resources.
Continue to attract, hire, develop, and retain great employees

AGENDA CAPTION:

Discussion and consideration of approval of an ordinance providing for increased prior and current service annuities under the act governing the Texas Municipal Retirement system for retiree and beneficiaries of deceased retirees of the Town of Addison.

Recommendation:

Administration recommends approval.

FINANCIAL IMPACT:

The item is approved as part of the Adopted FY 2014 Budget.

BACKGROUND:

Staff is recommending the approval of this ordinance which will provide a cost of living increase to Town retirees.

The current TMRS rate is 10.69% for calendar year 2013 and if the proposed ordinance is adopted, the TMRS rate will decrease to 10.39%.

RECOMMENDATION:

Administration recommends approval.

Attachments

TMRS Letter

TMRS COLA Ordinance



October 3, 2013

Via E-Mail

Ms. Passion Hayes
Director of Human Resources
Town of Addison
P.O. Box 9010
Addison, TX 75001-9010

Dear Passion:

We are pleased to enclose a model ordinance for your city to adopt:

***70% CPI Increases to Annuitants
Ad Hoc (one time only basis)***

This provision allows for annuity increases for your city's retirees and is based on a percentage of the Consumer Price Index (inflation index).

With the adoption of this additional benefit your city's contribution for 2014 will be **10.39%**.

We will appreciate receiving a copy of this ordinance as soon as possible after its adoption.

Please feel free to contact me at 1-800-924-8677 if you need additional information or assistance.

Sincerely,

A handwritten signature in black ink that reads 'Eric W. Davis'.

Eric W. Davis
Executive Director

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS PROVIDING FOR INCREASED PRIOR AND CURRENT SERVICE ANNUITIES UNDER THE ACT GOVERNING THE TEXAS MUNICIPAL RETIREMENT SYSTEM FOR RETIREES AND BENEFICIARIES OF DECEASED RETIREES OF THE TOWN OF ADDISON, AND ESTABLISHING AN EFFECTIVE DATE FOR THE ORDINANCE.

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

Section 1. Increase in Retirement Annuities.

(a) On the terms and conditions set out in Section 854.203 of Subtitle G of Title 8, Government Code, as amended (the "TMRS Act"), the Town of Addison, Texas (the "City") hereby elects to allow and to provide for payment of the increases below stated in monthly benefits payable by the Texas Municipal Retirement System (the "System") to retired employees and to beneficiaries of deceased employees of the City under current service annuities and prior service annuities arising from service by such employees to the City. An annuity increased under this section replaces any annuity or increased annuity previously granted to the same person.

(b) The amount of the annuity increase under this section is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based, multiplied by **70%** of the percentage change in Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase under this Section.

(c) An increase in an annuity that was reduced because of an option selection is reducible in the same proportion and in the same manner that the original annuity was reduced.

(d) If a computation hereunder does not result in an increase in the amount of an annuity, the amount of the annuity will not be changed hereunder.

(e) The amount by which an increase under this Section exceeds all previously granted increases to an annuitant is an obligation of the City and of its account in the Benefit Accumulation Fund of the System.

Section 2. Effective Date. Subject to approval by the Board of Trustees of the System, this Ordinance shall be and become effective on the 1st day of January 2014.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 12th day of November, 2013

Todd Meier, Mayor

ATTEST:

By: _____
Chris Terry, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

Combined Meeting

R7

Meeting Date: 11/12/2013

Council Goals: Mindful stewardship of Town Resources.
Create a vision for the airport to maximize the value

AGENDA CAPTION:

Presentation, discussion, and consideration of an ordinance amending the Town's Code of Ordinances by amending Chapter 14 (Aviation), Article III (Municipal Airport), Division 3 (Off-Airport Access to Airport) of the Code by amending Section 14-106 thereof by providing time periods and review criteria in connection with an access (through-the-fence) permit application, modifying permit revocation provisions, adding a length of permit term for permits issued after the ordinance adoption, by amending Section 14-107 to make corresponding changes, and by making other amendments as set forth in the ordinance.

Recommendation:

Administration recommends approval.

FINANCIAL IMPACT:

There is no financial impact.

