CITY OF HUTTO, TEXAS
REGULAR CITY COUNCIL MEETING
THURSDAY, JULY 2, 2015 AT 7:00 PM
CITY HALL - CITY COUNCIL CHAMBERS
401 WEST FRONT STREET

CITY COUNCIL
Debbie Holland, Mayor
Anne Cano, Place 1
Tom Hines, Place 2
Ronnie Quintanilla-Perez, Place 3
Michael J. Smith, Place 4, Mayor Pro-tem
Lucio Valdez, Place 5
Max V. Yeste, Place 6

AGENDA

1. CALL SESSION TO ORDER

2. ROLL CALL

3. INVOCATION

4. PLEDGE OF ALLEGIANCE

5. PUBLIC COMMENT
   5A. Remarks from visitors. *(Three-minute time limit)*

6. PRESENTATION
   6A. Presentation and discussion on the future expansion of the Williamson County Regional Animal Shelter.

REGULAR AGENDA ITEMS

7. RESOLUTIONS:
   7A. Consideration and possible action on a resolution to allow the Hutto Independent School District to perform construction work outside of the time specified in the Unified Development Code (UDC) at the Norman Elementary School site.

   7B. Consideration and possible action on a resolution concerning a real estate exchange contract between the City of Hutto and Hill Country Bible Church for less than 0.1 acres of land.
7C. Consideration and possible action on resolution concerning an investment advisory services contract with First Southwest Asset Management for investment advisory services.

7D. Consideration and possible action on resolution adopting the City's Investment Policy dated July 2, 2015.

7E. Consideration and possible action on a resolution amending the City Council Relations Policy and renaming it to the Hutto City Council Protocol Policy.

8. **OTHER BUSINESS:**

8A. Consideration and possible action on the June 18, 2015 City Council meeting minutes.

9. **ADJOURNMENT**

The City Council for the City of Hutto reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above as authorized by the Texas Government Code Sections 551.071 [Litigation/Consultation with Attorney], 551.072 [Deliberations regarding real property], 551.073 [Deliberations regarding gifts and donations], 551.074 [Deliberations regarding personnel matters] or 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and 551.087 [Deliberations regarding Economic Development negotiations].

**CERTIFICATION**

I certify that this notice of the July 2, 2015 Hutto City Council meeting was posted on the City Hall bulletin board of the City of Hutto on Friday, the 26th day of June 2015 at 12:15 p.m.

Seth Gipson, City Secretary

The City of Hutto is committed to comply with the American with Disabilities Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special communications or accommodations must be made 48 hours prior to the meeting. Please contact the City Secretary at (512) 759-4033 or seth.gipson@hutto.tx.gov for assistance.
AGENDA ITEM NO.: 6A.  AGENDA DATE: July 02, 2015

PRESENTED BY: Micah Grau, Assistant City Manager

ITEM: Presentation and discussion on the future expansion of the Williamson County Regional Animal Shelter.

STRATEGIC GUIDE POLICY: Service Delivery

ITEM BACKGROUND:
The City of Hutto along with the cities of Cedar Park, Leander, Round Rock, and Williamson County, joined together in 2006 to create the Williamson County Regional Animal Shelter to address the cumulative animal care and sheltering needs of the partner cities and county. The shelter opened in 2007. Growth in the County's population has stretched the capacity of the shelter. The Williamson County Regional Animal Shelter Board, acting through Williamson County, engaged the services of Jackson & Ryan Architects in 2014 to look at the future service needs of the shelter and to conduct facility planning through 2035 and 2050.

Hutto Assistant City Manager Micah Grau serves as Hutto's representative on the Shelter Board. Shelter Director Cheryl Schneider will provide the report to Council on the results of the study and the need to expand the shelter.

BUDGETARY AND FINANCIAL SUMMARY:
Not applicable.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
Not applicable.

STAFF RECOMMENDATION:
Not applicable.
SUPPORTING MATERIAL:
There are no supporting documents.
AGENDA ITEM NO.: 7A.  
AGENDA DATE: July 02, 2015

PRESENTED BY: Helen Ramirez, AICP, Director, Development Services

ITEM: Consideration and possible action on a resolution to allow the Hutto Independent School District to perform construction work outside of the time specified in the Unified Development Code (UDC) at the Norman Elementary School site.

STRATEGIC GUIDE POLICY: Growth Guidance

ITEM BACKGROUND:
The City has received a request from Hutto ISD to perform additional construction work between the hours of 9:00 am and 6:00 pm on Sundays during the month of July (July 5, 12, 19 and 26). The request is due to the excessive rain that has recently been experienced which has resulted in the loss of 34 work days on the construction of Norman Elementary School. Hutto ISD has stated that the construction work to be performed on Sundays includes the hauling in of off-site material and compaction of fill material for the foundation base pad.

BUDGETARY AND FINANCIAL SUMMARY:
Not applicable.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
Not applicable.

CITY ATTORNEY REVIEW:
The City Attorney has approved the process as to form.

STAFF RECOMMENDATION:
Staff recommends that the Council approve the resolution.

SUPPORTING MATERIAL:
1. HISD-Construction(Res)
2. HISD-Construction-RequestLetter
RESOLUTION NO.

A RESOLUTION APPROVING A SPECIAL PERMIT REQUESTED BY THE HUTTO INDEPENDENT SCHOOL DISTRICT ALLOWING CONSTRUCTION WORK TO BE PERFORMED AT NORMAN ELEMENTARY OUTSIDE OF THE TIME SPECIFIED IN THE CITY OF HUTTO UNIFIED DEVELOPMENT CODE.

WHEREAS, Hutto Independent School District (ISD) has submitted a request for a Special Permit to allow construction work to be performed at Norman Elementary, located at 101 Llano River Trail, Hutto, Texas and adjacent to the Riverwalk subdivision; and

WHEREAS, HISD’s request is to perform additional construction work between the hours of 9:00 am and 6:00 pm on Sundays, during the month of July (July 5, 12, 19 and 26). The request is due to the excessive rain that the City has recently experienced that has caused Hutto ISD to lose 34 work days on the project since May 5, 2015 and the need to complete Norman Elementary by June 1st of 2016 in order to prepare the school for students and staff. Hutto ISD has stated that the construction work to be performed on Sundays includes the hauling in of off-site material and compaction of fill material for the foundation base pad.

WHEREAS, pursuant to the Hutto UDC Section 10.312.1, general performance standards supplement other local standards (City of Hutto’s Code of Ordinances). The City of Hutto’s Code of Ordinances Sec. 14.03.003.9 allows exceptions to Construction Work Noise Standards in case of urgent necessity in the interest of public safety and convenience, and then only by permit from the City Council, and;

WHEREAS, the City Council wishes to grant the Special Permit, Now therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS:

That the Hutto City Council hereby approves a special permit pursuant to Sec. 14.03.003.9 of the Code to allow the Hutto Independent School District and/or its contractors to perform construction work on Sundays between the hours of 9:00 am and 6:00 pm during the month of July (July 5, 12, 19 and 26).

CONSIDERED and RESOLVED on this the 2th day of the month July, 2015.

THE CITY OF HUTTO, TEXAS

____________________________
Debbie Holland, Mayor

ATTEST:

____________________________
Seth Gipson, City Secretary
June 24, 2015

Helen Ramirez, AICP  
Director of Development Services  
City of Hutto  
409 W. Front St., Suite 200  
Hutto, TX 78634

RE: Sunday work on Norman Elementary site in Riverwalk

Ms. Ramirez,  
Thank you for meeting with Mr. Ramos and me this morning. As we discussed the abundant rains we have been receiving, we have lost 34 work days on our elementary project since May 5, 2015. We need to complete Norman Elementary by June 1st 2016 in order to prepare the school for students and staff.

We are requesting that the City permit us to work additional Sundays through July to catch up on lost time due the rain. We would limit the work hours from 9am to 6pm.

I wish there was a better way to do this but we have to make up these lost days. We have no choice, we cannot delay, we have to complete this project since kids will be arriving ready or not in August of 2016.

Sincerely,

Thomas Bloxham
AGENDA ITEM NO.: 7B.  
AGENDA DATE: July 02, 2015

PRESENTED BY: Micah Grau, Assistant City Manager

ITEM: Consideration and possible action on a resolution concerning a real estate exchange contract between the City of Hutto and Hill Country Bible Church for less than 0.1 acres of land.

STRATEGIC GUIDE POLICY: Growth Guidance

ITEM BACKGROUND:
The City approached Hill Country Bible Church (dba Hutto Bible Church) in 2014 about the possibility of completing a land swap to clean up the boundary between the church property and the Hutto Co-op. As part of the negotiated land swap, Hutto Bible Church will give 8,345 square feet of land to the City comprised of the area referred on as the "Southwestern Triangle" on the Exhibit, 10’ dedicated right-of-way for future Live Oak Street expansion, and 10’ dedicated right-of-way for future Pecan Street expansion. In exchange, the City will give 8,371 sf to the church comprised of the area referred to on the Exhibit as the "Northwestern Triangle" and the 20’ Alley that runs West from West Street towards the Co-op.

Legal description of property to be exchanged.

Land Swap to City from Church:

A BOUNDARY SURVEY OF A .093 OF AN ACRE TRACT, BEING PORTIONS OF LOT 1, LOT 7 AND THE VACATED 21' ALLEY, BLOCK 9, RAILROAD ADDITION, AN ADDITION TO THE CITY OF HUTTO, TEXAS AS SHOWN UPON THE PLAT RECORDED IN VOLUME 50, PAGE 253, OF THE DEED RECORDS, WILLIAMSON COUNTY, TEXAS.

Land Swap to Church from City:

A BOUNDARY SURVEY OF A 0.055 OF AN ACRE TRACT, BEING A PORTION OF THE TRACT DESCRIBED IN THE DEED TO THE CITY OF HUTTO, TEXAS, RECORDED IN DOCUMENT NO. 2008077696 OF THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS, AND BEING A PORTION OF THE TRACT DESCRIBED IN THE DEED TO THE CITY OF HUTTO, TEXAS, RECORDED IN DOCUMENT NO. 2003119272 OF THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS.

BUDGETARY AND FINANCIAL SUMMARY:
There is no cost associated with the property, however, the City will pay any necessary title fees associated with the land transfer.

**RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:**
The Growth Guidance Committee discussed the land swap during their meeting held on November 17, 2014.

**CITY ATTORNEY REVIEW:**
The City Attorney prepared the Real Estate Contract.

**STAFF RECOMMENDATION:**
Staff recommends approval of the Resolution.

**SUPPORTING MATERIAL:**
1. Resolution - Real Estate Exchange Agreement
2. Real Estate Exchange Contract
3. Exhibit A
RESOLUTION NO. ______

RESOLUTION CONCERNING THE APPROVAL OF A REAL ESTATE EXCHANGE CONTRACT BETWEEN THE CITY OF HUTTO (CITY) AND HILL COUNTRY BIBLE CHURCH (DBA “HUTTO BIBLE CHURCH”) FOR LESS THAN 0.1 ACRES OF LAND.

