City of Colleyville

Colleyville Economic Development Corporation Board Agenda

City Hall
100 Main Street
Colleyville, Texas 76034
817.503.1000
www.colleyville.com

Tuesday, August 28, 2018 | City Council Chambers
6:00 p.m. | Third Floor, City Hall

1. CALL TO ORDER

2. CONSENT: READING AND PUBLIC HEARING- RESOLUTION R-18-146

2a Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors meeting of August 24, 2017

2b Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors Worksession of August 14, 2018

2c Approval of the annual Investment Policy approved by City Council on July 17, 2018

3. RESOLUTION(S): READING AND PUBLIC HEARING

3a Resolution R-18-147
Adopting the Economic Development Capital Improvement Program (EDCIP) for the Fiscal Years 2019-2023 of the Colleyville Economic Development Corporation

3b Resolution R-18-148
Adopting the Fiscal Year 2019 Budget

3c Resolution R-18-149
Electing a Colleyville Economic Development Corporation Board President and Vice President

4. REPORTS

Annual Activity Report

Annual investment report

5. CITIZEN COMMENTS/PRESENTATIONS REGARDING ITEMS NOT ON THE AGENDA

6. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Wednesday, August 22, 2018 by 5:00 p.m.

Christine Loven, TRMC
City Secretary

A quorum of the Colleyville City Council and/or any other Colleyville Board, Commission, or Committee may be in attendance at this meeting.

Any matter on this agenda may, at the discretion of the governing body, be opened for public comment and discussion.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise the City Secretary at least 48 hours in advance at 817.503.1130, and reasonable accommodations will be made to assist you.

RESOLUTION R-18-146

A RESOLUTION APPROVING ACTION UNDER CONSENT ITEMS AT THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING OF AUGUST 28, 2018

WHEREAS, the Board has taken action on certain items on the agenda under Consent items.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION:

Sec. 1. THAT the agenda decisions approved by Colleyville Economic Development Corporation Board action under Consent items as follows are hereby adopted:

a. Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors meeting of August 24, 2017

b. Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors Worksession of August 14, 2018

c. Approval of the annual review of the Colleyville Economic Development Corporation's Investment Policy

AND IT IS SO RESOLVED.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS 28TH DAY OF AUGUST 2018.

President George Dodson	______	Director Tammy Nakamura	______
Vice Pres. Richard Newton	______	Director John Terhoeve	______
Director Ralph Hunkins	______	Director Mark Slosson	______
Director Bobby Lindamood	______		

ATTEST:

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

Christine Loven, TRMC
Secretary

George Dodson
President

City of Colleyville
Colleyville Economic Development Corporation Board
Minutes - Draft

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Thursday, August 24, 2017

Vice President Richard Newton called the Colleyville Economic Development Corporation Board meeting to order on August 24, 2017, at 5:00 p.m.

ROLL CALL: Vice President Richard Newton, Directors George Dodson, Amy Dowell, Bobby Lindamood, Tammy Nakamura, John Terhoeve, and Mark Slosson

General Manager Jerry Ducay, Chief Financial Officer Shereen Gendy, Strategic Services Manager Adrienne Lothery, and Secretary Amy Shelley

2. CONSENT: READING AND PUBLIC HEARING - Resolution R-17-142

2a Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors meeting of August 23, 2016

2b Approval of the minutes of the Colleyville Economic Development Corporation Board of Directors Worksession of August 8, 2017

2c Approval of the annual review of the Colleyville Economic Development Corporation's Investment Policy

Vice President Newton read Resolution R-17-142 in its entirety.

Vice President Newton asked staff about the "delegation of authority" relative to CEDC Investment Policy, and who is the corporation's manager. Accounting Manager Karen Hines replied the investment policy will be updated soon, and the corporation's manager had not been designated. Vice President Newton stated he believed it would be the city manager or the CFO. City Manager Jerry Ducay agreed, and the day-to-day administrator would be the CFO.

Vice President Newton stated the "10 percent" in the following investment policy, "Funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year" seems a little high.

Vice President Newton asked staff if the investment policy will be reviewed this next year. Manager Hines replied yes.

Director Dowell asked staff if the IPS is specific to the City or to the CEDC. Manager Hines replied it would be specific to the CEDC as there is a separate policy for the City. City Manager Jerry Ducay stated he believed the policy would be similar. Manager Hines concurred and stated the CEDC policy was derived from the City's language.

Vice President Newton asked staff if this policy is modified, will it be brought back to the board for approval. City Manager Jerry Ducay replied yes, and changes could be coming sooner rather than later.

Director Terhoeve asked staff if there would be a benefit to having a citywide investment policy rather than two separate policies. City Manager Jerry Ducay replied that would be his preference, but at this time, he is unaware of Charter requirements or how the board was created.

Vice President Newton opened the public hearing at 5:10 p.m.

There was no one present wishing to speak and Vice President Newton closed the public hearing at 5:10 p.m.

Director Nakamura made a motion to approve Resolution R-17-142. Director Lindamood seconded the motion.

The motion carried by the following vote:

Aye: 7 – Vice President Richard Newton, Directors George Dodson, Amy Dowell, Bobby Lindamood, Tammy Nakamura, John Terhoeve, and Mark Slosson

3. RESOLUTION(S): READING AND PUBLIC HEARING

3a Resolution R-17-143

Adopting the Economic Development Capital Improvement Program (EDCIP) for the Fiscal Years 2018-2022 of the Colleyville Economic Development Corporation

Vice President Newton read Resolution R-17-143 in its entirety.

Strategic Services Manager Adrienne Lothery presented this item and answered questions of the Board.

Vice President Newton asked staff if the capital portion of the CIP is being approved this evening. Manager Lothery replied the EDCIP is the five year document; however, most review done here is also for the budget adoption, up next.

Director Terhoeve asked staff if the incremental increases are from additional staff or transition. Manager Lothery replied it is moving those expenditures from the General Fund to the CEDC, there are no new positions being hired or planned.

Director Terhoeve asked staff why the moves were not done all at once. Manager Lothery replied it was a phase in plan, but it could have been done all at once, if so desired.

Director Terhoeve asked staff when the renewal or expiration for the ½ cent sales tax for the CEDC is. Manager Lothery replied she has not found there to be a renewal or expiration, only an expiration for CCCPD.

Director Dowell asked staff how the community will see a benefit, based on philosophical policy, by shifting Library personnel from the General Fund to the CEDC. City Manager Jerry Ducay replied the same way the community sees the fund balance with no capital plan for the next five years as how to spend it.

Director Terhoeve asked staff about the high level narrative for FY 2018. Manager Lothery replied the bylaws require a year-end review and therefore no narrative is required for FY 2018. Director Terhoeve suggested having a high level narrative for years to come.

Director Terhoeve asked staff about the completion of the parks master plan. Manager Lothery replied the latest update indicates by the end of the calendar year. She encouraged everyone to go online at colleyville.com to complete the survey.

Director Nakamura asked staff how many surveys have been completed. Manager Lothery replied 900.

Director Terhoeve asked staff if funding could be placed in the upcoming years for the parks master plan. Manager Lothery replied the parks master plan process is for the consulting work and not necessarily the implementation of the plan itself or individual projects. City Manager Jerry Ducay added there are not a lot of details until after the master plan is completed, but the plan is a large endeavor.

Vice President Newton opened the public hearing at 5:47 p.m.

There was no one present wishing to speak and Vice President Newton closed the public hearing at 5:47 p.m.

Director Slosson made a motion to approve Resolution R-17-143. Director Dodson seconded the motion.

The motion carried by the following vote:

Aye: 7 – Vice President Richard Newton, Directors George Dodson, Amy Dowell, Bobby Lindamood, Tammy Nakamura, John Terhoeve, and Mark Slosson

3b Resolution R-17-144
Adopting the Fiscal Year 2018 Budget

Vice President Newton read Resolution R-17-144 in its entirety.

Strategic Services Manager Adrienne Lothery presented this item and answered questions of the Board.

Vice President Newton opened the public hearing at 5:50 p.m.

Mike Taylor, 5209 Coventry Place, stated there is no expiration on the CEDC, unlike the CCCPD.

There were no others present wishing to speak and Vice President Newton closed the public hearing at 5:51 p.m.

Director Lindamood made a motion to approve Resolution R-17-144. Director Slosson seconded the motion.

The motion carried by the following vote:

Aye: 7 – Vice President Richard Newton, Directors George Dodson, Amy Dowell, Bobby Lindamood, Tammy Nakamura, John Terhoeve, and Mark Slosson

3c Resolution R-17-145
Electing a Colleyville Economic Development Corporation Board President and Vice President

Vice President Newton read Resolution R-17-145 in its entirety.

Director Lindamood suggested Director Dodson for President and Director Newton to continue to serve as Vice President.

Vice President Newton opened the public hearing at 5:50 p.m.

There was no one present wishing to speak and Vice President Newton closed the public hearing at 5:51 p.m.

Director Lindamood made a motion to approve Resolution R-17-145, appointing Director Dodson as President, and Director Newton as Vice President. Director Slosson seconded the motion.

The motion carried by the following vote:

Aye: 7 – Vice President Richard Newton, Directors George Dodson, Amy Dowell, Bobby Lindamood, Tammy Nakamura, John Terhoeve, and Mark Slosson

4. REPORTS

Annual Activity Report
Annual investment report

There was no discussion of this item.