BACKGROUND:

The current Airport Access Ordinance was adopted on November 28, 2006 and subsequently amended on July 10, 2007. If adopted, the proposed ordinance will modify portion of the provisions of Chapter 14, Aviation, relating to access to Addison Airport from property located off of the Airport (so called "through-the-fence" access). The proposed changes include:

- Criteria which the airport director will use in making a recommendation for access to the airport
- Process by which the city manager may request additional information and stipulates the time frame (30 days) for the city manager to approve or disapprove the application
- Requirement that the applicant must identify by "N" number all aircraft that will access the airport from the property
- The permit may be revoked if the use of the off-airport property is no longer used for a recreational/incidental business or commercial aviation use
- Permits issued after November 13, 2013 will have an initial term of 10 years with an automatic renewal of 5 years

The proposed changes to the Ordinance support the goals of the Airport Strategic Plan by ensuring that property that is adjacent to the airport and has access to the airport is used for aviation purposes thereby maintaining the value of the airport by protecting it from unauthorized uses. Also, the changes help to maintain a safe environment for users of the airport by reducing the potential for airport movement area incursions that endanger aircraft, vehicles, and pedestrians. At the same time, these changes still allow access to the airport from aviation businesses and users, thereby increasing the value of that property as well.

RECOMMENDATION:

Administration recommends approval.

Combined Meeting

R8

Meeting Date: 11/12/2013

Council Goals: Create a vision for the airport to maximize the value

AGENDA CAPTION:

Presentation, discussion, and consideration of an Assignment of Ground Lease on Addison Airport from Turbine Aircraft Service, Inc., to 6200 GP LLC, and authorizing the City Manager to execute the assignment agreement on behalf of the Town.

Recommendation:

Administration recommends approval.

FINANCIAL IMPACT:

There is no financial impact.

BACKGROUND:

Turbine Aircraft Services, Inc. is requesting the Town's consideration and consent to the proposed sale and assignment of the building improvements, together with the leasehold interests in Ground Lease #0200-3502 from Robert Hoff, Independent Executor of the Estate of Tom L. Berscheidt, Deceased and Turbine Aircraft Services, Inc., (Assignor) to 6200 GP LLC, a Texas (Assignee). Attached as Exhibit "A" is the proposed Assignment of Ground Lease agreement to be executed by the parties.

Airport Management recommends consent to the proposed transaction and the execution of the assignment agreement. The city attorney has reviewed the proposed Assignment of Ground Lease and finds it acceptable.

The Ground Lease was first entered into with Hangar Six, Inc., which commenced July 1, 1984 with a 360-month term due to expire June 30, 2014. On April 9, 2008, the TAS hangar incurred extensive structural damage caused by high winds to the extent that the structural integrity of the hangar was jeopardized. The building was fully insured as required by the Ground Lease and with the insurance proceeds and an additional \$175K+/- in capital reinvestment TAS constructed a larger hangar with 28' high hangar doors allowing the facility to accommodate the storage of larger aircraft. Additionally, TAS constructed 7,476 sf. of additional office/shop space. In all, the new structure is 30% larger than the original building.

In consideration for making these improvements to the premises, TAS and the Town entered into a Third Amendment to Ground Lease which increased the premises to 2.40 acres, adjusted the monthly rental, and extended the term an additional 192 months (16 years). The lease is now due to expire June 30, 2048. Tom Berscheidt, the sole stockholder, passed away on 2/11/2011. In his Last Will and Testament, Mr. Berscheidt instructed his estate to sell the building improvements own by TAS and to assign its leasehold interests as soon as practical.

The proposed Assignee, 6200 GP, LLC, is a Nevada limited-liability company formed in April 2012 by Realty Advisors, Inc., (RAI), a Nevada corporation and they are the sole member of the LLC. Acquisition of the ground leasehold and building improvements at 4550 Jimmy Doolittle will be the first investment in real property for 6200 GP, LLC. Both entities are registered with the state and qualified to conduct business in Texas.