WHEREAS, the City of Hutto purchased the Co-op property in 2003 to preserve Hutto’s rich agricultural history and to develop the property; and

WHEREAS, the City has worked to develop master plans for the future development of the Co-op site; and

WHEREAS, City staff has negotiated a mutually beneficial land swap for less than 0.1 acres of land located near the intersection of Short Street and Pecan Street in order to align the property boundary; and

WHEREAS, the Settlement Agreement with TEX MIX LAND LTD. exceeds $50,000, which requires City Council approval,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, that the Hutto City Council hereby approves the resolution authorizing the Mayor to execute a Real Estate Exchange Contract with Hill Country Bible Church for less than 0.1 acres of land located near the intersection of Short Street and Pecan Street.

RESOLVED on this the 2nd day of the month of July, 2015.

CITY OF HUTTO, TEXAS

__________________________
Debbie Holland, Mayor

ATTEST:

__________________________
Christine Martinez, City Secretary
REAL ESTATE EXCHANGE CONTRACT

State of Texas §
County of Williamson §

This Real Estate Exchange Contract ("Contract") is made by and between HILL COUNTRY BIBLE CHURCH dba "HUTTO BIBLE CHURCH" (referred to in this contract as "HBC" and The City of Hutto, Texas (referred to in this Contract as "CITY"), a Texas political subdivision, upon the terms and condition set forth in this Contract. HBC and the CITY may be referred to as "Party" or "Parties" as the context may require.

ARTICLE I
PURCHASE AND SALE

1.01 By this Contract, HBC sells and agrees to convey, and CITY purchases and agrees to pay for a tract of land situated in Williamson County, Texas, being more particularly described in Exhibit "A", attached hereto, together with all and singular the rights and appurtenances pertaining to the property, including any right, title and interest of HBC in and to adjacent streets, alleys or rights-of-way (all of such real property, rights, and appurtenances being referred to in this Contract as "Tract 1"), together with any improvements, fixtures, and personal property situated on and attached to Tract 1, for the consideration and upon and subject to the terms, provisions, and conditions set forth below.

ARTICLE II
PURCHASE CONSIDERATION

Consideration

2.01 As consideration for the conveyance of Tract 1 by HBC to CITY, CITY sells and agrees to convey a tract of land situated in Williamson County, Texas, being more particularly described in Exhibit "B", attached hereto, together with all and singular the rights and appurtenances pertaining to the property, including any right, title and interest of CITY in and to adjacent streets, alleys or rights-of-way (all of such real property, rights, and appurtenances being referred to in this Contract as "Tract 2"), together with any improvements, fixtures, and personal property situated on and attached to Tract 2, for the consideration and upon and subject to the terms, provisions, and conditions set forth below.

Tender of Consideration

2.02 CITY shall convey Tract 2 to HBC in accordance with this Contract at the closing.
ARTICLE III
PARTIES’ OBLIGATIONS

Conditions to City’s Obligations

3.01 The obligations of the Parties hereunder to consummate the transaction contemplated hereby are subject to the satisfaction of each of the following conditions (any of which may be waived in whole or in part by either Party at or prior to the closing).

Preliminary Title Commitment

3.02 Within twenty-one (21) days after the date of execution of this Contract, CITY at CITY’s sole cost and expense, will obtain from Texas American Title Company, whose offices are located at 715 Discovery Boulevard, Suite 205, Cedar Park Texas, 78613 (the “Title Company”) a preliminary title report (the “Tract 1 Title Commitment”) accompanied by copies of all recorded documents relating to easements, rights-of-way, etc., affecting the Tract 1. CITY will give HBC written notice on or before the expiration of ten (10) days after CITY receives the Tract 1 Title Commitment that the condition of title as set forth in the Tract 1 Title Commitment is or is not satisfactory. In the event that CITY states that the condition is not satisfactory, HBC may undertake to eliminate or modify all unacceptable matters to the reasonable satisfaction of CITY at or prior to Closing. In the event HBC is unable or unwilling to do so, this Contract shall thereupon be null and void for all purposes.

3.03 Within twenty-one (21) days after the date of execution of this Contract, CITY, at CITY’s sole cost and expense, will obtain from Texas American Title Company, whose offices are located at 715 Discovery Boulevard, Suite 205, Cedar Park Texas, 78613 (the “Title Company”) a preliminary title report (the “Tract 2 Title Commitment”) accompanied by copies of all recorded documents relating to easements, rights-of-way, etc., affecting Tract 2. HBC will give CITY written notice on or before the expiration of ten (10) days after HBC receives the Tract 2 Title Commitment that the condition of title as set forth in the Tract 2 Title Commitment is or is not satisfactory. In the event that HBC states that the condition is not satisfactory, CITY may undertake to eliminate or modify all unacceptable matters to the reasonable satisfaction of HBC at or prior to Closing. In the event CITY is unable or unwilling to do so, this Contract shall thereupon be null and void for all purposes.

Survey

3.04 Within thirty (30) days from the date hereof, CITY at CITY’s sole cost and expense, shall cause to be delivered a current plat or survey of Tract 1, prepared by a duly licensed Texas land surveyor selected by CITY. The survey shall be staked on the ground, and the plat shall show the location of all improvements, highways, streets, roads, railroads, rivers, creeks, or other water courses, fences, easements, and rights-of-way on or adjacent to Tract 1, if any, and shall contain the surveyor’s certification that
there are no encroachments on the property and shall set forth the number of total acres comprising Tract 1, together with a metes and bounds description thereof.

3.05 Within thirty (30) days from the date hereof, CITY, at CITY’s sole cost and expense, shall cause to be delivered a current plat or survey of Tract 2, prepared by a duly licensed Texas land surveyor selected by CITY. The survey shall be staked on the ground, and the plat shall show the location of all improvements, highways, streets, roads, railroads, rivers, creeks, or other water courses, fences, easements, and rights-of-way on or adjacent to Tract 2, if any, and shall contain the surveyor’s certification that there are no encroachments on the property and shall set forth the number of total acres comprising Tract 2, together with a metes and bounds description thereof.

3.06 The Parties shall have performed, observed, and complied with all of the covenants, agreements, and conditions required by this Contract to be performed, observed, and complied with by the Parties prior to or as of the closing unless waived.

ARTICLE IV
CLOSING

4.01 The closing shall be held at the Title Company on or before the forty-fifth (45th) day after the date of execution of this Contract, or at such time, date, and place as HBC and CITY may agree upon (which date is herein referred to as the “closing date”).

HBC’s Obligations

4.02 At the closing HBC shall:

(a) Deliver to CITY a duly executed and acknowledged General Warranty Deed conveying good and indefeasible title in fee simple in Tract 1, free and clear of any and all liens, encumbrances, conditions, easements, assessments, and restrictions, except for the following:

(i) Any exceptions approved by CITY pursuant to Article III hereof; and

(ii) Any exceptions approved by CITY in writing.

(b) Deliver to CITY a Texas Owner’s Title Policy at CITY’s sole expense, issued by Title Company, in CITY’s favor in the full amount of the purchase price, insuring CITY’s fee simple title to Tract 1 subject only to those title exceptions listed above, such other exceptions as may be approved in writing by CITY, and the standard printed exceptions contained in the usual form of Texas Owner’s Title Policy.

(c) Deliver to CITY possession of Tract 1.

City’s Obligations
4.03 At the closing, CITY shall:

(a) Deliver to HBC a duly executed and acknowledged General Warranty Deed conveying good and indefeasible title in fee simple in Tract 2, free and clear of any and all liens, encumbrances, conditions, easements, assessments, and restrictions, except for the following:

(i) Any exceptions approved by HBC pursuant to Article III hereof; and

(ii) Any exceptions approved by HBC in writing.

(b) Deliver to HBC a Texas Owner’s Title Policy at CITY’s sole expense, issued by Title Company, in HBC’s favor in the full amount of the purchase price, insuring HBC’s fee simple title to Tract 2 subject only to those title exceptions listed above, such other exceptions as may be approved in writing by CITY, and the standard printed exceptions contained in the usual form of Texas Owner’s Title Policy.

(c) Deliver to HBC possession of Tract 2.

Prorations

4.04 General real estate taxes for the then current year relating to Tract 1 and Tract 2 are assumed non-payable due to the tax exempt status of both the CITY and HBC. Both parties shall present evidence of tax exempt status at closing. Should any deviation occur, general real estate taxes shall be prorated as of the closing date and shall be adjusted in cash within 90 days of the closing. If this date shall occur before the tax rate is fixed for the then current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. All special taxes or assessments to the closing date shall be paid by the Parties for the real property conveyed by such Parties.

Closing Costs

4.05 All costs and expenses of closing in consummating the sale and purchase of the Property shall be borne and paid as follows:

Owner’s Title Policy for Tract 1 paid by CITY;
Owner’s Title Policy for Tract 2 paid by CITY;
Survey for Tract 1 paid by CITY;
Survey for Tract 2 paid by CITY;
Filing fees for deed for Tract 2 paid by CITY;
Filing fees for deed for Tract 1 paid by CITY;
Filing fees for release(s) for Tract 1 paid by CITY;
Filing fees for release(s) for Tract 2 paid by CITY;
Title curative matters for Tract 1, if any, paid by CITY;
Title curative matters for Tract 2, if any, paid by CITY;
Attorney’s fees paid by each respectively.

ARTICLE V
REPRESENTATIONS

5.01 HBC represents and warrants to CITY, as of the closing date, as follows:

(a) There are no parties in possession of any portion of Tract 1 as lessees, tenants at
sufferance, or trespassers;

(b) HBC has complied with all applicable laws, ordinances, regulations, and
restrictions relating to Tract 1, or any part of it;

(c) HBC is not aware of any material physical defects to Tract 1;

(d) HBC is not aware of any environmental hazards or conditions that affect Tract 1;

(e) HBC is not aware that Tract 1 is or has ever been used for the storage or disposal
of hazardous materials or toxic waste, or any underground tanks or containers;
and

(f) HBC is not aware that radon, asbestos insulation or fireproofing, urea
formaldehyde foam insulation, lead based paint or other pollutants or
contaminants of any nature now exist or have ever existed on Tract 1.

5.02 CITY represents and warrants to HBC, as of the closing date, as follows:

(a) There are no parties in possession of any portion of Tract 2 as lessees, tenants at
sufferance, or trespassers;

(b) CITY has complied with all applicable laws, ordinances, regulations, and
restrictions relating to Tract 2, or any part of it;

(c) CITY is not aware of any material physical defects to Tract 2;

(d) CITY is not aware of any environmental hazards or conditions that affect Tract 2;

(e) CITY is not aware that Tract 2 is or has ever been used for the storage or disposal
of hazardous materials or toxic waste, or any underground tanks or containers;
and

(f) CITY is not aware that radon, asbestos insulation or fireproofing, urea
formaldehyde foam insulation, lead based paint or other pollutants or
contaminants of any nature now exist or have ever existed on Tract 2.
ARTICLE VI
BREACH

6.01 In the event HBC shall fail to fully and timely perform any of its obligations hereunder or shall fail to consummate the sale of Tract 1 for any reason, except CITY’s default, CITY may: (1) enforce specific performance of this Contract; or (2) terminate this Contract and receive $500 as liquidated damages from HBC.