5. CITIZEN COMMENTS/PRESENTATIONS REGARDING ITEMS NOT ON THE AGENDA

There was no one present wishing to speak.

6. ADJOURNMENT

There being no further business before the Board, Vice President Newton adjourned the meeting at 5:56 p.m. All approved by acclamation.

APPROVED BY A VOTE OF ____ AYES, ____ NAYS, AND ____ ABSTENTIONS ON THIS THE 28TH DAY OF AUGUST 2018

Minutes taken and prepared by:
Amy Shelley, TRMC
City Secretary

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Colleyville Economic Development Corporation Board Worksession Minutes Draft

Tuesday, August 14, 2018 6:00 p.m.

President George Dodson called the Colleyville Economic Development Corporation Board Worksession to order on August 14, 2017, at 6:00 p.m.

ROLL CALL: President George Dodson, Vice President Richard Newton, and Directors Ralph Hunkins, bobby Lindamood, John Terhoeve, and Mark Slosson

Absent: Director Tammy Nakamura

Also Present: Councilmembers Kathy Wheat and Callie Rigney, General Manager Jerry Ducay, Assistant City Manager Mark Wood, Assistant City Manager Adrienne Lorthery, Secretary Christine Loven, and City staff Library and Recreation Director Mary Rodne, and Colleyville Center Manager Leslie Hill

2. PRESENTATION AND DISCUSSION

2a Discussion of the FY 2019 proposed Colleyville Economic Development Corporation (DECD) budget and the FY 2019-2023 Economic Development Capital Improvement Program (EDCIP) priorities

Assistant City Manager Adrienne Lothery presented this item and briefed the board. Manager Lothery noted there is $1.9 million budgeted in sales tax revenue, reviewed each of the line items, making note of the Hotel Occupancy Tax (HOT) being used for special events, and reviewing some the future projects.

President Dodson stated the City is working on a City Plaza located in the front of City Hall which will be the site for City hosted events such as the Library programs, concerts, and the Christmas tree lighting.

Director Hunkins asked staff what the top three events booked at Colleyville Center are. Manager Hill stated non-profit banquets, memorials, and weddings.

Director Terhoeve asked staff about the Library programs effected by the reconfiguration. Director Rodne noted the STEM (science, technology, engineering, and math) and STEAM (science, technology, engineering, art, and math) programs are being incorporated into the children’s area.

Vice President Newton asked staff what the projected increase in future years is and when is the debt service paid off.

Manager Lothery replied 1 or 2-percent, she would double check and debt payoff in 2029.

President Dodson stated he likes being able to see the projects projected in the budget. He then thanked everyone for their time and stated the next meeting will be August 28, 2018 at 6:00 p.m. when the board will adopt the budget and move it forward to City Council.

3. ADJOURNMENT

There being no further business to discuss, the worksession adjourned at 6:42 p.m.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS THE 24TH DAY OF AUGUST 2018.

Minutes taken and prepared by:

Christine Loven, TRMC
City Secretary

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
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Agenda Number 2c **Agenda Date** 08/28/2018 **Number**
Type Resolution
Department City Manager

Title
Approval of the annual Investment Policy approved by City Council on July 17, 2018

Strategic Plan
B4- Cultivate a culture of transparency and consistent communication

Explanation
Reading and Public Hearing

The Public Funds Investment Act requires that the governing body of a public entity review the investment strategy and adopt a written instrument by resolution stating that it has reviewed the investment policy and investment strategies.

The investment strategy is addressed under the "Investment Strategy" section of the attached Investment Policy.

On July 17,2018, City council adopted Resolution R-18-4285 to approve the updated investment policy. The attached redlined document details the changes approved by Council.

Attachments
1. Investment Policy - Redlined for approved changes
2. Investment Policy approved by council on 7.17.18

CITY OF COLLEYVILLE INVESTMENT POLICY

Policy

It is the policy of the City of Colleyville (the City) to invest public funds in a manner ~~which will provide the highest~~ consistent with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") which places priority in the following order: preservation and safety of principal; liquidity; and yield.~~investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State of Texas laws and statutes including the Public Funds Investment Act, Chapter 2256 of the Government Code and City ordinances.~~

Governing Body

All investment and cash management activities shall be conducted in full compliance with applicable City ordinances as well as state and federal rules and regulations.

Specific statutory regulations for the investment of public funds in Texas are found in the Act. All investments will be made in accordance with this statute. Collateral requirements are established in Texas by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, for all public Texas funds deposits.

Scope

This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Trust and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately

and any new fund created by the City Council, unless specifically exempted by the City Council or by law. All funds may be combined as pooled funds unless specifically prohibited by State law or statute or City ordinance.

Objectives

The primary objectives, in priority order, of the City's investment activities shall be:

Safety: Consistent with the requirement of the Act, s~~S~~afety of principal is the foremost objective of the City in managing its portfolio. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions. The City will also take into account the marketability of the investment if the need arises to liquidate the investment before maturity.

Liquidity: The City will also maintain sufficient liquidity to provide adequate and timely working funds.

Diversification: The portfolio shall be diversified by market sector, institution, and maturity in order to manage market risk.

Return on Investments: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The City investment strategy is passive and the portfolio shall be designed with the objective of regularly exceeding the weighted average return on thirteen-week Treasury bills. This is considered a benchmark for riskless investment transactions, and therefore, is a minimum standard for the portfolio's rate of return. For bond funds that fall under the arbitrage provisions of the Tax Reform Act of 1986, the City will attempt to earn allowable bond yield with market conditions permitting.

Delegation of Authority

The City designates the Investment Officers to be the City Manager, Chief Financial Officer, and Accounting Manager working jointly to ensure that investment objectives and day-to-day management activities ~~with overall responsibilities to see that investment objectives~~ are accomplished ~~and the Chief Financial Officer and Accounting Manager with the specific day-to-day~~

~~performance of managing the funds of the City.~~

Ethics and Conflict of Interest

In accordance with section 2256.005 of the Act, a~~A~~ll investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees shall disclose to the City of Colleyville and Texas Ethics Commission a statement under the following conditions:

A. If they have a personal business relationship with a business organization offering to engage in an investment transaction with the entity. Under the ~~Public Funds Investment~~ Act, a personal business relationship is defined as:

1. The investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization:

2. Funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

3. The investment officer has acquired from the business organization during the previous year, investments with a book value of $2,500 or more for the personal account of the investment officer.

B. If they are related within the second degree by affinity or consanguinity, as determined by Government code Chapter 573, degrees of relationship; nepotism prohibition, ~~V.A.T.C.S.~~ to an individual seeking to sell an investment to the City of Colleyville.

Prudence

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

The standard of prudence to be used by investment officials shall be the "prudent person", which means the officer may not be an expert but is obligated to act responsibly and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officers shall notify the City Council in writing of any conflicts of interest, as defined by the ~~Public Funds Investment~~ Act, no later than the next regularly scheduled Council meeting.

It is the policy of the City that the Investment Officers perform their duties in accordance with the policies and procedures set forth in this policy. The Investment Officers of the City ~~(City Manager, Chief Financial Officer and Accounting Manager)~~ shall be personally indemnified in the event of investment loss provided the Investment Policy is followed.

Internal Controls

The ~~Chief Financial Officer and Accounting Manager~~Investment officers shall establish a system of written internal controls which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent the loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

Permissible Instruments

The Act lists all possible authorized investments available to Texas public entities. The City shall invest only in those investments authorized below as such investments are further defined by the Act. If this policy provides for a lower stated maximum maturity or other more restrictive condition on an authorized investment that more restrictive requirement controls. If changes are made to the Act to allow for additional possible authorized investments, such investments will not be authorized by the City until this policy is modified and adopted by the City Council.

~~The following is a list of permissible instruments as authorized by the 70th Texas Legislature in the Public Funds Investment Act (TEX. REV. CIV. STAT. ANN. ACT 842A-2) and amended by the 71st Legislature:~~

1. Obligations of the United States or its agencies or instrumentalities;

2. Direct obligations of the State of Texas or its agencies;

3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities;

4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;

5. Certificates of deposit issued by state and national depository institutions that have its main office or branch office in this state that are:
   a. Guaranteed or insured by the Federal Deposit Insurance Corporation, FSLIC or its successors; or
   b. Secured by obligations that are described by subdivisions (1) through (4) of this subsection, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities, and which have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the investing entities;

6. Invest in a local government investment pool as authorized by the Interlocal Cooperation Act~~ (TEX. REV. CIV. STAT. ANN. ACT. 4413 (32c)~~, as amended, and the ~~Public Funds Investment ~~Act~~ (TEX. REV. CIV. STAT. ACT. 842a-2)~~, as amended. The investment pool must comply with the requirements of the Public Funds Investment Act, as amended, as follows:
   a. The investment pool maintains a stable asset value of one dollar as defined in the ~~Public Funds Investment ~~Act;
   b. The investment pool maintains a AAA, or AAAm rating by one of the nationally recognized rating agencies;
   c. The investment pool's maximum average dollar weighted maturity does not exceed 90 days; and
   d. The investment pool's continued compliance with the remaining provisions of the ~~Public Funds Investment ~~Act.
   e. The eligible investments of the pool are as follows: obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are

unconditionally guaranteed or insured by the United States, fully collateralized repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States, and SEC registered money market funds authorized by the ~~Public Funds Investment~~ Act and rated in the highest category by at least one nationally recognized rating agency, reverse repurchase agreements with a term of no longer than 90 days.

f. Include in its investment policy and/or operating procedures the following information: a description of eligible investment securities and unacceptable investments, a written statement on investment policy and objectives, a description of interest calculations, distribution, and treatment of gains and losses, security safeguarding, valuation collateralization and auditing, and a fee schedule.

g. The City may invest in more than one pool, however no more than 5% of the City's total portfolio may be invested in pools containing commercial paper.