The Assignee's assumption of the ground lease is primarily as a real estate investment and no material changes to the current use of the property are anticipated. 6200 GP, LLC intends on enter into a sublease arrangement with TAS, allowing them to continue to operate their business on the premises. The remaining hangar and office space will be sublet pursuant to the permitted uses under the ground lease.

The proposed assignment of the TAS leasehold interests and improvements is consistent with the tenets of the Airport Strategic Plan. TAS has always demonstrated a commitment towards quality, service excellence, and safe operations. Through the years they have expended considerable resources to improve and upgrade their facility in a manner consistent with the Town's objectives for the airport. The assignee, 6200 GP, LLC, has represented to airport management their intentions to continue to operate the property much in the same manner as TAS by promoting quality, service and safety at the airport while continuing to maintain the property for investment purposes. Also, they have indicated the possibility of making additional improvements to further accommodate the larger aircraft, and these could provide added benefits to the airport.

Staff recommends that the Town approve the requested action and authorize the City Manager, subject to the City Attorney's final review of the executable agreement, to execute and put into effect the proposed Assignment of Ground Lease from Turbine Aircraft Services to 6200 GP, LLC.

RECOMMENDATION:

Administration recommends approval.

Attachments

Memo TAS to 6200 GP LLC



William M. Dyer
Real Estate Manager
16051 Addison Road,
Suite 220
Addison, Texas 75001

Main: 972-392-4850
Direct: 972-392-4856
Fax: 972-788-9334
bill.dyer@addisonairport.net

Memorandum

To: Lisa Pyles, Director of Infrastructure Operations & Services
From: Bill Dyer, Real Estate Manager
CC: Joel Jenkinson, Airport Director
Date: 11/5/2013
Re: Turbine Aircraft Services, Inc. Proposed Assignment of Ground Lease

Turbine Aircraft Services, Inc. is requesting the Town's consideration and consent to the proposed sale and assignment of the building improvements, together with the leasehold interests in Ground Lease #0200-3502 from Robert Hoff, Independent Executor of the Estate of Tom L. Berscheidt, Deceased and Turbine Aircraft Services, Inc., (Assignor) to 6200 GP LLC, a Texas limited liability company (Assignee). Attached as Exhibit "A" is the proposed Assignment of Ground Lease agreement to be executed by the parties evidencing the Town's consent.

Airport Management is recommending the Town Council give its consent to the proposed transaction and authorize the City Manager to execute the agreement on behalf of the Town. The city attorney has reviewed the proposed Assignment of Ground Lease and finds it acceptable for the Town's use.

Background Information:

- Ground Lease was first entered into with Hangar Six, Inc., which commenced July 1, 1984 with a 360-month term due to expire June 30, 2014.
- Ground Lease as assigned to TAS July 2, 2002. The Town and TAS also entered into the (First) Amendment to Ground Lease effective July 2, 2002 which increased the demised premises to 2.1 acres and extended the lease 126 months, or to June 30, 2032, on the condition \$1MM in approved capital improvements were made to the Leased Premises, including 10,000 sf. of additional office and mezzanine space.

- On April 16, 2003, TAS and the Town entered into the Second Amendment to Ground Lease modifying the description of the demised premises and rental accordingly.
- On April 9, 2008, the TAS hangar incurred extensive structural damage caused by high winds and heavy rain - to the extent the structural integrity of the hangar was jeopardized. The building improvements were fully insured as required by the Ground Lease.
- With the insurance proceeds and an additional \$175K+/- in capital reinvestment TAS constructed a larger hangar with 28' high hangar doors allowing the facility to accommodate the storage of larger aircraft. Additionally, TAS constructed 7,476 sf. of additional office/shop space. In all, the new structure is 30% larger than the original building.
- In consideration for making these improvements to the premises, TAS and the Town entered into a Third Amendment to Ground Lease which increased the premises to 2.40 acres; adjusted the monthly rental; and extended the term an additional 192 months (16 years). The lease is now due to expire June 30, 2048.
- Tom Berscheidt, the sole stockholder at the time, became deceased 2/11/2011. In his Last Will and Testament, Mr. Berscheidt instructed his estate to sell the building improvements own by TAS and to assign its leasehold interests as soon as practical.