6.02 In the event CITY shall fail to fully and timely perform any of its obligations hereunder or shall fail to consummate the conveyance of Tract 2 for any reason, except HBC’s default, HBC may: (1) enforce specific performance of this Contract; or (2) terminate this Contract and receive $500 as liquidated damages from CITY.

6.03 In the event that any Party seeks to enforce specific performance of this Contract, the other Party may seek specific performance of this Contract, regardless of any breach by such Party. The remedies provided in this Article VI are the Parties’ sole and exclusive remedies under this Contract.

ARTICLE VII
MISCELLANEOUS

Assignment of Contract

7.01 This Contract may not be assigned without the express written consent of HBC and CITY.

Survival of Covenants

7.02 Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the closing of the transactions contemplated hereby shall survive the closing and shall not be merged therein.

Notice

7.03 Any notice required or permitted to be delivered hereunder shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to HBC or CITY, as the case may be, at the address set forth opposite the signature of the party.

Texas Law to Apply

7.04 This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Williamson County, Texas.
Parties Bound

7.05 This Contract shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Contract.

Legal Construction

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

Prior Agreements Superseded

7.07 This Contract constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Time of Essence

7.08 Time is of the essence in this Contract.

Gender

7.09 Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Memorandum of Contract

7.10 Upon request of either party, the parties shall promptly execute a memorandum of this Contract suitable for filing of record.

Compliance

7.11 In accordance with the requirements of Section 20 of the Texas Real Estate License Act, the Parties are hereby advised that it should be furnished with or obtain a policy of title insurance or the Parties should have the abstract covering Tract 1 and Tract 2 examined by an attorney of the Parties’ own selection.

Effective Date

7.12 This Contract shall be effective as of the date it is approved by the Hutto City Council, which date is indicated beneath the signature below.
Counterparts

7.13 This Contract may be executed in any number of counterparts, which may together constitute the Contract. Signatures transmitted by facsimile or electronic mail may be considered effective as originals for purposes of this Contract.

HUTTO BIBLE CHURCH:

By: [Signature]

Name: Tom M. Albers

Title: Elder Board Chairman, HBC

Date: 20 June 2015

CITY OF HUTTO, TEXAS:

By: [Signature]

Debbie Holland, Mayor

Date: [Signature]

Attest:

[Signature]

City Clerk
INTERIM SUBMITTAL
NOT FOR BID OR CONSTRUCTION

TIMOTHY JOHN MOLTZ
LIC. P.E. #77901

FIRST PHASE CHURCH
91' X 120'
10,920 SF

FUTURE ADDITION
91' X 126'
11,466 SF

EXISTING CHURCH
BUILDING
BUILDING TO BE REMOVED

LAND SWAP
GIVEN TO CITY
(26' PROPOSED FIRE LANE)
ULTIMATE LOT LINE
10' DEDICATED R.O.W.

SITE ACREAGE: 1.419 ACRES

PARKING TABLE

USE
SF
EXISTING BUILDING
8,845 SF
PROPOSED FIRST PHASE
10,930 SF
PROPOSED FUTURE ADDITION
11,466 SF
PARKING SPACES PROVIDED
90 SPACES TOTAL,
5 - ADA (2 VAN ACCESSIBLE)

LAND SWAP

SF
10 DEDICATED R.O.W. (LIVE OAK ST.)
1,053 SF
10 DEDICATED R.O.W. (PECAN ST.)
3,396 SF
SOUTHWESTERN TRIANGLE
2,419 SF
NORTHWESTERN TRIANGLE
5,932 SF
TOTAL
8,345 SF

GIVEN TO CHURCH

SF
20' ALLEY
2,319 SF
TOTAL
8,371 SF

STREET LENGTH

STREET
UF (WEST TO EAST)
PROPOSED PECAN STREET
329.2 LF

BLOCK LENGTH

RT (NORTH TO SOUTH)
PEACAN STREET
30' RT

FIRST PHASE CHURCH
9' X 120'
10,930 SF

EXISTING BUILDING
ONE STORY
BRICK, METAL, & CONCRETE BUILDING
RE-HOUSING

PARKING SPACES PROVIDED

5 - ADA (2 VAN ACCESSIBLE)

12'

10' DEDICATED R.O.W.
10' R.O.W. LAND SWAP
GIVEN TO CITY

10' DEDICATED R.O.W. (LIVE OAK ST.)
1,053 SF

10' DEDICATED R.O.W. (PECAN ST.)
3,396 SF

SOUTHWESTERN TRIANGLE
2,419 SF

NORTHWESTERN TRIANGLE
5,932 SF

TOTAL
8,345 SF

GIVEN TO CITY

10 DEDICATED R.O.W. (LIVE OAK ST.)
1,053 SF

10 DEDICATED R.O.W. (PECAN ST.)
3,396 SF

SOUTHWESTERN TRIANGLE
2,419 SF

NORTHWESTERN TRIANGLE
5,932 SF

TOTAL
8,345 SF

GIVEN TO CHURCH

20' ALLEY
2,319 SF

TOTAL
8,371 SF

STREET LENGTH

STREET
UF (WEST TO EAST)
PROPOSED PECAN STREET
329.2 LF

BLOCK LENGTH
AGENDA ITEM NO.: 7C.  AGENDA DATE: July 02, 2015

PRESENTED BY: Melanie Hudson, Director of Finance

ITEM: Consideration and possible action on resolution concerning an investment advisory services contract with First Southwest Asset Management for investment advisory services.

STRATEGIC GUIDE POLICY: Fiscal and Budgetary

ITEM BACKGROUND: The City solicited Investment Advisor proposals from qualified providers for investment advisor services. Three proposals were received: Valley View Consulting, The PFM Group and First Southwest Asset Management.

First Southwest is the current vendor and was selected by staff as the vendor of choice due to prior experience with the City of Hutto, the ease of understanding the presentation, the knowledge and experience of the company, and the favorable fee schedule provided in response to the Request for Proposals.

First Southwest has provided the City with expert advice on investment of public funds in accordance with state law, pricing of securities and reviews the City's investment policy and depository agreements.

BUDGETARY AND FINANCIAL SUMMARY: The services that will be provided through an investment advisory contract include the pricing of securities, review of the City's investment policy and depository agreements, and expert advice on investment of public funds in accordance with state law.

Previously, fees were paid based upon the size of the investment portfolio, which averaged $2,750 per quarter over the last calendar year. This contract proposes a flat fee of $2,500 per quarter.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS: The Fiscal and Budgetary Committee did not review this contract, as it was not received until after the last Committee meeting agenda was posted.

CITY ATTORNEY REVIEW:
The City Attorney has reviewed and approved the agreement.

**STAFF RECOMMENDATION:**
Staff recommends Council approve the contract with First Southwest Asset Management.

**SUPPORTING MATERIAL:**
1. Resolution Approving an Investment Advisory Services Contract with First Southwest
2. Exhibit A - Agreement with First Southwest for Investment Advisory Services
RESOLUTION NO. ____________

A RESOLUTION APPROVING AN INVESTMENT ADVISORY SERVICES CONTRACT WITH FIRST SOUTHWEST ASSET MANAGEMENT, INC. (“FSAM”) DATED JULY 2, 2015, FOR THE CITY OF HUTTO, TEXAS

WHEREAS, the City of Hutto (“City”) and First Southwest Asset Management, Inc. (“FSAM”) have a mutual intent and understandings with respect to Investment Advisory Services, and

WHEREAS, the City and FSAM agree to enter into an Agreement whereby the City desires to secure Investment Advisory Services offered by FSAM, and

WHEREAS, the City and FSAM wish to enter into an Agreement outlining their mutual understanding and agreement to the services that will be provided through an investment advisory contract include the pricing of securities, review of the City’s investment policy and depository agreements, and expert advice on investment of public funds in accordance with state law.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HUTTO, TEXAS,

That the Mayor is hereby authorized and directed to execute on behalf of the City an Agreement with First Southwest Asset Management, Inc., a copy of same being attached hereto as Exhibit “A” and incorporated herein.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 2nd day of July, 2015.

CITY OF HUTTO, TEXAS
AGREEMENT  
FOR  
INVESTMENT ADVISORY SERVICES  
BY AND BETWEEN  
THE CITY OF HUTTO, TEXAS  
AND  
FIRSTSOUTHWEST ASSET MANAGEMENT, INC.  

This Investment Advisory Agreement (the “Agreement”) is made by and between the City of Hutto, Texas (the “City”) and First Southwest Asset Management, Inc. (“FSAM”). This agreement shall be effective as of the date of its acceptance by the City as indicated on the signature page hereof.  

I. Terms and Conditions  

This Agreement sets forth the terms and conditions governing the relationship of the City to FSAM with respect to securities and money which the City in its discretion may make available for investment or reinvestment (the “Funds”). This Agreement shall apply to these investable funds during the period in which this Agreement shall be in effect.  

II. Investment Advisory Services  

A. Services. With respect to the Funds, FSAM will endeavor to provide investment advisory services and cause to be executed such investments as determined in accordance with Section II.B below. FSAM agrees to provide professional services and its facilities and to direct and coordinate all programs of investing as may be considered and authorized by the City and to assume and pay those expenses incurred by FSAM in connection with the execution of investment decisions. Specifically, FSAM agrees to perform the following duties:  

1. Review and recommend changes to the City’s investment policy annually, consistent with the provisions of Chapter 2256 and 2257 of the Texas Government Code and other applicable federal, state and local laws;  

2. Develop and recommend appropriate strategies based upon cash flow and investment policy including maturity schedules;  

3. Provide authorized broker/dealer list from which authorized securities will be competitively bid;  

4. Review safekeeping arrangements and assist in developing investment and security clearance procedures;  

5. Advise the City on current market conditions and other general financial and investment information through direct conversation, e-mail and other acceptable means of communication;  

6. Analyze risk/return relationships between various investment alternatives;  

7. Advise in investment of the Funds and, as directed by the City, cause the transactions to be executed on a fully documented and competitive basis;  

8. Promptly send (or cause to be sent) trade confirmations to the City;  

9. Provide quarterly investment reports as required by the Public Funds Investment Act, Texas Government Code, Chapter 2256 as well as reports adhering to GASB standards;
10. Assist in developing benchmark performance measurements to be included in quarterly reporting package;

11. Verify collateral pricing as needed; and

12. Attend periodic meetings of the governing body of the City, its staff, representatives, or committees as requested by the City.

B. **Scope of Investment Decisions.** In performing the services listed in Section II.A above, FSAM shall not have discretionary authority and, accordingly, shall obtain approval from the City for the investment of any City Funds. The City hereby represents and acknowledges that its written investment policy and investment strategy includes its investment objectives and all portfolio limitations and restrictions, including, without limitation, acceptable levels of investment risk. The City also agrees to notify FSAM in writing ten business days in advance of the implementation of any changes in the City’s investment objectives, investment limitations, and/or financial condition. The City will give FSAM immediate verbal notice and written notice within five days of receipt of any trade confirmations should the City believe any investment in the Funds violates the City’s investment objectives or limitations.