7. Direct repurchase agreements with primary security dealers or financial institutions doing business in the State of Texas having a defined termination date, and secured by U.S. Government or federal agency securities, provided that the ownership of collateral for the repurchase agreement is transferred to the City, and deposited with a safekeeping agent for the duration of the contract and a signed master repurchase agreement has been executed with the counterparty.

8. SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share. Investment in mutual funds shall be limited to a maximum of ten percent (10%) of the City's available funds.

9. Certificate of Deposit Account Registry Service (CDARS) deposited with a certificate of deposit issued by a depository institution that has its main office or branch office in this state that is selected by the investing entity pursuant to the requirements of Section 2256.010 of the Government Code.

The City is not required to liquidate an investment that was authorized at the time of its purchase.

Unacceptable Investment Instruments

The following securities, although authorized by the Public Funds Investment Act, are not eligible investments for the City:

1. Collateralized mortgage obligations and/or obligations of the following structure
   a) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
   b) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
   c) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
   d) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Commercial paper (Exception: Local Government Investment Pools which the City participates may contain commercial paper in compliance with Title 10, sec. 2256.013 of the Texas government code)

3. Banker's acceptances

4. Reverse repurchase agreements (Local Government Investment Pools which the City participates in may engage in reverse repurchase agreements if the term is 90 days or less)

5. No-load mutual funds other than SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share.

6. Guaranteed investment contracts

7. Share certificates of qualifying credit unions

Effect of Loss of Required Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have a minimum rating. The Investment Officer shall take all prudent measures that are consistent with the City's investment policy to liquidate the investment(s) that does not have the minimum rating (2256.021). In accordance with Section (2256.005(b)), the Investment Officer shall monitor rating changes in current investments by keeping a monthly record of ratings issued by three nationally recognized rating agencies.

Investment Strategy

The investment strategy by type of fund is as follows:

(1) Operating Funds

The investment strategy for operating fund(s) is to assure that anticipated cash flows are matched with adequate investment liquidity. A secondary objective is to create a portfolio, which will experience minimum volatility during economic cycles. These funds shall not have an investment with a stated maturity greater than two years and the weighted average maturity shall not exceed eighteen months.

(2) Debt Service Funds

The investment strategy for debt service fund(s) is the assurance of investment liquidity to cover the debt service obligations on the required payment date. Investments purchased shall not have a stated final maturity date which exceeds the corresponding debt service payment date. The weighted average maturity shall not exceed one year.

(3) Reserve Funds

The investment strategy for reserve fund(s) is the assurance of investment liquidity adequate to cover the debt service obligations not funded by debt service funds on the required payment date. Investment of reserve funds are controlled by their ordinance, resolution or indenture, and Federal and State law. Bond documents must be examined for each issue, for potential differences with this policy concerning investment instruments, maximum maturity or average life restrictions, call dates or sinking fund redemptions, and applicable arbitrage yields and rebate liability. Provisions contained in the bond documents will supersede provisions of this policy. Weighted average maturity shall be incompliance with bond requirements, as stated.

Reserve funds will be invested using a more conservative approach than the current standard investment strategy when arbitrage rebate rules require refunding excess earnings. All excess earnings received will be segregated to allow a proper determination of interest income to be used in the arbitrage calculation.

(4) Special Project or Special Purpose Funds

The investment strategy for special projects or special purpose fund portfolio(s) will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The city's final maturity dates of securities held shall not exceed the estimated project completion date. Funds in excess of defined construction payment schedules shall be limited to a maximum final maturity date of three years.

Maturity limitations for single issue reserve funds shall not exceed the sooner of five (5) years, the call provisions of the bond ordinance, or the final maturity of the bond issue.

~~Annually, the City Council shall formally review the Investment Policy and investment strategy contained with the Policy and record in writing that it has reviewed the Policy and record any changes to either the policy or strategy.~~

A. Diversification

The City will attempt to limit the risk of loss through diversification of its portfolio and to achieve the aforementioned investment strategies by diversification of instruments.

Diversification by Instrument of Portfolio	Maximum Percent
U.S. Treasury Obligations (Bills, Notes and Bonds),	100%
U.S. Government Agency Securities, and Instrumentalities of Government Sponsored Corporations	75%
Certificates of Deposit (CD's)	

Commercial Bank's	75%
Local Government Investment Pool	75%
Local Government Investment Pool investing in commercial paper (compliant with Title 10, sec. 2256.013 of the Texas Local Government code)	5%
Certificate of Deposit Account Registry Service (CDARS)	75%
Tri-Party Repurchase Agreement	75%
SEC registered, no-load mutual fund	10%

Investment Procedures

The City shall enter the following agreements (if applicable): safekeeping, PSA repurchase agreements, wire transfer agreements, banking services contracts, and collateral/depository agreements. These contracts shall include the explicit delegation of authority to persons responsible for the transactions involving these agreements. No person except those designated in the contract may engage in any investment transactions.

On all funds invested in instruments as listed in "Permissible Investments" numbers one through five, oral bids shall be requested from at least two broker/dealers or national banks. The City will accept the bid that provides the highest rate of return within the maturity required and within the parameters of this policy. Records will be kept of the bids offered, bids accepted, and a brief explanation of the decision that was made regarding the investment.

Qualified Institutions

A list of financial institutions, broker/dealers, and depositories authorized to provide investment services will be maintained by the Investment Officer(s).

Certification: Section 2256.005(k) and (l) of the Act requires that any business organization offering to engage in an investment transaction with the City must be provided with a copy of this Investment Policy and Strategy and must provide the City with a written instrument (in a form acceptable to both parties) executed by a representative of the person or entity that substantially acknowledges that the person or entity has:

1. received and reviewed the City's Investment Policy and Strategy; and
2. implemented reasonable procedures and controls in an effort to preclude investment transactions with the City that are not authorized by the City's Investment Policy and Strategy.

Any material changes to the Investment Policy and Strategy will require re-certification by all authorized firms.

Security brokers/dealers: Annually, the City Council shall review and adopt a list of brokers/dealers ~~approve four financial institutions~~ for investment purposes as recommended by the ~~Chief Financial Officer~~Investment Officers.

All personnel working for the firms who will be trading or quoting securities to the City Council must maintain a current NASD license and be registered to deal securities in the State of Texas. Each broker/dealer shall provide the following documentation to the City Council for evaluation:

1. Annual audited financial reports
2. Financial Industry Regulatory Authority (FINRA) registration
3. Central Registration Depository Number (CRD)
4. The City broker/dealer questionnaire (Appendix A) and
5. Investment policy and strategy review certification (Appendix B) on the firm's letterhead signed by a principal of the firm

If the City contracts with a Registered Investment Advisor to manage its portfolio, the approved broker/dealer of that firm will be used, subject to approval by the City council.

~~All firms shall answer the Broker/Dealer questionnaire (Appendix A) and submit their most recent audited financial statements to the City Council for evaluation of credit worthiness. All personnel in the firms who will be trading or quoting securities to the City Council must maintain a current NASD license and be registered to deal securities in the State of Texas. An investment certification form (Appendix B) on the firm's letterhead signed by a principal of the firm must be on file with the City.~~

Safekeeping

All marketable securities purchased by the City shall be held in third party safekeeping by an institution designated as primary agent. All securities will be delivered to the third party institution by seller. Personnel in the third party institution will verify the correct security was delivered by the seller ("delivery vs payment"). The third party institution shall issue a safekeeping receipt to the City listing the specific instrument, rate/yield, maturity, CUSIP, and other pertinent information. Collateral on deposit type securities which exceed the FDIC coverage shall be held in a third party safekeeping institution. In the event a third party safekeeping institution is used, a collateral agreement shall be executed between the City Council, depository which pledged the collateral, and the third party custodian of the collateral. The City will retain possession of all original safekeeping receipts and the receipts will state the security is pledged to the City. Either the City Manager, Chief Financial Officer or Accounting Manager must approve release of collateral in writing prior to its removal from the safekeeping account.

Selection of Financial Institutions

Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application. In selecting depositories, the services available, service costs, and credit-worthiness of institutions shall be considered, and the Investment Officers, shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

The City shall select financial institutions from which the City may purchase certificates of deposit in accordance with the Act and this Policy. The City will have a written depository agreement with any financial institution with whom the City has time or demand deposits. The Investment Officer shall monitor the financial condition of financial institutions where certificates of deposit are held. A qualified representative of the financial institution must sign the investment certification form (Appendix B) on the financial institutions letterhead and it must be kept on file with the City.

Collateral Securities for Certificates of Deposit and Demand Accounts

The City will accept as collateral for its Certificates of Deposit and demand accounts the following securities:

A. FDIC coverage

B. U.S. Treasury bills, notes and bonds

C. United States Agency and instrumentalities bills or notes

D. GNMA mortgage backed fully modified pass through securities

E. Texas state, city, county or school bonds with a remaining maturity of seven years or less and a rating of "A" or better by Moody's, Fitch Ratings, and Standard and Poor's.