Figure 1: Aerial view of subject property looking north.



Figure 2: Street view of the subject property located at 4550 Jimmy Doolittle

Ground Lease #0200-3502	
	Currently
Land Area	104,718
Hangar Area	21,000
Office Area	7,280
Total Building Area	28,280
Year Built**	2004
Lease Commenced	5/23/1984
Lease Expiration	6/30/2048
Term Remaining	35
Current Monthly Rent	\$5,419.99
Current Annual Rent	\$65,039.88
DCAD 2012 Valuation	\$1,100,000
Insured Value	\$2,225,000

** Original structure was built in 1984, but has since been replaced. Oldest section now is from 2004

About the Proposed Assignee

6200 GP, LLC is a Nevada limited-liability company formed in April 2012 as a vehicle for investments by Realty Advisors, Inc., (RAI), a Nevada corporation and the sole member of the LLC. Acquisition of the ground leasehold and building improvements at 4550 Jimmy Doolittle will be the first investment in real property for 6200 GP, LLC.

RAI was formed in 1990 and holds a number of stock and real estate investments, both directly and through membership/partnership interests in related companies or partnerships. Both entities are registered with the state and qualified to conduct business in Texas.

RAI and 6200 GP, LLC are affiliates of American Realty Investors, Inc. and Transcontinental Realty Investors, Inc., both of which are publicly-traded real estate investment companies. RAI affiliates have been involved in operations at Addison Airport at 16321 Addison Road, 4745 Frank Luke (each off-airport properties) and Westgrove Plaza, the on airport leasehold located at 4570 Westgrove currently owned and operated by Guardian Texas Management, LLC.

Proposed Use of the Leased Premises

The Assignee's assumption of the ground lease is primarily as a real estate investment. No material changes to the current use of the property is being proposed or anticipated. 6200 GP, LLC intends on enter into a sublease arrangement with TAS, allowing them to continue to operate their business; albeit somewhat scaled down compared to before. The Assignee intends to sublease the remaining hangar and office space pursuant to the permitted uses provided for under the ground lease.

Strategic & Economic Considerations of the Proposed Transaction:

Because the proposed action is for assignment of the leasehold without any other modification to the lease or building improvements, there isn't any direct economic impact to the airport or Town. The airport will benefit by having a substitute ground tenant committed to operating the property as a quality real estate investment.

The proposed assignment of the TAS leasehold interests and improvements is viewed by airport management to be consistent with the tenets of the Airport Strategic Plan. TAS has always demonstrated a commitment towards quality, service excellence and safe operations. Through the years they have expended considerable resources to improve and upgrade their facility in a manner consistent with the Town's objectives for the airport. The assignee, 6200 GP, LLC, has represented to airport management their intentions to continue to operate the property much in the same manner as TAS by promoting quality, service and safety at the airport while continuing to maintain the property for investment purposes. Also, they have indicated the possibility of making additional improvements to further accommodate the larger aircraft, and these could provide added benefits to the airport.

Airport Management's Conclusion and Recommendation:

Turbine Aircraft Services is requesting the Town's consideration and consent to their proposed sale and assignment of their leasehold interests to 6200 GP, LLC, a Nevada limited liability company. The sole member of the company is Realty Advisors, Inc., also a Nevada company. Both entities are affiliates of American Realty Investors, Inc. and Transcontinental Realty Investors, Inc.

It should be known that Transcontinental Realty Advisors is also an affiliate Westgrove Air Plaza, Ltd., which was a former ground tenant of 4750 Westgrove Plaza. Westgrove Air Plaza, Ltd., was foreclosed by Regions Bank in February 2011. Although there is affiliation amongst these entities and the proposed assignee, airport management is of the opinion that

the underlying circumstances relating to Westgrove Air Plaza were quite different and have little, if any, influence on the pending matter.

The proposed tenant, 6200 GP, LLC, intends to continue to commercially operate the property much in the same manner as it has in the past, which should allow the property to continue to thrive and continue to provide added value and benefit to the airport.

Therefore, Airport Management recommends the Town approve the requested action and authorize the City Manager, subject to the City Attorney's final review of the executable agreement, to execute and put into effect the proposed Assignment of Ground Lease from Turbine Aircraft Services to 6200 GP, LLC.