C. **Standard of Care.** In the administration of its duties, FSAM shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering, with regard to the entire Funds rather than any particular investment or security, the probable safety of capital and the probable income to be derived.

D. **Settlement of Securities.** The purchase of individual securities shall be executed “delivery versus payment” (DVP) through the City’s safekeeping agent. By so doing, City funds will be released when and if the City has received, through the safekeeping agent, the designated securities purchased.

E. **Return on the Portfolio.** The City expressly affirms and acknowledges that FSAM has not promised or guaranteed any stated or specified return on, or performance of, the City’s Funds, and FSAM is not responsible for any market losses arising with respect to the Funds.

III. **Representations**

A. FSAM represents that it is registered as an investment advisor under the Investment Advisers Act of 1940 (the “Advisers Act”) and is authorized and empowered to enter into this Agreement.

B. The City represents and confirms that (1) the City has full power and authority to enter into this Agreement; (2) the terms hereof do not violate any obligation by which the City is bound, whether arising by contract, operation of law, or otherwise; and (3) this Agreement has been duly authorized by and will be binding on the City according to its terms.

C. The City agrees to:

1. Provide FSAM with the schedule of estimated cash flow requirements related to the Funds, and to promptly notify FSAM as to any changes in such estimated cash flow schedule;

2. Provide FSAM for review, not less than monthly, all relevant custodian, investment safekeeping and bank statements relating to all of the City’s Funds; and

3. Allow FSAM to rely upon all information regarding schedules or other information pertaining to the Funds as provided to it by the City as being true and accurate. FSAM shall have no
responsible to verify, through audit or investigation, the accuracy or completeness of such information and FSAM will not undertake to authenticate any such information.

D. The City recognizes that there may be loss or depreciation of the current liquidation, immediate and ongoing value of any investment due to the fluctuation of market values. The City represents that no party to this Agreement has made any guarantee, either oral or written, that the City's investment objectives will be achieved. FSAM shall not be liable for any error in judgment and/or for any investment losses in the Funds in the absence of willful malfeasance, gross negligence, or violation of applicable law. Nothing in this Agreement shall constitute a waiver or limitation of any rights that the City may have under applicable state or federal law including without limitation, the state and federal securities laws.

E. City represents and acknowledges that City has reviewed and understands the risk factors and fees associated with the Funds.

IV. Fees and Costs of FSAM

As consideration for the services provided by FSAM under this Agreement, FSAM will be entitled to a fee (the “Advisor Fee”) determined in accordance with the schedule set forth in the fee schedule (“Schedule A”), a copy of which is attached hereto, is incorporated herein for all purposes and is being delivered to the City simultaneously with the execution, and as an integral part, of this Agreement. The obligation of FSAM to pay or incur expenses shall not include any costs incident to litigation, mandamus action, regulatory investigation, test case or other similar legal actions. The Advisor Fee will be payable quarterly in arrears. In the event this Agreement is terminated prior to the end of a quarter, the Advisor Fee shall be prorated and paid within 30 days of termination.

V. Reporting and Account Statements

FSAM will deliver or cause to be delivered to the City confirmation of investment and monthly statements for the Funds invested as set forth in this Agreement. The monthly statement will reflect all investments, including date of investment, purchase price, current price, maturity date, profit or loss and cash balances. FSAM will also provide the City with an annual valuation of the City's Funds and any additional statements that may be required by applicable law, including the reporting provisions of the Public Funds Investment Act, or other applicable state law, with respect to transactions effected under this Agreement.

VI. Other Services

The investment advisory services provided hereunder by FSAM to the City are exclusive of any other services that FSAM may provide to the City.

VII. Execution of Investment Transactions

A. Affiliated Broker. FSAM is affiliated through common ownership and control with First Southwest Company (“FSC”), a registered broker/dealer with the Financial Industry Regulatory Authority (“FINRA”), the U.S. Securities and Exchange Commission (“SEC”), and various state and territorial regulatory authorities. The City hereby authorizes FSAM to effect transactions for its Funds by execution through FSC. Where transactions are effected through FSC, FSC may act on an agency or principal basis to the extent permitted by law. Pursuant to Rule 206(3) of the Advisers Act, FSAM will obtain the City's consent on each investment transaction to allow FSC to act as a principal in acquiring a security to facilitate a trade.

B. Bundling of Investment Transactions. Transactions for each client account generally will be effected independently unless FSAM decides to purchase or sell the same securities for several of its clients at approximately the same time. FSAM may (but is not obligated to) combine or “batch” such orders to obtain best execution. Under this procedure, transactions will be averaged as to price and
will be allocated among FSAM’s clients included in the “batch” group in proportion to the purchase and sale orders placed for each client in batch transactions.

VIII. Selection of Brokers

The City agrees that when FSAM effects or places orders for the execution of transactions for the Funds (other than situations where the City specifically instructs otherwise in writing), FSAM may allocate such transactions to such brokers and dealers for execution on such markets, at such prices as in the judgment of FSAM will be in the best interests of the City, taking into consideration, in the selection of such brokers and dealers, the available prices and rates of brokerage commissions and other relevant factors, without having to demonstrate that such factors are of a direct benefit to the City. Subject to the foregoing, FSAM will arrange for the execution of securities transactions for City Funds through brokers or dealers that FSAM reasonably believes will provide best execution.

IX. Nonexclusive Relationship

The City hereby acknowledges that FSAM’s services under this Agreement are nonexclusive, and that FSAM shall be free to render the same or similar services to other clients. The City further acknowledges that FSAM’s advice is specific to each individual City’s investment objectives, limitations and financial condition. Therefore FSAM, in the performance of its investment advisory duties, may give advice to, and take action on behalf of, other clients that may differ from the advice given, or the timing and nature of the action taken, with respect to the City’s Funds. Nothing in this Agreement shall be deemed to impose upon FSAM any obligation to purchase or sell, or to recommend for purchase or sale for the City’s Funds, any security that FSAM or its affiliates may purchase or sell, for their own account or for the accounts of any other client if, at the sole discretion of FSAM, it is for any reason undesirable or impractical to take such action or make such recommendation for the City’s Funds. The City also acknowledges that FSAM has varying fee structures and arrangements with other clients and may charge other clients different fees, which may be higher or lower than the fees charged with respect to the City’s Funds for similar services.

X. Instructions from the City

FSAM may rely on all instructions (whether oral or written) given by the City or its agents that FSAM believes to be genuine. Instructions may be given to FSAM by any officer or agent authorized by (1) the investment policy; (2) a duly executed “Authorization to Trade Public Funds” form provided by FSAM; or (3) a resolution of the governing body of the City. FSAM may rely on such authorization until written notice to the contrary is delivered to FSAM by the City; and if the City does not deliver appropriate authorizing documentation, FSAM may accept instructions from any person reasonably believed by FSAM to be an officer of the City.

XI. Transactions Subject to Industry Regulations and Standards

All transactions shall be subject to the regulations of all applicable government authorities and self-regulatory agencies including, but not limited to, the constitutions and rules of the clearing agent, exchange, or market where executed. The City understands that FSAM is registered as an investment advisor under the Advisers Act, and as such is obligated to comply with all applicable laws and regulations, including those of the SEC and other regulatory and self regulatory agencies, and agrees that FSAM shall not be liable to the City as a result of any action taken by FSAM to comply with any ruling, interpretation, or directive of such organizations. Further, the City understands and agrees that FSAM will not accept any instructions from the City which would require a violation of any such rules or regulations.

XII. Assignment

Neither FSAM nor the City may assign any of its rights, authorizations, or obligations under this Agreement without the prior written consent of the other party.
XIII. Term and City's Right of Cancellation

This Agreement shall become effective for a two (2) year period from July 1, 2015 to June 30, 2017. This Agreement may be extended for an additional three (3) one-year periods upon approval by the City. Either party may terminate this Agreement upon delivering to the other party thirty (30) calendar days' prior written notice. In addition, the City may terminate this Agreement without penalty for a period of five (5) business days after the date it is executed by the City. The City may exercise this right by giving written notice to FSAM within the required time period. In the event of termination, it is understood and agreed that only the amounts due to FSAM for services provided and expenses incurred to and including the date of termination, plus those costs and expenses incurred or sustained as a result of the termination, will be due and payable. No penalty will be assessed for termination of this Agreement. In addition, the parties hereto agree that upon termination of this Agreement FSAM shall have no continuing obligation to the City regarding the investment of funds or performing any other services contemplated herein.

XIV. Custodial Arrangements

Custody of the Funds' invested assets will be maintained with a custodian selected by the City and identified to FSAM (the “Custodian”). FSAM will not have custody of any assets in the Funds. The City will be solely responsible for paying all fees or charges of the Custodian. The City authorizes FSAM to give Custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Funds.

XV. Miscellaneous

A. Notices to the City. All written communication to the City shall be sent to the City’s address set forth on the signature page hereof or as directed in writing to FSAM by the City. Any notice, statement, or other communication mailed to the City by FSAM in accordance with this section will be deemed to be given to the City personally on the date it so mailed, whether or not it is actually received by the City.

B. Notices to FSAM. Any notice, statement, or other communication from the City to FSAM under this Agreement must be in written form and will be deemed to be given to FSAM upon actual receipt thereof by FSAM whether such notice was mailed, personally delivered, or telecopied to:

FirstSouthwest Asset Management, Inc.
300 West Sixth Street, Suite 1940
Austin, Texas 78701
Attention: Mr. Scott McIntyre
Fax Number: (512) 481-2020

C. Confidential Relationship. All of the information and advice furnished by either party to the other under this Agreement, including their respective agents and employees, will be treated as strictly confidential by each party and will not be disclosed to third parties under any circumstances except as required by law.

D. Limitations of Liability. Federal and state securities laws impose liabilities under certain circumstances on persons who do not act in good faith and, therefore, nothing in this Agreement shall in any way constitute a waiver or limitation of any rights that the City may have under federal and state securities laws.

E. Indemnity. The City will indemnify FSAM for any loss, liability, or expense (including attorney's fees) which FSAM may incur as a result of, or arising from, any claims asserted by any third-party with respect to the Funds or the services rendered by FSAM under this Agreement, except in cases of gross negligence or willful misconduct by FSAM in managing the City's Funds.
F. **Inconsistent Provisions; Agreements.** If any provisions of this Agreement should become or be found to be inconsistent with laws, rules, or regulations of any government or regulatory body having jurisdiction over the subject matter herein, such provisions shall be deemed modified or rescinded in accordance with any such laws, rules, or regulations. To the extent that the provisions of this Agreement are inconsistent with the provisions of any account agreement or clearing agreement with FSAM or its clearing agent, as the case may be, then FSAM shall provide notice to the City to resolve the conflict.

G. **Invalid Provisions.** If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any Court, or regulatory or self regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected, and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

H. **Waiver of Terms.** FSAM's failure to insist at any time upon strict compliance with any terms of this Agreement shall not constitute a waiver of any of FSAM's rights as described herein.

I. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflicts of laws.