F. Surety Bond

G. Federal Home Loan Bank Letter of Credit issued to the City

Collateral shall be "marked to market" monthly by the ~~Finance Manager~~Investment Officers. The following percentages constitute the minimum market value for collateral instruments that are pledged for the City's Certificates of Deposit and demand deposits for amounts exceeding the FDIC coverage.

~~Form of Collateral~~ Pledged Collateral	Ratio
1. U.S. Treasury bills, notes, and bonds	
a. maturing within 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	110%
2. Actively traded U.S. Government Agency securities	
a. maturing in less than 1 year	103%
b. maturing in 1-5 years	107%
c. maturing in more than 5 years	115%
3. GNMA mortgage pass through securities	115%
4. Entities in the State of Texas bonds	
General Obligation Bonds	
a. maturing in less than 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	107%
Revenue Bonds	

a. maturing in less than 1 year	105%
b. maturing in 1-5 years	110%
c. maturing in more than 5 years	115%

Collateral shall be audited annually be the City's independent auditor and may be audited by the City at anytime during normal business hours of the safekeeping bank.

Arbitrage

The Tax Reform Act of 1986 places limitations on the City's yield from investing certain tax-exempt bond proceeds, debt service funds and reserve funds. The rebate provisions require that the City compute earnings on investments from certain issues of bonds on a periodic basis to determine if rebate is required.

To determine the City's arbitrage position, the City is required to calculate the actual yield earned on the investment of the funds and compare it to the yield that would have been earned if the funds had been invested at a rate equal to the yield on the applicable bonds sold by the City. The rebate provisions state that periodically (not less than once every five years and not later than sixty days after maturity of the bonds), the City is required to pay the United States Treasury a rebate of any excess earnings. These restrictions require extreme precision in the monitoring and record keeping of investments, particularly in computing yields to ensure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance.

The investment strategy for bond funds which fall under the arbitrage provisions of the Tax Reform Act of 1986, is that the City will attempt to earn maximum allowable bond yield with market conditions permitting.

Reporting Requirements

The ~~Chief Financial Officer and Accounting Manager~~Investment officers shall issue a written report quarterly to the Audit Committee and City Council concerning the City's investment transactions for the preceding quarter and describing in detail the investment position of the City as of the end of the quarter indicating the market values of all investments held during the quarter. The report shall list for each investment held during the quarter: the purchase price of the investment, the par value of the investment, the market value of the investment at the beginning of the quarter, market value of the investment at the end of the quarter, and fully accrued interest for the period. The portfolio shall be marked to market monthly and market pricing information is to be obtained through the use of appropriate external third party software, third party safekeeping service, or a third party independent pricing service. This report shall be in compliance with provisions of the ~~Public Funds Investment~~ Act, as amended. The report shall be signed by the ~~Chief Financial Officer and Accounting Manager~~investment officers~~, as the investment officers for the City,~~ and state its compliance with the ~~Public Funds Investment~~ Act and adopted investment policy strategy. The quarterly investment reports must be reviewed annually by the City's external audit firm as a part of the City's annual audit and reported to the City Council.

Training Requirements

In accordance with the Act (2256.005 and 2256.008), the Investment officers ~~Chief Financial Officer and Accounting Manager~~ shall attend 10 hours of investment training within 12 months of assuming duties and 8 hours not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. ~~Both the Chief Financial Officer and Accounting Manager~~ The investment officers shall complete ten hours of training every two years as required by the ~~Public Funds Investment~~ Act. This training may be obtained from the ~~following~~ a source~~s~~ approved by the Texas State Board of Public Accountancy including~~:~~ North Central Texas Council of Governments, Government Treasurer's Organization of Texas, Government Finance Officer's of Texas, Texas Municipal League ~~or~~ and the University of North Texas Center for Professional Development. The training must include education in investment controls, security risks, strategy risks, market risks, and any other topics as required by the ~~Public Funds Investment~~ Act.

Review of Investment Policy

Annually, the City Council shall formally review the Investment Policy and investment strategy contained with the Policy and record in writing that it has reviewed the Policy and record any changes to either the policy or strategy.

Updated council approved investment policies should be provided to the city's authorized firms including the city's depository, investment pools, investment advisors, brokers and dealers the same week council approves the policy. Any changes to the Investment Policy will require re-certification by all authorized firms.

Restated and Revised Policy Adopted:

- July 17, 2018 – Resolution R-18 - 4285

Previous Policy Approval Council Meeting Dates:

- September 19, 2017 - Resolution R-17-4175
- September 6, 2016 - Resolution R-16-4029
- September 1, 2015 - Resolution R-15-3902

GLOSSARY

AGENCIES - Federal agency securities and/or Government-sponsored entities.

BENCHMARK – A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER – A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT – A time deposit with a specific maturity evidenced by a certificate. Large- denomination CD's are typically negotiable.

COLLATERAL – Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

DEALER – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT – Delivery verses payment is the delivery of a security and there is an exchange of money after the delivery of the security.

DISCOUNT SECURITIES – Non-interest bearing money market instruments that are being issued at a discount and redeemed at maturity for full face value, e.g. Treasury Bills.

DIVERSIFICATION – Dividing instruments among securities offering independent returns.

FEDERAL CREDIT AGENCIES – Agencies of the Federal government set up to supply credit to various classes of institutions and individuals e.g. savings and loans, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB) – Government sponsored regional wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. `The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. It is a federal corporation and the largest single provider of residential mortgage funds in the United States. FNMA's securities are highly liquid and widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations. Security holder is backed by the full faith and credit of the US Government.

LIQUIDITY – An asset that can be converted quickly and easily to cash.

LOCAL GOVERNMENT INVESTMENT POOL – An investment by local governments in which their money is pooled as a method for managing local funds.

MARKET VALUE – The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT – A written contract that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

MUTUAL FUND – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange disclosure guidelines.

PORTFOLIO – Collection of securities held by an investor.

PRIMARY DEALER – A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to informal oversight.

PRUDENT PERSON RULE – An investment standard outlining fiduciary responsibilities of public funds investors relating to investment practices.

RATE OF RETURN – The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

REVERSE REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

SAFEKEEPING – Holding of assets (e.g. securities) by a financial institution.

TREASURY BILLS – A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year. The yields on these bills are monitored closely for interest rate trends.

TREASURY BONDS – Long term US government debt securities with maturities of ten to thirty years.

TREASURY NOTES – Intermediate term US government debt securities with maturities of one to ten years.

YIELD – The current rate of return on an investment security generally expressed as a percentage of the securities current price.

CITY OF COLLEYVILLE INVESTMENT POLICY

Policy

It is the policy of the City of Colleyville (the City) to invest public funds in a manner consistent with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Act”) which places priority in the following order: preservation and safety of principal; liquidity; and yield.

Governing Body

All investment and cash management activities shall be conducted in full compliance with applicable City ordinances as well as state and federal rules and regulations.

Specific statutory regulations for the investment of public funds in Texas are found in the Act. All investments will be made in accordance with this statute. Collateral requirements are established in Texas by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, for all public Texas funds deposits.

Scope

This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Trust and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately

and any new fund created by the City Council, unless specifically exempted by the City Council or by law. All funds may be combined as pooled funds unless specifically prohibited by State law or statute or City ordinance.

Objectives

The primary objectives, in priority order, of the City's investment activities shall be:

Safety: Consistent with the requirement of the Act, safety of principal is the foremost objective of the City in managing its portfolio. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions. The City will also take into account the marketability of the investment if the need arises to liquidate the investment before maturity.

Liquidity: The City will also maintain sufficient liquidity to provide adequate and timely working funds.

Diversification: The portfolio shall be diversified by market sector, institution, and maturity in order to manage market risk.

Return on Investments: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The City investment strategy is passive and the portfolio shall be designed with the objective of regularly exceeding the weighted average return on thirteen-week Treasury bills. This is considered a benchmark for riskless investment transactions, and therefore, is a minimum standard for the portfolio's rate of return. For bond funds that fall under the arbitrage provisions of the Tax Reform Act of 1986, the City will attempt to earn allowable bond yield with market conditions permitting.

Delegation of Authority

The City designates the Investment Officers to be the City Manager, Chief Financial Officer, and Accounting Manager working jointly to ensure that investment objectives and day-to-day management activities are accomplished

Ethics and Conflict of Interest

In accordance with section 2256.005 of the Act, all investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees shall disclose to the City of Colleyville and Texas Ethics Commission a statement under the following conditions:

A. If they have a personal business relationship with a business organization offering to engage in an investment transaction with the entity. Under the Act, a personal business relationship is defined as:

   1. The investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization:

   2. Funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

   3. The investment officer has acquired from the business organization during the previous year, investments with a book value of $2,500 or more for the personal account of the investment officer.

B. If they are related within the second degree by affinity or consanguinity, as determined by Government code Chapter 573, degrees of relationship; nepotism prohibition, to an individual seeking to sell an investment to the City of Colleyville.

Prudence

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

The standard of prudence to be used by investment officials shall be the "prudent person", which means the officer may not be an expert but is obligated to act responsibly and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officers shall notify the City Council in writing of any conflicts of interest, as defined by the Act, no later than the next regularly scheduled Council meeting.

It is the policy of the City that the Investment Officers perform their duties in accordance with the policies and procedures set forth in this policy. The Investment Officers of the City shall be personally indemnified in the event of investment loss provided the Investment Policy is followed.