WHEREAS, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

WHEREAS, Tom Berscheidt, as the sole shareholder of Turbine Aircraft Services, Inc. became deceased on or about February 11, 2011, and by way of his Last Will and Testament instructed Robert Hoff, the estate's independent executor, to assign the Ground Lease and sell the building improvements as soon as practical; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as **Exhibit A**, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to, assumes, and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

6200 GP, LLC
Attn: Steven A. Shelley
1603 LBJ Freeway, Suite 800
Dallas, Texas 75234

4. Nothing in this Assignment modifies, alters, amends or changes, and shall not be construed or be deemed to modify, alter, amend or change, any term, provision, or condition of the Ground Lease.

5. The above and foregoing premises and recitals to this Assignment are incorporated into and made a part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely

upon such representations and statements.

6. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from the Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

ASSIGNOR:

Robert Hoff, Independent Executor of the
Estate of Tom L. Berscheidt, Deceased

TURBINE AIRCRAFT SERVICES, INC.,
a Texas corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

6200 GP, LLC,
a Nevada limited liability company

By: _____
Steven A. Shelley
Vice President

[Acknowledgments Follow On Next Page]

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Robert Hoff, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this ___ day of _____, 2013.

[SEAL]

Notary Public, State of Texas

My commission expires:_____

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Steven A. Shelley, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this ___ day of _____, 2013.

[SEAL]

Notary Public, State of Texas

My commission expires:_____

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this ___ day of _____, 2013.

[SEAL]

Notary Public, State of Texas

My commission expires:_____

CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of _____, _____, at Addison, Texas, by and between Robert Hoff, Independent Executor of the Estate of Tom L. Berscheidt, Deceased, and Turbine Aircraft Services, Inc. (herein referred to as "Assignor") and 6200 GP, LLC, a Nevada limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord ("Consent"), Landlord is relying upon the warranty, representations, provisions, and statements made and included in the foregoing Assignment, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. However, notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall be and remain liable and responsible for all such covenants, obligations, duties, and responsibilities. In addition, notwithstanding any provision of this Consent or of the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on _____, 2013:

(i) the Assignment has been executed and notarized by both Assignor and Assignee, and a fully executed and notarized original of the Assignment has been delivered to Bill Dyer at the address set forth below; and

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of the Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this __ day of _____, 2013

LANDLORD:

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

Combined Meeting

R9

Meeting Date: 11/12/2013

Council Goals: N/A

AGENDA CAPTION:

Presentation, discussion, and consideration of approval of a Resolution prioritizing the areas of Special Study that were recommended in the Town of Addison Comprehensive Land Use Plan, which was presented to the Council by the Planning and Zoning Commission on June 11, 2013, and is currently under review by the Council, and establishing a structure for the Special Study teams.

FINANCIAL IMPACT:

The Special Studies were funded in the Council Projects budget for fiscal year 2013-2014

BACKGROUND:

The Planning and Zoning Commission spent the better part of 2013 analyzing every parcel of land within the Town. Out of that analysis, there emerged six areas that the Commission felt were worthy of an in-depth land use analysis and redevelopment plan. The Commission did not list the areas in any order as to which was most or least urgent, but not that the study is completed, the P&Z would request that the Council offer guidance as to which areas should be studied first. Also, the Council should add any areas that it deems worthy of Special Study, but were not listed by the Commission.

The Commission also looks to the Council to determine a structure for how the Special Studies should be staffed. For example, a study team could consist of a combination of P&Z members, Council members, staff, citizens, and property owners within the study areas.

The six study areas are as follows:

- Inwood Road Corridor
- West side of midway Road, south of Beltway Drive
- Sam's Club tract and adjoining properties on the south side of Belt line, west of Midway Road
- North side of Belt Line Road between Midway Road and Surveyor Boulevard
- Town-owned properties along the proposed Cotton Belt Rain Line
- Properties abutting Addison Circle on the east side of Addison Road, between

Morris Avenue and Airport Parkway

RECOMMENDATION:

No recommendation.