J. **Extraordinary Events.** Neither FSAM nor any of its officers, directors, shareholders, affiliates, general partners, employees, agents, or trustees shall be liable for losses caused directly or indirectly by government restrictions, securities exchange or market actions, suspensions of trading, wars, strikes, delays in the transmission of orders due to breakdown or failure of transmission or communication facilities, or any other causes beyond FSAM's reasonable control or anticipation.

K. **Written Disclosure Statement.** Simultaneously with the execution of this Agreement, FSAM has delivered to the City Part II of its Form ADV as filed with the SEC, or a similar disclosure document, as its brochure pursuant to Rule 204.3 of the Advisers Act. The City's execution of this Agreement shall be deemed acknowledgment of receipt thereof.

L. **Verification of Information.** The City represents and warrants to FSAM that all information furnished to FSAM in connection with the Agreement (and all documents supplied by the City in this regard, including financial statements) are true, complete, and correct. FSAM is entitled to rely on this information until FSAM receives written notice of any change, which the City agrees to furnish promptly should any material changes occur.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. THE NEXT PAGE IS A SIGNATURE PAGE.]
By signing this Agreement, the undersigned City official acknowledges receipt of a copy of this Agreement, including Schedule A.

CITY OF HUTTO, TEXAS

(Name)                        Date
(Title)

FIRSTSOUTHWEST ASSET MANAGEMENT, INC.

Signature of Officer

Print Name

Capacity of Signatory
SCHEDULE A

FEE SCHEDULE AND EXPENSE ITEMS

In consideration for the services rendered by First Southwest Asset Management, Inc. ("FSAM"), the Investor agrees to a fixed quarterly fee of $2,500.

The fees due FSAM shall be due and payable 30 days following the conclusion of each calendar quarter.

Said fee includes all costs of services related to the investment services provided under this Agreement, and all reasonable travel and business expenses related to the performance of these services. Any other fees earned by FSAM, relating to Investor transactions, shall be disclosed to the Investor.
AGENDA ITEM NO.: 7D.  
AGENDA DATE: July 02, 2015

PRESENTED BY: Melanie Hudson, Director of Finance

ITEM: Consideration and possible action on resolution adopting the City's Investment Policy dated July 2, 2015.

STRATEGIC GUIDE POLICY: Fiscal and Budgetary

ITEM BACKGROUND: Chapter 2256 of the Government Code requires that municipal governments adopt an investment policy and review and renew the adoption annually. The investment policy was last renewed on June 5, 2014. Minimal changes are proposed based on recent changes to the Public Funds Investment Act. These changes are not expected to impact the City's investment portfolio.

Summary of changes:

- Update policy dates where necessary
- IV. B. 4. e. - remove "The Investment Officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive." This is old language that is no longer valid; investment officers to not have the ability to assess fees on the agent and limiting required substitution would likely conflict with custodial agreements.
- IV. D. 2. b. - the ongoing hours of required training were reduced from 10 to 8 in the last legislative session; the change becomes effective September 1, 2015.

BUDGETARY AND FINANCIAL SUMMARY:
Adoption of this policy does not directly impact the budget, however this policy guides the investments that the City can utilize to earn interest revenue.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
The Fiscal and Budgetary Committee did not review the changes to this policy, as the revisions were made after the last Committee meeting.

CITY ATTORNEY REVIEW:
Not applicable.
STAFF RECOMMENDATION:
Staff recommends the Council approve the resolution to adopt the investment policy dated July 2, 2015.

SUPPORTING MATERIAL:
1. Investment Policy Resolution
2. Exhibit A - Investment Policy Revision 7.2.15 Final
3. Exhibit B - Investment Policy Revision 7.2.15 Redlined
RESOLUTION NO. ___________

A RESOLUTION ADOPTING THE INVESTMENT POLICY DATED JULY 2, 2015 FOR THE CITY OF HUTTO, TEXAS

WHEREAS, Chapter 2256 of the Texas Local Government Code requires that cities adopt an investment policy and review it annually; and

WHEREAS, the City of Hutto last reviewed its policy on June 5, 2014; and

WHEREAS, the Investment Policy applies to all investment activities of the City of Hutto, and to all assets of all funds of the City of Hutto at the present time and any funds received in the future.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, that the Hutto City Council hereby approves the Investment Policy as presented in Exhibit A.

CONSIDERED and RESOLVED on this the 2nd day of the month of July, 2015.

THE CITY OF HUTTO, TEXAS

Debbie Holland, Mayor

ATTEST:

City Secretary
INVESTMENT POLICY
THE CITY OF HUTTO TEXAS

July 2, 2015
INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS
July 2, 2015

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INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS
July 2, 2015

I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto on July 2, 2015, will replace the adopted Investment Policy dated June 5, 2014. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code).

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, excluding the Employee Retirement Trust and the deferred compensation plan. Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal Law.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

C. Diversification

The City of Hutto will always seek to diversify its portfolio, except in the case of depository bank balances. This will be done to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

D. Yield
Consistent with federal and state law and the City’s depository contract, it will be the objective of the Investment Officer to earn the maximum interest rate allowed within the constraints of safety and liquidity.

E. Maturity

Portfolio maturities will be staggered, if market conditions are favorable, in a way to achieve the highest return of interest, while at the same time provide for the necessary liquidity to meet the City’s cash needs. The maximum allowable stated final maturity of any individual investment owned by the City will be five years. [Sec. 2256.005 (b) (4) (B)]

F. Sale of Securities before Maturity

The City Investment Officer may sell securities before maturity if:

- Market conditions present an opportunity for the City to benefit from the sale;
- funds are urgently needed to meet unforeseen expenses, even if there is a loss of interest and/or principal due to the sale; or
- a security has lost its minimum required rating as an authorized investment.

[Sec. 2256.02]

G. Quality and Capability of Investment Management

It is the City’s policy to provide training required by the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City’s Investment Officer in making investment decisions.

III. INVESTMENT STRATEGY

A. General

In conjunction with the annual Policy review, the City Council shall review the investment strategy for each of the City's funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

- investment suitability,
- preservation and safety of principal,
- liquidity,
- marketability prior to maturity of each investment,
- diversification, and
- yield

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds.

B. Investment Guidelines by Fund Type
Investment guidelines by fund-type are as follows:

1. **Current Operating Funds**

   Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investment. Additionally, securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement.

   According to City Policy, the weighted-average days to maturity for the current operating fund portfolio shall not exceed 200 days and the maximum allowable maturity shall be two years. The Investment Officers will monitor average days to maturity and make changes as appropriate.

2. **Bond Proceeds**

   Bond proceeds used for construction programs have reasonably predictable drawdown schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated drawdown schedule and actual expenditures, most investment securities shall have active and efficient secondary markets. Investment pools and money market mutual funds shall provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

   Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield can not be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. **Repair and Replacement Funds**

   The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investment securities shall be diversified as to maturity and type with a portion of the securities highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual securities to two years and the maximum average maturity of the fund to one year.

4. **Debt Service Funds**

   Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment
reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. **Bond Reserve Funds**

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual market-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. **Operating Reserve Funds**

The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual securities to five years and the weighted average maturity to three years.

7. **Fiduciary Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government’s own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum security maturity of five years.

**IV. INVESTMENT POLICIES**

A. **Eligible Investments**

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officers. City funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities, excluding principal-only and interest-only mortgage-backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by,
or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

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

4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-4, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit issued by State and national banks doing business in Texas that are:

   a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-4 above, which are intended to include all direct Federal agency or instrumentality issued mortgage-backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that 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 City;

   b. governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and,

   c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, with a dollar weighted average portfolio maturity of 60 days or less; that fully invests dollar-for-dollar all City funds without sales commissions or loads; and, whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund or exceeds 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds. Government Code 2256.014(c).

7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Commission; (b) the pool shall have furnished the Investment Officers or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officers or other authorized representatives of the City Investment transaction confirmations with respect to all investments made with it; (d) the pool
shall furnish to the Investment Officers or other authorized representatives of the City, monthly reports that contain the information required by Section 2256.016 (c) of the Government Code; (e) the pool shall be a public funds investment pool created to function as a Money Market mutual fund maintaining a $1 net asset value (f) the pool’s assets shall consist exclusively of the obligations that are described by 1-7 above; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

8. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U. S. law or the law of any state. **Gov’t Code 2256.013**

B. **Protection of Principal**

The City shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy; by qualifying the broker, dealer and financial institution with whom the City will transact business, by collateralization as required by law; and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. **Diversification by Investment Type**

The City Portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

Bond proceeds may be invested in a single security or investment if the Investment Officer determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

2. **Diversification by Investment Maturity**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall be staggered and shall not exceed the anticipated cash flow requirements of the funds. Specific maturity limitations by fund are described in the Investment Strategy section of this Policy.

3. **Ensuring Liquidity**

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing in eligible money market mutual funds and local government investment pools.

A security may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio.
4. Collateralization

Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City Depositories will be required to sign a Depository Agreement with the City and the City's safekeeping agent. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

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

Repurchase agreements must also be secured in accordance with State law. Each counter-party to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement as approved by the City. An executed copy of this Agreement must be on file before the City will enter into any counterparty transaction. All Master Repurchase Agreements must be approved by the Investment Committee.

a. Allowable Collateral

(1) Certificates of Deposit

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to cash and US Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the City's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Certificates of Deposit

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.
(2) **Repurchase Agreements**

A repurchase agreement's security value shall be the par value plus accrued interest, and the security's market value must be maintained at the following minimum levels:

**Agreement Maturities Greater Than One Business Day**

U. S. Treasury Securities ..........................102%
U. S. Agency & Instrumentalities...............102%
Mortgage-Backed Securities......................105%

**Agreement Maturities of One Business Day**

All Securities. .................................100%

c. **Monitoring Collateral Adequacy**

(1) **Certificates of Deposit**

The City shall require monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) **Repurchase Agreements**

Weekly monitoring by the Investment Officers of market values of all underlying securities purchased for City repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. **Additional Collateral and Securities**

(1) **Certificates of Deposit**

If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution that issues the CD's will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) **Repurchase Agreements**

If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities.

e. **Collateral Substitution**

Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer or financial institution requesting substitution must contact the
Investment Officers for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officers, or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense.

5. Safekeeping

a. Safekeeping Agreement
The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as a part of its investment portfolio or as part of its depository and repurchase agreements.

b. Safekeeping of Certificate of Deposit Collateral
All collateral securing bank and savings and loan deposits must be held by a third party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Securities
The securities purchased under repurchase agreements must be delivered to a third party custodian with whom the City has established a safekeeping agreement.

C. Investment Advisors and Broker/Dealers
Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to maximize investment earnings at all times within policy guidelines.

All investments made by the City will be made through either the City’s depository bank, a primary dealer or a financial institution doing business in the state of Texas. An “Investment Committee” consisting of the Mayor, City Manager and Finance Director will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City's request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City's objectives

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of
this Investment Policy. Additionally the registered principal of the business organization seeking to transact investment business shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City.

The City shall not enter into an investment transaction with a Broker/Dealer prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

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

D. Responsibility and Controls

1. Authority to Invest

The Director of Finance is the "Investment Officer" of the City. As Investment Officer he is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his place and are subject to the same training requirements and must adhere to the policies set forth in this Policy Statement.