Internal Controls

The Investment officers shall establish a system of written internal controls which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent the loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

Permissible Instruments

The Act lists all possible authorized investments available to Texas public entities. The City shall invest only in those investments authorized below as such investments are further defined by the Act. If this policy provides for a lower stated maximum maturity or other more restrictive condition on an authorized investment that more restrictive requirement controls. If changes are made to the Act to allow for additional possible authorized investments, such investments will not be authorized by the City until this policy is modified and adopted by the City Council.

1. Obligations of the United States or its agencies or instrumentalities;

2. Direct obligations of the State of Texas or its agencies;

3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities;

4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
5. Certificates of deposit issued by state and national depository

institutions that have its main office or branch office in this state that are:

a. Guaranteed or insured by the Federal Deposit Insurance Corporation, FSLIC or its successors; or
b. Secured by obligations that are described by subdivisions (1) through (4) of this subsection, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities, and which have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the investing entities;

6. Invest in a local government investment pool as authorized by the Interlocal Cooperation Act, as amended, and the Act, as amended. The investment pool must comply with the requirements of the Public Funds Investment Act, as amended, as follows:

a. The investment pool maintains a stable asset value of one dollar as defined in the Act;
b. The investment pool maintains a AAA, or AAAm rating by one of the nationally recognized rating agencies;
c. The investment pool's maximum average dollar weighted maturity does not exceed 90 days; and
d. The investment pool's continued compliance with the remaining provisions of the Act.
e. The eligible investments of the pool are as follows: obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States, fully collateralized repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States, and SEC registered money market funds authorized by the Act and rated in the highest category by at least one nationally recognized rating agency, reverse repurchase agreements with a term of no longer than 90 days.
f. Include in its investment policy and/or operating procedures the following information: a description of eligible investment securities and unacceptable investments, a written statement on investment policy and objectives, a description of interest calculations, distribution, and treatment of gains and losses,

security safeguarding, valuation collateralization and auditing, and a fee schedule.

g. The City may invest in more than one pool, however no more than 5% of the City's total portfolio may be invested in pools containing commercial paper.

7. Direct repurchase agreements with primary security dealers or financial institutions doing business in the State of Texas having a defined termination date, and secured by U.S. Government or federal agency securities, provided that the ownership of collateral for the repurchase agreement is transferred to the City, and deposited with a safekeeping agent for the duration of the contract and a signed master repurchase agreement has been executed with the counterparty.

8. SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share. Investment in mutual funds shall be limited to a maximum of ten percent (10%) of the City's available funds.

9. Certificate of Deposit Account Registry Service (CDARS) deposited with a certificate of deposit issued by a depository institution that has its main office or branch office in this state that is selected by the investing entity pursuant to the requirements of Section 2256.010 of the Government Code.

The City is not required to liquidate an investment that was authorized at the time of its purchase.

Unacceptable Investment Instruments

The following securities, although authorized by the Public Funds Investment Act, are not eligible investments for the City:

1. Collateralized mortgage obligations and/or obligations of the following structure
   a) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
   b) obligations whose payment represents the principal stream of

cash flow from the underlying mortgage-backed security collateral and bears no interest;
c) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
d) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Commercial Paper (Exception: Local Government Investment Pools which the City participates may contain commercial paper in compliance with Title 10, sec. 2256.013 of the Texas government code)

3. Banker's acceptances

4. Reverse repurchase agreements (Local Government Investment Pools which the City participates in may engage in reverse repurchase agreements if the term is 90 days or less)

5. No-load mutual funds other than SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share.

6. Guaranteed investment contracts

7. Share certificates of qualifying credit unions

Effect of Loss of Required Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have a minimum rating. The Investment Officer shall take all prudent measures that are consistent with the City's investment policy to liquidate the investment(s) that does not have the minimum rating (2256.021). In accordance with Section (2256.005(b)), the Investment Officer shall monitor rating changes in current investments by keeping a monthly record of ratings issued by three nationally recognized rating agencies.

Investment Strategy

The investment strategy by type of fund is as follows:

(1) Operating Funds

The investment strategy for operating fund(s) is to assure that anticipated cash flows are matched with adequate investment liquidity. A secondary objective is to create a portfolio, which will experience minimum volatility during economic cycles. These funds shall not have an investment with a stated maturity greater than two years and the weighted average maturity shall not exceed eighteen months.

(2) Debt Service Funds

The investment strategy for debt service fund(s) is the assurance of investment liquidity to cover the debt service obligations on the required payment date. Investments purchased shall not have a stated final maturity date which exceeds the corresponding debt service payment date. The weighted average maturity shall not exceed one year.

(3) Reserve Funds

The investment strategy for reserve fund(s) is the assurance of investment liquidity adequate to cover the debt service obligations not funded by debt service funds on the required payment date. Investment of reserve funds are controlled by their ordinance, resolution or indenture, and Federal and State law. Bond documents must be examined for each issue, for potential differences with this policy concerning investment instruments, maximum maturity or average life restrictions, call dates or sinking fund redemptions, and applicable arbitrage yields and rebate liability. Provisions contained in the bond documents will supersede provisions of this policy. Weighted average maturity shall be incompliance with bond requirements, as stated.

Reserve funds will be invested using a more conservative approach than the current standard investment strategy when arbitrage rebate rules require refunding excess earnings. All excess earnings received will be segregated to allow a proper determination of interest income to be used in the arbitrage calculation.

(4) Special Project or Special Purpose Funds

The investment strategy for special projects or special purpose fund portfolio(s) will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The city's final maturity dates of securities held shall not exceed the estimated project completion date. Funds in excess of defined construction payment schedules shall be limited to a maximum final maturity date of three years.

Maturity limitations for single issue reserve funds shall not exceed the sooner of five (5) years, the call provisions of the bond ordinance, or the final maturity of the bond issue.

A. Diversification

The City will attempt to limit the risk of loss through diversification of its portfolio and to achieve the aforementioned investment strategies by diversification of instruments.

Diversification by Instrument of Portfolio	Maximum Percent
U.S. Treasury Obligations (Bills, Notes and Bonds),	100%
U.S. Government Agency Securities, and Instrumentalities of Government Sponsored Corporations	75%
Certificates of Deposit (CD's) Commercial Bank's	75%
Local Government Investment Pool	75%
Local Government Investment Pool investing in commercial paper (compliant with Title 10, sec. 2256.013 of the Texas Local Government code)	5%
Certificate of Deposit Account Registry Service (CDARS)	75%
Tri-Party Repurchase Agreement	75%
SEC registered, no-load mutual fund	10%

Resolution: R-18-4285 July 17,2018

Investment Procedures

The City shall enter the following agreements (if applicable): safekeeping, PSA repurchase agreements, wire transfer agreements, banking services contracts, and collateral/depository agreements. These contracts shall include the explicit delegation of authority to persons responsible for the transactions involving these agreements. No person except those designated in the contract may engage in any investment transactions.

On all funds invested in instruments as listed in "Permissible Investments" numbers one through five, oral bids shall be requested from at least two broker/dealers or national banks. The City will accept the bid that provides the highest rate of return within the maturity required and within the parameters of this policy. Records will be kept of the bids offered, bids accepted, and a brief explanation of the decision that was made regarding the investment.

Qualified Institutions

A list of financial institutions, broker/dealers, and depositories authorized to provide investment services will be maintained by the Investment Officer(s).

Certification: Section 2256.005(k) and (l) of the Act requires that any business organization offering to engage in an investment transaction with the City must be provided with a copy of this Investment Policy and Strategy and must provide the City with a written instrument (in a form acceptable to both parties) executed by a representative of the person or entity that substantially acknowledges that the person or entity has:

1. received and reviewed the City's Investment Policy and Strategy; and
2. implemented reasonable procedures and controls in an effort to preclude investment transactions with the City that are not authorized by the City's Investment Policy and Strategy.

Any material changes to the Investment Policy and Strategy will require re-certification by all authorized firms.

Security brokers/dealers: Annually, the City Council shall review and adopt a list of brokers/dealers for investment purposes as recommended by the Investment Officers.

All personnel working for the firms who will be trading or quoting securities to the City Council must maintain a current NASD license and be registered to deal securities in the State of Texas. Each broker/dealer shall provide the following documentation to the City Council for evaluation:

1. Annual audited financial reports
2. Financial Industry Regulatory Authority (FINRA) registration
3. Central Registration Depository Number (CRD)
4. The City broker/dealer questionnaire (Appendix A) and
5. Investment policy and strategy review certification (Appendix B) on the firm's letterhead signed by a principal of the firm

If the City contracts with a Registered Investment Advisor to manage its portfolio, the approved broker/dealer of that firm will be used, subject to approval by the City council.

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All marketable securities purchased by the City shall be held in third party safekeeping by an institution designated as primary agent. All securities will be delivered to the third party institution by seller. Personnel in the third party institution will verify the correct security was delivered by the seller ("delivery vs payment"). The third party institution shall issue a safekeeping receipt to the City listing the specific instrument, rate/yield, maturity, CUSIP, and other pertinent information. Collateral on deposit type securities which exceed the FDIC coverage shall be held in a third party safekeeping institution. In the event a third party safekeeping institution is used, a collateral agreement shall be executed between the City Council, depository which pledged the collateral, and the third party custodian of the collateral. The City will retain possession of all original safekeeping receipts and the receipts will state the security is pledged to the City. Either the City Manager, Chief Financial Officer or Accounting Manager must approve release of collateral in writing prior to its removal from the safekeeping account.