The Director of Finance as Investment Officer, shall attend at least one training session, within twelve months of assuming these duties, that addresses investment controls, security risks, strategy risk, market risks, and compliance with the Public Funds Investment Act.

2. Investment Officer Required Training

The City’s Investment Officer shall:

a. attend at least one training session from an independent source approved by the governing body
of the local government or a designated investment committee advising the investment officer as provided for in this policy and containing at least 10 hours of instruction relating to the Investment Officer’s responsibilities, within 12 months after taking office or assuming duties; and

b. attend an investment training session 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, and receive not less than 8 hours of instruction relating to investment responsibilities from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

3. **Prudent Investment Management**

   The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. **Standard of Care**

   The standard of care used by the City shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

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

5. **Liability of City Investment Officer**

   The City Investment Officer is not responsible for any loss of City funds through the failure or negligence of a depository. Sec. 113.005 Local Government Code does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including misappropriation of funds, or from responsibility for funds until a depository is selected and the funds are deposited.

6. **Personnel Authorized to Transact Fiscal Affairs**

   All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of any two of the following (except that at least one of the signatures must be that of either the City Manager, Assistant City Manager or the Director of Finance):

   a. Mayor,
   b. City Manager,
   c. Assistant City Manager,
   d. Director of Finance, and
   e. Controller
7. **Standards of Ethics**

The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

8. **Establishment of Internal Controls**

The Director of Finance will oversee the maintenance of a system of internal controls over the investment activities of the city.

9. **Reporting**

   a. **Quarterly Report**

   Investment performance will be monitored and evaluated by the Investment Officer. The Investment Officer will provide either quarterly or at more frequent intervals a comprehensive report that shall be certified by the Investment Officer and submitted to the City Council along with a periodic Financial Report. The investment report shall:

   1. describe in detail the investment position of the City;
   2. contain a summary statement of each pooled fund group that states the:

   ✓ ending book and market value for the period; and
   ✓ fully accrued interest for the reporting period;
   3. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
   4. state the maturity date of each investment security;
   5. state the fund for which each investment security was purchased; and
   6. state the compliance of the investment portfolio with the City's Investment Policy and the Texas Public Funds Investment Act.

   b. **Annual Report and Audit**

   The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy and strategies.
V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any significant changes proposed in investment methods or procedures prior to their implementation. The Investment Policy, including a section on Investment Strategies shall be adopted annually by the City Council.

APPROVED this 2nd Day of July, 2015.

_______________________________________
Debbie Holland, Mayor

ATTEST:

_______________________________________
City Secretary
# INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

June 5, 2014
July 2, 2015

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INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

June 5, 2014

I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto, on June 5, 2014, will replace the adopted Investment Policy dated May 23, 2013. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code).

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, excluding the Employee Retirement Trust and the deferred compensation plan. Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal Law.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

C. Diversification

The City of Hutto will always seek to diversify its portfolio, except in the case of depository bank balances. This will be done to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

D. Yield

Consistent with federal and state law and the City’s depository contract, it will be the objective of the Investment Officer to earn the maximum interest rate allowed within the constraints of safety and liquidity.
E. Maturity

Portfolio maturities will be staggered, if market conditions are favorable, in a way to achieve the highest return of interest, while at the same time provide for the necessary liquidity to meet the City’s cash needs. The maximum allowable stated final maturity of any individual investment owned by the City will be five years. [Sec. 2256.005 (b) (4) (B)]

F. Sale of Securities before Maturity

The City Investment Officer may sell securities before maturity if:

- Market conditions present an opportunity for the City to benefit from the sale;
- funds are urgently needed to meet unforeseen expenses, even if there is a loss of interest and/or principal due to the sale; or
- a security has lost its minimum required rating as an authorized investment. [Sec. 2256.02]

G. Quality and Capability of Investment Management

It is the City’s policy to provide training required by the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City’s Investment Officer in making investment decisions.

III. INVESTMENT STRATEGY

A. General

In conjunction with the annual Policy review, the City Council shall review the investment strategy for each of the City's funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

- investment suitability,
- preservation and safety of principal,
- liquidity,
- marketability prior to maturity of each investment,
- diversification, and
- yield

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds.

B. Investment Guidelines by Fund Type

Investment guidelines by fund-type are as follows:

1. Current Operating Funds

Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investment. Additionally, securities with active and efficient
secondary markets are necessary in the event of an unanticipated cash requirement.

According to City Policy, the weighted-average days to maturity for the current operating fund portfolio shall not exceed 200 days and the maximum allowable maturity shall be two years. The Investment Officers will monitor average days to maturity and make changes as appropriate.

2. **Bond Proceeds**

Bond proceeds used for construction programs have reasonably predictable drawdown schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated drawdown schedule and actual expenditures, most investment securities shall have active and efficient secondary markets. Investment pools and money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield can not be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. **Repair and Replacement Funds**

The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investment securities shall be diversified as to maturity and type with a portion of the securities highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual securities to two years and the maximum average maturity of the fund to one year.

4. **Debt Service Funds**

Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. **Bond Reserve Funds**

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue,
the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual market-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. Operating Reserve Funds

The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual securities to five years and the weighted average maturity to three years.

7. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government’s own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum security maturity of five years.

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A. Eligible Investments

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officers. City funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities, excluding principal-only and interest-only mortgage-backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

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

4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-4, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal
amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit issued by State and national banks doing business in Texas that are:
   a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-4 above, which are intended to include all direct Federal agency or instrumentality issued mortgage-backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that 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 City;
   b. governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and,
   c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, with a dollar weighted average portfolio maturity of 60 days or less; that fully invests dollar-for-dollar all City funds without sales commissions or loads; and, whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund or exceeds 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds. Government Code 2256.014(c).

7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Commission; (b) the pool shall have furnished the Investment Officers or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officers or other authorized representatives of the City Investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officers or other authorized representatives of the City, monthly reports that contain the information required by Section 2256.016 (c) of the Government Code; (e) the pool shall be a public funds investment pool created to function as a Money Market mutual fund maintaining a $1 net asset value (f) the pool's assets shall consist exclusively of the obligations that are described by 1-7 above; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

8. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U. S. law or the law of any state. Gov't Code 2256.013
B. Protection of Principal

The City shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Policy; by qualifying the broker, dealer and financial institution with whom the City will transact business, by collateralization as required by law; and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. Diversification by Investment Type

The City Portfolio shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

Bond proceeds may be invested in a single security or investment if the Investment Officer determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

2. Diversification by Investment Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall be staggered and shall not exceed the anticipated cash flow requirements of the funds. Specific maturity limitations by fund are described in the Investment Strategy section of this Policy.

3. Ensuring Liquidity

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing in eligible money market mutual funds and local government investment pools.

A security may be liquidated to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio.

4. Collateralization

Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City Depositories will be required to sign a Depository Agreement with the City and the City's safekeeping agent. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
• the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the City;

• the Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State law. Each counter-party to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement as approved by the City. An executed copy of this Agreement must be on file before the City will enter into any counterparty transaction. All Master Repurchase Agreements must be approved by the Investment Committee.

a. Allowable Collateral

(1) Certificates of Deposit

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to cash and US Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the City's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Certificates of Deposit

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.

(2) Repurchase Agreements

A repurchase agreement's security value shall be the par value plus accrued interest, and the security's market value must be maintained at the following minimum levels:

Agreement Maturities Greater Than One Business Day

U. S. Treasury Securities .........................102%
U. S. Agency & Instrumentalities...............102%
Mortgage-Backed Securities.....................105%

Agreement Maturities of One Business Day

All Securities ..................................100%
c. Monitoring Collateral Adequacy

(1) Certificates of Deposit
The City shall require monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) Repurchase Agreements
Weekly monitoring by the Investment Officers of market values of all underlying securities purchased for City repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. Additional Collateral and Securities

(1) Certificates of Deposit
If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution that issues the CD’s will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) Repurchase Agreements
If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities.

e. Collateral Substitution
Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer or financial institution requesting substitution must contact the Investment Officers for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officers, or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

5. Safekeeping

a. Safekeeping Agreement
The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as a part of its investment portfolio or as part of its depository and repurchase agreements.

b. Safekeeping of Certificate of Deposit Collateral
All collateral securing bank and savings and loan deposits must be held by a third party banking institution acceptable to and under contract with the City, or by the Federal
c. Safekeeping of Repurchase Agreement Securities

The securities purchased under repurchase agreements must be delivered to a third party custodian with whom the City has established a safekeeping agreement.

C. Investment Advisors and Broker/Dealers

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to maximize investment earnings at all times within policy guidelines.

All investments made by the City will be made through either the City’s depository bank, a primary dealer or a financial institution doing business in the state of Texas. An “Investment Committee” consisting of the Mayor, City Manager and Finance Director will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City's request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City's objectives

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy. Additionally the registered principal of the business organization seeking to transact investment business shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City.

The City shall not enter into an investment transaction with a Broker/Dealer prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.
Appointment of an Investment Advisor shall otherwise be according to the City’s normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Director the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

D. Responsibility and Controls

1. Authority to Invest
The Director of Finance is the "Investment Officer" of the City. As Investment Officer he is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his place and are subject to the same training requirements and must adhere to the policies set forth in this Policy Statement.

The Director of Finance as Investment Officer, shall attend at least one training session, within twelve months of assuming these duties, that addresses investment controls, security risks, strategy risk, market risks, and compliance with the Public Funds Investment Act.

2. Investment Officer Required Training
The City’s Investment Officer shall:

a. attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in this policy and containing at least 10 hours of instruction relating to the Investment Officer’s responsibilities, within 12 months after taking office or assuming duties; and

b. attend an investment training session 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, and receive not less than 40–8 hours of instruction relating to investment responsibilities from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

3. Prudent Investment Management
The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care
The standard of care used by the City shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

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

5. **Liability of City Investment Officer**

   The City Investment Officer is not responsible for any loss of City funds through the failure
   or negligence of a depository. Sec. 113.005 Local Government Code does not release the
   Investment Officer from responsibility for a loss resulting from the official misconduct or
   negligence of the Investment Officer, including misappropriation of funds, or from
   responsibility for funds until a depository is selected and the funds are deposited.

6. **Personnel Authorized to Transact Fiscal Affairs**

   All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of
   securities held as collateral for City's funds on deposit with its depository banks and any
   other instruments necessary in the transaction of City's financial affairs shall bear the
   signature of any two of the following (except that at least one of the signatures must be that
   of either the City Manager, Assistant City Manager or the Director of Finance):

   a. Mayor,
   b. City Manager,
   c. Assistant City Manager,
   d. Director of Finance, and
   e. Controller

7. **Standards of Ethics**

   The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the
   Investment Officer shall file with the Texas Ethics Commission and the City Council a
   statement disclosing any personal business relationship with an entity seeking to sell
   investments to the City or any relationship within the second degree by affinity or
   consanguinity to an individual seeking to sell investments to the City.

8. **Establishment of Internal Controls**

   The Director of Finance will oversee the maintenance of a system of internal controls over
   the investment activities of the city.