Selection of Financial Institutions

Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application. In selecting depositories, the services available, service costs, and credit-worthiness of institutions shall be considered, and the Investment Officers, shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

The City shall select financial institutions from which the City may purchase certificates of deposit in accordance with the Act and this Policy. The City will have a written depository agreement with any financial institution with whom the City has time or demand deposits. The Investment Officer shall monitor the financial condition of financial institutions where certificates of deposit are held. A qualified representative of the financial institution must sign the investment certification form (Appendix B) on the financial institutions letterhead and it must be kept on file with the City.

Collateral Securities for Certificates of Deposit and Demand Accounts
The City will accept as collateral for its Certificates of Deposit and demand accounts the following securities:

A. FDIC coverage

B. U.S. Treasury bills, notes and bonds

C. United States Agency and instrumentalities bills or notes

D. GNMA mortgage backed fully modified pass through securities

E. Texas state, city, county or school bonds with a remaining maturity of seven years or less and a rating of "A" or better by Moody's, Fitch Ratings, and Standard and Poor's.

F. Surety Bond

G. Federal Home Loan Bank Letter of Credit issued to the City

Collateral shall be "marked to market" monthly by the Investment Officers. The following percentages constitute the minimum market value for collateral instruments that are pledged for the City's Certificates of Deposit and demand deposits for amounts exceeding the FDIC coverage.

Pledged Collateral	Ratio
1. U.S. Treasury bills, notes, and bonds	
a. maturing within 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	110%
2. Actively traded U.S. Government Agency securities	
a. maturing in less than 1 year	103%
b. maturing in 1-5 years	107%
c. maturing in more than 5 years	115%
3. GNMA mortgage pass through securities	115%
4. Entities in the State of Texas bonds	
General Obligation Bonds	
a. maturing in less than 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	107%
Revenue Bonds	
a. maturing in less than 1 year	105%
b. maturing in 1-5 years	110%
c. maturing in more than 5 years	115%

Collateral shall be audited annually be the City's independent auditor and may be audited by the City at anytime during normal business hours of the safekeeping bank.

Arbitrage

The Tax Reform Act of 1986 places limitations on the City's yield from investing certain tax-exempt bond proceeds, debt service funds and reserve funds. The rebate provisions require that the City compute earnings on investments from certain issues of bonds on a periodic basis to determine if rebate is required.

To determine the City's arbitrage position, the City is required to calculate the actual yield earned on the investment of the funds and compare it to the yield that would have been earned if the funds had been invested at a rate equal to the yield on the applicable bonds sold by the City. The rebate provisions state that periodically (not less than once every five years and not later than sixty days after maturity of the bonds), the City is required to pay the United States Treasury a rebate of any excess earnings. These restrictions require extreme precision in the monitoring and record keeping of investments, particularly in computing yields to ensure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance.

The investment strategy for bond funds which fall under the arbitrage provisions of the Tax Reform Act of 1986, is that the City will attempt to earn maximum allowable bond yield with market conditions permitting.

Reporting Requirements

The Investment officers shall issue a written report quarterly to the Audit Committee and City Council concerning the City's investment transactions for the preceding quarter and describing in detail the investment position of the City as of the end of the quarter indicating the market values of all investments held during the quarter. The report shall list for each investment held during the quarter: the purchase price of the investment, the par value of the investment, the market value of the investment at the beginning of the quarter, market value of the investment at the end of the quarter, and fully accrued interest for the period. The portfolio shall be marked to market monthly and market pricing information is to be obtained through the use of appropriate external third party software, third party safekeeping service, or a third party independent pricing service. This report shall be in compliance with provisions of the Act, as amended. The report shall be signed by the investment officers and state its compliance with the Act and adopted investment policy strategy. The quarterly investment reports must be reviewed annually by the City's external audit firm as a part of the City's annual audit and reported to the City Council.

Training Requirements

In accordance with the Act (2256.005 and 2256.008), the Investment officers shall attend 10 hours of investment training within 12 months of assuming duties and 8 hours not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. The investment officers shall complete ten hours of training every two years as required by the Act. This training may be obtained from the a source approved by the Texas State Board of Public Accountancy including North Central Texas Council of Governments, Government Treasurer's Organization of Texas, Government Finance Officers of Texas, Texas Municipal League and the University of North Texas Center for Professional Development. The training must include education in investment controls, security risks, strategy risks, market risks, and any other topics as required by the Act.

Review of Investment Policy

Annually, the City Council shall formally review the Investment Policy and investment strategy contained with the Policy and record in writing that it has reviewed the Policy and record any changes to either the policy or strategy. Updated council approved investment policies should be provided to the city's authorized firms including the city's depository, investment pools, investment advisors, brokers and dealers the same week council approves the policy. Any changes to the Investment Policy will require re-certification by all authorized firms.

Restated and Revised Policy Adopted:

- July 17, 2018 – Resolution R-18 - 4285

Previous Policy Approval Council Meeting Dates:

- September 19, 2017 - Resolution R-17-4175
- September 6, 2016 - Resolution R-16-4029
- September 1, 2015 - Resolution R-15-3902

GLOSSARY

AGENCIES - Federal agency securities and/or Government-sponsored entities.

BENCHMARK – A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER – A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT – A time deposit with a specific maturity evidenced by a certificate. Large- denomination CD's are typically negotiable.

COLLATERAL – Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

DEALER – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT – Delivery verses payment is the delivery of a security and there is an exchange of money after the delivery of the security.

DISCOUNT SECURITIES – Non-interest bearing money market instruments that are being issued at a discount and redeemed at maturity for full face value, e.g. Treasury Bills.

DIVERSIFICATION – Dividing instruments among securities offering independent returns.

FEDERAL CREDIT AGENCIES – Agencies of the Federal government set up to supply credit to various classes of institutions and individuals e.g. savings and loans, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB) – Government sponsored regional wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. `The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. It is a federal corporation and the largest single provider of residential mortgage funds in the United States. FNMA's securities are highly liquid and widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations. Security holder is backed by the full faith and credit of the US Government.

LIQUIDITY – An asset that can be converted quickly and easily to cash.

LOCAL GOVERNMENT INVESTMENT POOL – An investment by local governments in which their money is pooled as a method for managing local funds.

MARKET VALUE – The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT – A written contract that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

MUTUAL FUND – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange disclosure guidelines.

PORTFOLIO – Collection of securities held by an investor.

PRIMARY DEALER – A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to informal oversight.

PRUDENT PERSON RULE – An investment standard outlining fiduciary responsibilities of public funds investors relating to investment practices.

RATE OF RETURN – The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

REVERSE REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

SAFEKEEPING – Holding of assets (e.g. securities) by a financial institution.

TREASURY BILLS – A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year. The yields on these bills are monitored closely for interest rate trends.

TREASURY BONDS – Long term US government debt securities with maturities of ten to thirty years.

TREASURY NOTES – Intermediate term US government debt securities with maturities of one to ten years.

YIELD – The current rate of return on an investment security generally expressed as a percentage of the securities current price.

Appendix A

CITY OF COLLEYVILLE BROKER/DEALER CERTIFICATION QUESTIONNAIRE

1. Name of Firm

2. Address

3. Telephone
   National Number -
   Local Number -

4. Primary Representative / Branch Manager

5. Is your firm a primary dealer in U.S. Government securities? If so, how long?

6. Identify all personnel who will be trading or quoting securities to our City's employees.

7. Identify which personnel have read the City of Colleyville's investment policy.

8. Please indicate the current licenses of your representative(s) and attach a copy of their registration.

Representative Name(s)	License(s)

9. Have any of your public sector clients ever reported to your firm, its officers or employees, orally or in writing, that they sustained a loss (in a single year) exceeding 10 percent of original purchase price on any individual security purchased through the firm?

10. Has your firm consistently complied with Federal Reserve Bank's capital adequacy guidelines?

As of this date, does your firm comply with the guidelines?

11. By what factor does your firm presently exceed the capital adequacy guidelines?

12. Please attach a sample of any confirmations or transactions reports that the City will receive after a transaction has occurred.

13. Does your firm participate in the S.I.P.C. insurance program? If not, what is the comparable alternative?

14. What percentage of your transactions failed last month? Last year?

15. Describe the precautions taken by your firm to protect the interests of the public when dealing with governmental agencies as investors.

16. Please attach a copy of your firm's most recent audited financial statements. (Condensed statements are acceptable)

Appendix B

(To be completed on your firm's letterhead)

Texas Public Funds Investment Act
Certification by Business Organization

This certification is executed on behalf of the City of Colleyville, Texas ("the Investor"), and (name of firm) ("the Business Organization") pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Government Code) and

2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and

3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of the Business Organization

Signature

Name

Title

Date

Resolution: R-18-4285 July 17,2018

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number 3a **Agenda Date** 08/28/2018 **Number** Resolution R-18-147
Type Resolution
Department City Manager

Title
Adopting the Economic Development Capital Improvement Program (EDCIP) for the Fiscal Years 2019-2023 of the Colleyville Economic Development Corporation

Strategic Plan
2.4 Demonstrate stewardship of public resources

Explanation
Reading and Public Hearing

The Colleyville Economic Development Corporation Bylaws require the Board to develop a combined Economic Development Capital Improvement Program (EDCIP) annually, which sets forth long and short-term goals. This program "shall be one that addresses the development needs of the City within the financial constraints available to the Corporation.” The "EDCIP shall identify the projects to be undertaken by the Corporation and include proposed methods and the expected cost of the implementation.” After the EDCIP is developed, it must be approved by the City Council.

On August 14, 2018, the Board met in a worksession and reviewed and discussed the proposed projects included in the FY 2019-2023 EDCIP. No changes were recommended. Attached resolution approves the FY 2019-2023 EDCIP as presented on August 14, 2018.

Attachments
1. Resolution R-18-147

RESOLUTION R-18-147

A RESOLUTION ADOPTING THE ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT PROGRAM (EDCIP) FOR FISCAL YEARS 2019-2023

WHEREAS, the bylaws of the Colleyville Economic Development Corporation require that an Economic Development Capital Improvement Program (EDCIP) be developed, setting forth long and short-term goals that address the needs of the City within the financial constraints of revenues available to the Corporation; and

WHEREAS, the EDCIP shall identify projects to be undertaken by the Corporation and the expected cost of the implementation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION:

Sec. 1. THAT the Economic Development Capital Improvement Program of the Colleyville Economic Development Corporation (Exhibit A) is hereby adopted.

Sec. 2. THAT once approved, the EDCIP will be forwarded to the City Council for their subsequent approval.

Sec. 3. THAT this Resolution shall become effective on the date of passage.

AND IT IS SO RESOLVED.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS 28TH DAY OF AUGUST 2018.

President George Dodson	______	Director Tammy Nakamura	______
Vice Pres. Richard Newton	______	Director John Terhoeve	______
Director Ralph Hunkins	______	Director Mark Slosson	______
Director Bobby Lindamood	______		

ATTEST:

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

Christine Loven, TRMC
Secretary

George Dodson
President

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION **Exhibit A**

ECONOMIC DEVELOPMENT CAPITAL IMPROVEMENT PROGRAM FY 2019 - FY 2023

FISCAL YEAR	Budget 2018	YE Proj. 2018	Proposed 2019	Projection 2020	Projection 2021	Projection 2022	Projection 2023
BEGINNING FUND BALANCE	$4,105,189	$4,221,531	$3,752,384	$2,923,192	$2,499,818	$2,116,216	$1,727,952
REVENUES:							
PROJECTED 1/2 CENT SALES TAX REVENUE	$1,850,000	$1,870,000	$1,907,400	$1,926,474	$1,945,739	$1,965,196	$1,984,848
INTEREST INCOME	$9,090	$9,181	$9,273	$9,365	$9,459	$9,554	$9,649
TOTAL REVENUE	$1,859,090	$1,879,181	$1,916,673	$1,935,839	$1,955,198	$1,974,750	$1,994,497
EXPENDITURES:							
ADMINISTRATIVE:	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
DEBT SERVICE	$594,704	$594,704	$602,176	$604,144	$600,752	$606,928	$602,672
PARKS:							
WATER / WASTEWATER- MC PHERSON PARK	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149
TECHNOLOGY - HARDWARE REPLACEMENT	$0	$0	$6,800	$0	$0	$0	$0
LIBRARY:							
PERSONNEL	$288,713	$288,713	$380,592	$392,010	$403,770	$415,883	$428,360
OPERATIONS	$6,456	$6,456	$6,586	$6,717	$6,852	$6,989	$7,128
TECHNOLOGY - SOFTWARE & MAINTENANCE CONTRACTS	$19,306	$19,306	$19,692	$20,085	$20,487	$20,897	$21,315
TECHNOLOGY - HARDWARE REPLACEMENT	$11,800	$11,800	$5,450	$27,600	$0	$0	$0
SENIOR CENTER:							
PERSONNEL	$78,230	$78,230	$88,895	$91,562	$94,309	$97,138	$100,052
OPERATIONS	$500	$500	$500	$500	$500	$500	$500
TECHNOLOGY - HARDWARE REPLACEMENT	$8,000	$8,000	$1,550	$3,100	$0	$0	$0
COLLEYVILLE CENTER:							
OPERATIONS	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
TECHNOLOGY- SOFTWARE & MAINTENANCE CONTRACTS	$6,960	$6,960	$7,099	$7,241	$7,386	$7,534	$7,684
TECHNOLOGY - HARDWARE REPLACEMENT	$8,800	$8,800	$1,200	$3,850	$0	$0	$0
PROMOTIONAL:							
SPECIAL EVENTS	$92,000	$92,000	$112,000	$112,000	$112,000	$112,000	$112,000
ECONOMIC DEVELOPMENT PROMOTIONAL	$39,000	$39,000	$25,000	$25,500	$26,010	$26,530	$27,061
PERSONNEL - COMMUNICATIONS	$53,035	$53,035	$53,666	$55,276	$56,934	$58,642	$60,402
TOTAL OPERATING EXPENDITURES	$1,216,654	$1,216,808	$1,320,669	$1,359,213	$1,338,800	$1,363,015	$1,377,327
EXCESS REVENUES OVER EXPENDITURES	$642,436	$662,373	$596,003	$576,626	$616,398	$611,735	$617,171
CAPITAL:							
COLLEYVILLE CENTER -							
FACILITY UPDATES AND REPLACEMENTS	$0	$33,000	$64,679	$0	$0	$0	$0
REPLACEMENT OF PALLADIUM WINDOWS & PATIO	$0	$0	$280,000	$0	$0	$0	$0
PLEASANT RUN TRAIL CONSTRUCTION & PARK IMPROVEMENTS	$300,000	$300,000	$0	$0	$0	$0	$0
PARKS MASTER PLAN UPDATE	$45,000	$45,000	$0	$0	$0	$0	$0
LD LOCKETT PARK DRAINAGE IMPROVEMENTS	$130,000	$55,000	$0	$0	$0	$0	$0
KIMZEY PARK POND DREDGING	$170,000	$388,520	$0	$0	$0	$0	$0
WEBB HOUSE REPAIRS	$100,000	$10,000	$265,000	$0	$0	$0	$0
LIBRARY RENOVATIONS	$459,470	$300,000	$315,516	$0	$0	$0	$0
FUTURE PROJECTS / IMPLEMENTATION OF PARKS MASTER PLAN	$300,000	$0	$500,000	$1,000,000	$1,000,000	$1,000,000	$800,000
TOTAL CAPITAL EXPENDITURES	$1,504,470	$1,131,520	$1,425,195	$1,000,000	$1,000,000	$1,000,000	$800,000
TOTAL EXPENDITURES (OPERATING & CAPITAL)	**$2,721,124**	**$2,348,328**	**$2,745,864**	**$2,359,213**	**$2,338,800**	**$2,363,015**	**$2,177,327**
USE OF FUND BALANCE ON CAPITAL PROJECTS/(ADDITIONS TO FUND BALANCE)	$862,034	$469,147	$829,192	$423,374	$383,602	$388,265	$182,829
ENDING FUND BALANCE	$3,243,155	$3,752,384	$2,923,192	$2,499,818	$2,116,216	$1,727,952	$1,545,122
RESERVE FOR .4 TIMES BOND COVERAGE RATIO	$237,882	$237,882	$240,870.40	$241,658	$240,301	$242,771	$241,069
AVAILABLE ENDING FUND BALANCE	$3,005,274	$3,514,502	$2,682,322	$2,258,160	$1,875,916	$1,485,180	$1,304,054

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number 3b **Agenda Date** 08/28/2018 **Number** Resolution R-18-148
Type Resolution
Department City Manager

Title
Adopting the Fiscal Year 2019 Budget

Strategic Plan
2.4 Demonstrate stewardship of public resources

Explanation
Reading and Public Hearing

Per the Colleyville Economic Development Corporation (CEDC) bylaws, the Board of Directors must adopt an annual budget. The attached FY 2019 budget replicates the FY 2019 revenues and expenditures contained in the proposed FY 2019 - 2023 EDCIP (Agenda item 3a), which was reviewed at the CEDC budget worksession on August 814 2018. Proposed expenditures for FY 2019 total $2,745,864, as reflected in the attached FY 2019 CEDC Budget.