9. **Reporting**

   a. **Quarterly Report**

      Investment performance will be monitored and evaluated by the Investment Officer. The
      Investment Officer will provide either quarterly or at more frequent intervals a
      comprehensive report that shall be certified by the Investment Officer and submitted to
      the City Council along with a periodic Financial Report. The investment report shall:

      1. describe in detail the investment position of the City;

      2. contain a summary statement of each pooled fund group that states the:
✓ ending book and market value for the period; and
✓ fully accrued interest for the reporting period;

3. state the book value and market value of each separately invested asset at the end of
   the reporting period by the type of asset and fund type invested;

4. state the maturity date of each investment security;

5. state the fund for which each investment security was purchased; and

6. state the compliance of the investment portfolio with the City's Investment Policy
   and the Texas Public Funds Investment Act.

b. Annual Report and Audit

The City, in conjunction with its annual financial audit, shall perform a compliance audit of
management controls on investments and adherence to the City's Investment Policy and
strategies.

V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on
an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any
significant changes proposed in investment methods or procedures prior to their implementation.
The Investment Policy, including a section on Investment Strategies shall be adopted annually by
the City Council.

| APPROVED this 5th 2nd Day of June, 2014.

Debbie Holland, Mayor

ATTEST:

________________________________________
City Secretary
AGENDA ITEM NO.: 7E.  
AGENDA DATE: July 02, 2015

PRESENTED BY: Seth Gipson, City Secretary

ITEM: Consideration and possible action on a resolution amending the City Council Relations Policy and renaming it to the Hutto City Council Protocol Policy.

STRATEGIC GUIDE POLICY: Leadership

ITEM BACKGROUND:
In 2006, the Hutto City Council approved a resolution adopting a Council Relations Policy that served as a guide for City Council processes. This policy was revised several times, with the last revision being in 2009.

Last year when the City Council Committees were established, one of the goals that the Leadership and Legislative Council Committee was tasked with was to renovate the current Council Relations Policy. This committee has worked diligently to streamline the document so that it now reflects the current processes of the City Council. It includes the other independent policies that were established through the years so all of the council procedural policies can be found in one document, and the protocols are consistent with the employee handbook policies that are established by ordinance.

BUDGETARY AND FINANCIAL SUMMARY:
Not applicable.

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:
The Leadership and Legislative Committee recommends approval of the resolution.

CITY ATTORNEY REVIEW:
Not applicable.

STAFF RECOMMENDATION:
Staff recommends approval of the resolution adopting the new Council Protocol Policy.

SUPPORTING MATERIAL:
1. Resolution - Protocol Policy
2. City Council Protocol
RESOLUTION NO.

A RESOLUTION ADOPTING A NEW CITY OF HUTTO COUNCIL RELATIONS POLICY AND RENAMING IT TO THE HUTTO CITY COUNCIL PROTOCOL POLICY.

WHEREAS, the City Council of the City of Hutto initially adopted the Council Relations Policy on July 3, 2006; and

WHEREAS, the last revisions of the policy were adopted in 2009; and

WHEREAS, the City Council wishes to revise the document again, so that it reflects current processes and is a tool to ensure effective and efficient governance; and

WHEREAS, by adopting these protocols, the Council acknowledges their responsibility to each other, to the City’s professional staff, and to the public.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO THAT:

The revised City of Hutto Council Relations Policy is hereby adopted to serve as the guidelines to preserve the values and integrity of representative local government and democracy and renamed to the Hutto City Council Protocol Policy.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this the 2nd day of July, 2015.

CITY OF HUTTO, TEXAS

_______________________________________
Debbie Holland, Mayor

ATTEST:

_______________________________________
Seth Gipson, City Secretary
City Council Protocol Policy
Final Draft – June 3, 2015
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1 Overview of Roles and Responsibilities

a) Role of the Mayor

The Mayor shall:
1) Acts as the official head of the City for all ceremonial purposes
2) Chairs Council meetings
3) The Mayor shall vote on every proposition before the City Council, but shall have no power to veto.
4) The Mayor shall, when authorized by the City Council, sign all official documents such as ordinances, resolutions, conveyances, grant agreements, official plats, contracts, and bonds.
5) Recognizes comments from citizens at public meetings
6) Calls for special meetings
7) Selects substitute for City representation when Mayor cannot attend
8) Makes judgment calls on proclamations, special presentations, etc.
9) Recommends subcommittees as appropriate for Council approval
10) Serves as the liaison between the Council and the City Manager and City Attorney in regards to official relations
11) Leads the Council into an effective, cohesive working team
12) Signs documents on behalf of the City
13) Works with City Manager to prepare Council agenda
14) Appoints Council Committees
15) The Mayor shall perform such other duties consistent with this Charter or as may be imposed upon him or her by the City Council.

b) Role of Mayor Pro-tem

The Mayor Pro-tem shall:
1) Be a Council member elected by the City Council at the first regular City Council meeting following each regular City election.
2) Act as Mayor during the disability or absence of the Mayor, and in this capacity shall have the rights conferred upon the Mayor
3) Represents the City at ceremonial functions at the request of the Mayor

c) Role of a Council Member

All members of the City Council, including those serving as Mayor and Mayor Pro Tem, have equal votes. No Council member has more power than any other Council member, and all should be treated with equal respect.

All Council members shall:
1) Fully participate in City Council meetings and other public forums while
d) Meeting Chair’s Responsibilities

The Mayor will chair official meetings of the City Council, unless the Mayor Pro Tem or another Council member is designated as Chair of a specific meeting. This individual maintains order, decorum, and the fair and equitable treatment of all speakers and keeps discussion and questions focused on the specific agenda item under consideration.

e) Role of City Council Committees

In July 2014, the City Council created three committees to help manage the multitude of responsibilities related to city governance. Annually following the city council election, council members will submit their preferences to serve on the committees and the Mayor will make the final selection of committee members. A regularly scheduled meeting date will be determined by the committee, but additional meetings may be called. The duties of each committee are as follows:

1) Fiscal and Budgetary
   a) Review Quarterly Investment Report
   b) Review Quarterly Financial Report
   c) Receive Auditor’s Report and Meets with Auditor
   d) Recommend changes to the Fiscal Policy
   e) Oversee Outside Agency Funding
   f) Recommend allocation of hotel tax funds

2) Growth Guidance Committee
   a) Review RFI’s for Co-Op Site
   b) Recommend Tax Abatement Policy
   c) Recommend changes to the City’s Comprehensive Plan
   d) Review CIP Performance
   e) Recommend necessary changes to Solid Waste Franchise
3) **Leadership and Legislative Committee**
   a) Propose Legislative Agenda
   b) Recommend Board & Commission Appointments and Chairpersons
   c) Recommend changes to the Council Protocol Policy
   d) Select Hutto Citizens University class
   e) Represent City at Hutto Coordinating Committee
   f) Monitor performance and attendance of Boards and Commissions
2 Meetings

a) Agenda Development and Posting

The agenda of each City Council meeting is prepared as a joint effort between the mayor, city manager, city secretary, and department directors. Two members of City Council may request placement of an item on the agenda to the City Manager or City Secretary no later than noon on the Tuesday of the week prior to the Thursday Council Meeting. The request should state the nature of the item, the desired action by city council and include any supporting material. Once all items are submitted they are reviewed and approved by the City Manager. Once approved, the agenda and packet are finalized and placed into the City Council dropbox account on the Friday before the scheduled meeting date. The agenda is posted on the city hall bulletin board and on the city’s website in accordance with the Texas Open Meetings Act.

b) Meeting Schedule

Regular meetings are held the first and third Thursdays of each month at 7:00 p.m., in the City Hall Council Chambers, 401 W. Front St., Hutto, Texas. Other meetings may arise on an as needed basis, such as budget work sessions. A schedule of regular meetings is determined in December for the upcoming year. At times, scheduling conflicts will arise and a regular meeting may be rescheduled to another day. This must be done by ordinance and approved by the City Council.

c) Work Sessions

Work Sessions have several purposes: 1) to discuss pending items for the Council agenda; 2) to discuss items that staff needs to bring to Council's attention; 3) to receive progress reports on current projects and 4) to hear regular updates from members of appointed Boards, Commissions, or Task Forces. Overall, the purpose of the work session is for Council and staff to meet and discuss various items in an informal manner where questions may be asked of each other and in-depth discussion can take place. No official action on City business is taken in work sessions. Work sessions do not generally include public input.

Work sessions are not held regularly and the location and times vary. All work session agendas are posted in compliance with the Texas Open Meetings Act and are always open to the public.

Work sessions are attended by all members of the City Council, the City Manager, Assistant City Manager, and City Secretary. Depending on the agenda items, the city
attorney, department directors, other staff members, consultants, board members, etc. will be invited. The Mayor presides over the work sessions.

d) **Public Comment**

At each meeting, there is a designated time for public comment on any topic that is not listed on the agenda. To speak, citizens must complete a public comment card and turn it into the City Secretary prior to the start of the meeting. Each Citizen will have three minutes to speak; minutes are not transferable. City council members cannot respond to the comments, but can direct staff to follow-up with the citizen.

If an individual would like to speak on a specific item, they will need to complete a public comment card and return it to the City Secretary prior to the start of the meeting. When the item is addressed by the city council, the mayor will call up the individuals that have registered to speak and each individual will have three minutes to speak.

All individuals addressing the City Council must abide by the following rules of decorum:

1) No Speaker shall address the Council unless recognized by the Mayor.
2) Profane, vulgar, or abusive language or personal attacks will not be tolerated.
3) No Speaker shall continue to address the Council after being informed by the Mayor that the Speaker’s time for addressing the Council has expired.
4) No placards, banners, or signs will be permitted in the city council chamber or in any other room in which the city council is meeting. Exhibits, displays, and visual aids used in connection with presentations to the city council are permitted.

e) **Public Hearings**

The staff member that is responsible for the public hearing will make a brief presentation on the item and the Mayor will open the hearing for public comment. Individuals may sign up to speak, by completing a public comment card and submitting to the City Secretary prior to the start of the meeting. Each speaker will have three minutes to speak. The Mayor will close the public hearing when the speaking has concluded.

f) **Video and Streaming of Meetings**

City Council meetings held at 401 W. Front Street, with the exception of some work sessions and those meetings or portions of meetings conducted in Closed Session pursuant to the Texas Government Code, are broadcast live over the local Community Access Channel and web streamed live and archived on the City’s website. Videos are archived on the City’s website for up to two years for the sole purpose of being able to rebroadcast the meetings on the Community Access Channel and the web. Both forms
of broadcasted meetings are for the convenient viewing by Hutto citizens, and are not the permanent record of City Council proceedings.

g) Proclamations

The Mayor issues proclamations as a way to give special recognition by the City to an individual, event, issue, etc. All requests for proclamations must go through the City Secretary’s Office and be approved by the Mayor. Proclamations may be presented at a City Council meeting or prepared and mailed to the requester. If it is to be presented at a City Council meeting, there must be a representative at the meeting to receive the document.

h) Open Meetings Act

Every meeting of the City Council and Boards and Commissions must be conducted in accordance with Chapter 551 of the Government Code, commonly referred to as the Texas Open Meetings Act. The Act is based on the notion that public officials should discuss and vote on public business under public scrutiny, so that the public will have the opportunity to know what their public officials are doing. The Act contains criminal penalties for violations. To help educate government officials on the Act requirements, each elected or appointed member of a governing must take at least one hour of training in the Open Meetings Act. The training must be completed no later than 90 days after the member takes the oath of office or assumes the responsibilities of the office.