Attachments
1. Proposed FY 2019 CEDC Budget
2. Resolution R-18-148

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION
FY 2019 BUDGET

FISCAL YEAR	Budget 2018	YE Proj. 2018	Proposed 2019
BEGINNING FUND BALANCE	$4,105,189	$4,221,531	$3,752,384
REVENUES:			
PROJECTED 1/2 CENT SALES TAX REVENUE	$1,850,000	$1,870,000	$1,907,400
INTEREST INCOME	$9,090	$9,181	$9,273
TOTAL REVENUE	$1,859,090	$1,879,181	$1,916,673
EXPENDITURES:			
ADMINISTRATIVE:	$2,000	$2,000	$2,000
DEBT SERVICE	$594,704	$594,704	$602,176
PARKS:			
WATER / WASTEWATER- MC PHERSON PARK	$5,150	$5,305	$5,464
TECHNOLOGY - HARDWARE REPLACEMENT	$0	$0	$6,800
LIBRARY:			
PERSONNEL	$288,713	$288,713	$380,592
OPERATIONS	$6,456	$6,456	$6,586
TECHNOLOGY - SOFTWARE & MAINTENANCE CONTRACTS	$19,306	$19,306	$19,692
TECHNOLOGY - HARDWARE REPLACEMENT	$11,800	$11,800	$5,450
SENIOR CENTER:			
PERSONNEL	$78,230	$78,230	$88,895
OPERATIONS	$500	$500	$500
TECHNOLOGY - HARDWARE REPLACEMENT	$8,000	$8,000	$1,550
COLLEYVILLE CENTER:			
OPERATIONS	$2,000	$2,000	$2,000
TECHNOLOGY- SOFTWARE & MAINTENANCE CONTRACTS	$6,960	$6,960	$7,099
TECHNOLOGY - HARDWARE REPLACEMENT	$8,800	$8,800	$1,200
PROMOTIONAL:			
SPECIAL EVENTS	$92,000	$92,000	$112,000
ECONOMIC DEVELOPMENT PROMOTIONAL	$39,000	$39,000	$25,000
PERSONNEL - COMMUNICATIONS	$53,035	$53,035	$53,666
TOTAL OPERATING EXPENDITURES	$1,216,654	$1,216,808	$1,320,669
EXCESS REVENUES OVER EXPENDITURES	$642,436	$662,373	$596,003
CAPITAL:			
COLLEYVILLE CENTER -			
FACILITY UPDATES AND REPLACEMENTS	$0	$33,000	$64,679
REPLACEMENT OF PALLADIUM WINDOWS & PATIO	$0	$0	$280,000
PLEASANT RUN TRAIL CONSTRUCTION & PARK IMPROVEMENTS	$300,000	$300,000	$0
PARKS MASTER PLAN UPDATE	$45,000	$45,000	$0
LD LOCKETT PARK DRAINAGE IMPROVEMENTS	$130,000	$55,000	$0
KIMZEY PARK POND DREDGING	$170,000	$388,520	$0
WEBB HOUSE REPAIRS	$100,000	$10,000	$265,000
LIBRARY RENOVATIONS	$459,470	$300,000	$315,516
FUTURE PROJECTS / IMPLEMENTATION OF PARKS MASTER PLAN	$300,000	$0	$500,000
TOTAL CAPITAL EXPENDITURES	$1,504,470	$1,131,520	$1,425,195
TOTAL EXPENDITURES (OPERATING & CAPITAL)	**$2,721,124**	**$2,348,328**	**$2,745,864**
USE OF FUND BALANCE ON CAPITAL PROJECTS/(ADDITIONS TO FUND BALANCE)	$862,034	$469,147	$829,192
ENDING FUND BALANCE	$3,243,155	$3,752,384	$2,923,192
RESERVE FOR .4 TIMES BOND COVERAGE RATIO	$237,882	$237,882	$240,870.40
AVAILABLE ENDING FUND BALANCE	$3,005,274	$3,514,502	$2,682,322

RESOLUTION R-17-148

A RESOLUTION ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2019 FOR THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

WHEREAS, the bylaws of the Colleyville Economic Development Corporation require that an annual budget be adopted by the Board of Directors; and

WHEREAS, the bylaws require that the budget includes projected revenues and proposed expenditures.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION:

Sec. 1. THAT the Fiscal Year 2019 budget amounts for the Colleyville Economic Development Corporation are as follows:

Total Revenues	$1,916,673
Operating Expenditures	$1,320,669
Capital Expenditures	$1,425,195
Total Expenditures	$2,745,864
Use of Fund Balance on Capital Projects	$829,192

AND IT IS SO RESOLVED.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS 28TH DAY OF AUGUST 2018.

President George Dodson	______	Director Tammy Nakamura	______
Vice Pres. Richard Newton	______	Director John Terhoeve	______
Director Ralph Hunkins	______	Director Mark Slosson	______
Director Bobby Lindamood	______		

ATTEST:

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

Christine Loven, TRMC
Secretary

George Dodson
President

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number 3c **Agenda Date** 08/28/2018 **Number** Resolution R-18-149
Type Resolution
Department City Secretary

Title
Electing a Colleyville Economic Development Corporation Board President and Vice President

Strategic Plan
B4- Cultivate a culture of transparency and consistent communication

Explanation
Reading and Public Hearing

As per the CEDC bylaws, the President and Vice President shall be elected by the Board and shall serve a term of one (1) year. The President and Vice President shall continue to serve until their successors are appointed.

This item provides for the Board of Directors to elect a President and Vice President of the CEDC.

Attachments
1. Resolution R-18-149

RESOLUTION R-18-149

A RESOLUTION APPOINTING A COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION BOARD PRESIDENT AND VICE PRESIDENT

WHEREAS, the Bylaws of the Colleyville Economic Development Corporation, state the President and the Vice President shall be elected by the Board and shall serve a term of one year; and

WHEREAS, the President and Vice President shall continue to serve until their successors are appointed.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION:

Sec. 1. THAT Director ________________ is elected to serve as President of the Colleyville Economic Development Corporation.

Sec. 2. THAT Director ________________ is elected to serve as Vice President of the Colleyville Economic Development Corporation.

AND IT IS SO RESOLVED.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS 28TH DAY OF AUGUST 2018.

President George Dodson	______	Director Tammy Nakamura	______
Vice Pres. Richard Newton	______	Director John Terhoeve	______
Director Ralph Hunkins	______	Director Mark Slosson	______
Director Bobby Lindamood	______		

ATTEST:

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

Christine Loven, TRMC
Secretary

George Dodson
President

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number **Agenda Date** 08/28/2018 **Number**
Type Report
Department City Manager

Title
Annual Activity Report

Strategic Plan
1.4 Communicate thoroughly and strategically

Explanation
The Colleyville Economic Development Corporation bylaws require that the Board make an annual report to the City Council "reviewing the accomplishments of the Corporation for the preceding year and the activities of the Corporation for the budget year". The "required annual report shall be forwarded to the City Council no later than February 1 of each year, after the close of the fiscal year, in the Reports section of the City Council agenda." Attached is the draft annual report that will be submitted to the City Council at a future City Council meeting.

Attachments
1. FY 2018 Annual Activity Report

FY 2018 ANNUAL REPORT

OF THE COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION

Accomplishments and activities for FY 2018 are described below.

Revenues:

Sales tax revenue from a half-cent sales tax approved by Colleyville voters in 1996 is the primary source of revenue for the Colleyville Economic Development Corporation (CEDC). The FY 2018 budgeted sales tax revenue was $1,850,000, with year-end projections expecting to exceed that amount with a total of $1,870,000 in sales tax collections. Through August 2018, sales tax collections total $1,465,847, which is up 4.49% from the prior year.

Operating Expenditure/Activities:

In FY 2018, the CEDC provided funding for the following operating expenditures and activities.

- Debt service for FY 2018 of $594,704
- The special events supported with CEDC funding include Red, White, & Sousa, Haunted Trail Fest, and the Christmas Tree Lighting Celebration.
- Funding for economic development promotional activities has provided for marketing of City events and activities.
- In FY 2018, the CEDC provided funding for 13 part-time library positions, a recreation specialist for the senior center, and partial funding for the marketing coordinator position.
- Technology costs for the Library, Senior Center, and Colleyville Center including software licenses, computer replacements, and network switches

Capital Expenditure/Activities:

In FY 2018, the CEDC provided funding for the following capital expenditures and activities.

- Plumbing repairs in the men's restroom at the Colleyville Center
- Pleasant Run trail construction and park improvements
- Completion of the Parks Master Plan update, which began in FY 2017
- Drainage improvements at L.D. Lockett Park, which were completed in-house for approximately $55,000, a savings of $75,000 compared to the budgeted amount for the project
- Dredging of the Kimzey Park Pond, to remove accumulated silt and improve plant and aquatic life
- Professional services in preparation for the Webb House project, which will include repairs to the building and site improvements intended to make the

property more usable and welcoming for community enjoyment. Construction will occur in FY 2019.

- The spatial reconfiguration project at the Colleyville Public Library, a portion of which will occur in FY 2018, with completion in early FY 2019. The project includes a reconfiguration of areas on the first and second floors, to better meet the community's needs and utilization trends.

City of Colleyville
Colleyville Economic Development Corporation Board
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number **Agenda Date** 08/28/2018
Type Report
Department City Manager

Title
Annual investment report

Strategic Plan
B4- Cultivate a culture of transparency and consistent communication

Explanation
As of July 31, 2018 the total funds held by the Colleyville Economic Development Corporation equaled $4,461,792.57 and were allocated as follows:

Cash	$2,934,923.13
Government Issues	$1,500,000.00
LOGIC (Local Government Investment Pool)	$26,869.44

From August 1, 2017 through July 31, 2018, the Colleyville Economic Development Corporation earned $14,739.81 in interest from LOGIC, a local government investment pool that invests heavily in commercial paper. On July 17, 2018 a city wide investment policy was adopted limiting the maximum allowable investment in commercial paper local government investment pools to 5% of the portfolio. Accordingly, in July, $1,000,000 was transferred out from LOGIC to operating cash. To maximize returns and diversify the Corporation's portfolio, the Corporation's portfolio will expand to include local government investment pools that does not invest in commercial paper like TexStar, Texas Class and TexPool.

Currently, the Corporation holds a government security (FFCB) with a purchase price of $1,000,000 (par value $1,000,000) and a market value of $992,031, yielding 1.350%, which will mature May 2, 2019. The interest earned on the FFCB from August 1, 2017 to July 31, 2018, is $13,500.
The Corporation also holds a government security (Freddie MAC) with a purchase price of $500,000 (par value $500,000) and a market value of $494,145, yielding 1.375%, which will mature August 15, 2019. The interest earned on the Treasury note from August 1, 2017 to July 31, 2018, is $ 3,934.03.

Attachments