The Attorney General’s Office allows the requirement to be met in at least two ways:

1) A video is available to view online on the Attorney General’s webpage concerning open government.
2) Certification of other entities such as the Texas Municipal League, to provide the training.

The training needs to be conducted in coordination with the City Secretary who is responsible for certifying that all elected and appointed officials are in compliance with the requirements under Government Code Chapter 551.
3 Financial Matters

a) **Budget**

The budget is the City's financial plan that presents the services to be provided to the community over the coming year and the funds necessary to perform these services. Hutto operates under a fiscal year that begins on October 1 and ends September 30. In early spring, staff begins the process of estimating anticipated revenues, identifying and evaluating potential expenditures and preparing a recommended budget. Special budget workshops will be scheduled with the Council throughout the summer, as needed, for the City Manager to present the recommended budget. Two public hearings are typically held on the budget in August, with the Council considering the budget at a September Council meeting. For more information, please reference the City of Hutto Fiscal and Budgetary Policy.

b) **Training and Education**

There are a number of training opportunities for council members that are offered by various organizations such as the Texas Municipal League and the National League of Cities. During the budget process, the City Council Members are asked to submit a training plan for the upcoming year. The City Secretary's Office staff will assist any council member with registration, travel arrangements and forms that are required by the Finance Department.

c) **Travel and Reimbursement**

City Council members follow the City’s Travel and Reimbursement Policy that is outlined in the City of Hutto Employee Manual.

d) **Council Campaign Disclosures**

Generally, candidates and officeholders are required to file reports of contributions and expenditures by January 15 and July 15 of each year. The reports filed on these dates are known as semiannual reports. These reports must be filed even if there is no activity to report for the period covered.

However, there is an exception to this requirement for officeholders who file with a local filing authority, do not have a campaign treasurer appointment on file, and do not accept more than $500 in officeholder contributions or make more than $500 in officeholder expenditures during the period covered by the report.

More information regarding campaign financial disclosures can be found at [www.ethics.state.tx.us](http://www.ethics.state.tx.us)
4 Ethics

a) Conflicts of Interest

1) No city official or appointee shall intentionally or knowingly disclose any confidential information gained by reason of said official’s or appointee’s position concerning the property, operations, policies or affairs of the city, or use such confidential information for the pecuniary gain of said official or appointee, or others.

2) No city official or appointee shall intentionally or knowingly use one’s official position or city-owned facilities, equipment, or supplies for the pecuniary gain or advantage of said official or appointee, or use city-owned vehicles, printing facilities, postage facilities or long-distance telephone service for personal reasons, for pecuniary gain or advantage, or in any political campaign.

3) Except as otherwise specifically authorized by ordinance, no city official or appointee shall intentionally or knowingly appear before the body of which the official is a member while representing himself, or any other person, group, association, interest, or business entity.

4) No city official or appointee shall intentionally or knowingly represent directly or indirectly any private person, group, or interest other than himself or a family member before any department, agency, commission or board of the city for economic benefit or pecuniary gain.

5) No city official or appointee shall vote on or participate in any decision-making process if the official or appointee has a direct financial interest in the outcome of the matter under consideration. No city official or appointee shall vote on or participate in any decision-making process on any matter concerning real property or a business entity if the city official or appointee has a substantial interest in the business entity or real property.

6) None of the foregoing shall be construed to prohibit any city official or appointee from representing his interest in his owner-occupied homestead before the council, board, commission or any department except for the body of which the official or appointee is a member.

7) In any action or proceeding in the municipal court of the city which was instituted by a city official or appointee in the course of official duties, no city official shall knowingly represent anyone other than himself or a family member. If a Council member elects to have a trial in municipal court, the city council, without the participation of the affected Council member, shall appoint a special judge to preside over the trial.
8) No city official or appointee shall act as a surety for any person or business entity that has any contract with the city, or on any bond required by the city for any city official or appointee.

b) Disclosure of interest

1) If any city official or appointee has a substantial interest in any real property or business entity involved in any decision pending before the body of which the city official or appointee is a member, the city official or appointee shall not vote or otherwise participate in the consideration of the matter.

2) In the case of a city official or appointee, the city official or appointee shall publicly disclose, verbally or in writing, the nature and extent of such interest to the body on which the city official or appointee serves prior to any discussion or determination of the matter to be considered or immediately upon discovery of the conflict of interest. The statement of disclosure shall be included in the official minutes of the body.

c) Financial Disclosure

1) No later than April 30th of each year, each city official shall file a sworn financial disclosure statement with the city secretary reflecting the financial situation of the city official as of December 31st of the previous year. Notwithstanding any other term or provision of this article, as used in this section:
   a. The term “family member” shall include only the city official and the spouse and the minor children of the city official.
   b. The term “substantial interest” shall include only the interests of the city official and the spouse and minor children of the city official.

2) A newly appointed city official shall file a sworn financial disclosure statement with the city secretary within thirty (30) days from the date the position with the city is assumed. Said statement shall reflect the financial situation as of date of employment or appointment and for the previous twelve (12) months; provided, however, such city official shall not be required to include in such statement the requirements of subsections (4)(f), (g), and (h) [sic] of this section.

3) Each person required to file a financial disclosure statement shall do so on a form supplied by the city, which shall include the following information:
   a. The person’s name, residence address, business address and telephone number, and all names under which the person or family member does business.
b. Identification by street address, and legal description of all real property located within the city or its extraterritorial jurisdiction in which the person has a substantial interest.

c. Identification of each business entity owning property or doing business within the city or its extraterritorial jurisdiction in which the person has a substantial interest.

d. Identification of each source of income amounting to ten (10) percent or more of the person’s or family member’s gross annual income as defined by the United States Internal Revenue Code.

e. Identification of the donor of each gift of more than five hundred dollars ($500.00) in value received by the person or family member, including the value of the gift, where such donor has appeared before and requested action of the city council during the reporting period.

4) Identification of the donor of two or more gifts of an accumulated value of one thousand dollars ($1,000.00) or more received by the person or family member, where such donor has appeared before and requested action of the city council during the reporting period.

5) The city secretary shall maintain all financial disclosure statements required to be filed herein as public records and retain them for a period of three (3) years, after which statements shall be destroyed.

6) Within thirty (30) days of being appointed to the planning and zoning commission or board of adjustment and on each anniversary of that date, each member of such commission shall file with the city secretary a sworn statement identifying by street address and legal description all real property located within the city or its extraterritorial jurisdiction in which the member has a substantial interest.

7) Any person who appears before the city council or commission who has had business dealings in the immediately preceding twelve-month period involving one or more transactions of five hundred dollars ($500.00) or more each, for a total of twenty-five hundred dollars ($2,500.00) or more, with a Council member, commissioner, or business entity in which a Council member or commissioner has a substantial interest, shall disclose such business dealings at the time of the appearance. Any person who shall intentionally or knowingly fail to make the aforesaid disclosure shall be guilty of a misdemeanor and shall be fined in accordance with section 1.01.009 of this code.

d) Gifts

No city official or appointee shall intentionally or knowingly solicit or accept any contribution, gift, or economic benefit with actual or constructive knowledge that same is:
1) Offered or given with intent to influence the judgment or discretion of such official; or
2) Given in consideration of the favorable exercise of such official’s judgment or discretion in the past.
5 Communications

a) **Correspondence To/From Council**

The City Secretary receives and processes the City Council’s incoming mail. All mail to the mayor and council members is reviewed and placed in the mailboxes located outside of the City Secretary’s Office. All invitations are scanned and sent to the council members via email for action and the City Secretary will take care of confirming the members’ attendance at an event and if necessary schedule the event on their calendar and post a potential quorum notice.

All mail to the Mayor is opened and reviewed as to priority for response, copies needed for city staff and/or city council, notation of upcoming events, etc. All important letters addressed to the Mayor are copied to the Mayor and an original is kept in the official files in the City Secretary Office.

All needed responses to letters are coordinated between the Mayor, City Manager, and City Secretary.

b) **Media Relations**

The media frequently contacts council members for information and quotes. The Mayor is the designated representative of the Council to present and speak on the official city position. If the media contacts an individual council member, the council member should be clear about whether their comments represent the official City position or a personal viewpoint.

Below are three things to remember when dealing with the press.

1) Never go “off the record”
2) Choose words carefully and cautiously
3) Remember the media lives by tight deadlines

All official city statements that will be sent out as a press release will go through the City Manager’s Office for distribution. The Public Information Officer maintains up-to-date contact information for all local media outlets. In order to ensure that all media outlets are treated fairly, all news releases should by submitted to the Public Information Officer for review and distribution.

c) **Social Media**

Individuals are encouraged to positively promote the City and share information on their own social media websites. However, councilmembers along with board and
commission members should exercise caution when commenting or responding to other posts. Only factual information should be provided to city related topics as personal views may not reflect that of the entire Council or board or City. In addition, you should carefully check to ensure that no other councilmembers or board or commission members have responded to the same topic in order to avoid a possible violation of the Open Meetings Act.

In general, responses should be referred to and handled by the City’s Public Information Officer. In certain circumstances, the City Manager, PIO, and/or Mayor may determine that it is appropriate for someone else to respond directly.

d) Public Information Act

Texas Government Code, Chapter 552, known as the Texas Public Information Act, requires that most City records, including those in the possession of council members, be open to the public for inspection.

“Public Records” are broadly defined under the act to include “the portion of all documents, writings, letters, memoranda, or other written materials which contain public information.” “Public information” includes “all information collected, assembled, or maintained by or for governmental bodies pursuant to law or ordinance or in connection with the transaction of official business.”

Certain information is specifically excluded from the requirements of the Texas Public Information Act. While the list of exempt materials is too long to recite here, it includes such items as working papers being used to draft ordinances or resolutions, certain personnel records, information that would, if release, give an advantage to bidders, documents protected because of attorney-client relationships, and documents related to pending or ongoing litigation.

Despite the narrow exemptions established in the law, its effect is to require that most of the written material used or produced by council members be made available upon request, to the news media and other members of the public. If it is felt that certain records are exempt from the requirements of the law, and there has been no previous determination that particular types of records are exempt, the City official must request an opinion from the Attorney General no later than the 10th business day after the date of receiving the written request.

If an Attorney General’s opinion is requested, and the opinion subsequently holds that the information is public and the City official persists in refusing to release it, the City has 10 days to file suit to challenge the Attorney General’s determination.

The City of Hutto has designated the City Secretary as the Public Information Officer in regards to the Public Information Act and therefore all training requirements discussed
under Chapter 552 of the Government Code are satisfied. Therefore all requests made under the Public Information Act shall be directed to the City Secretary.

For more information regarding the Public Information Act, please refer to the TML Handbook for mayors and council members.
6 General Policies and Documents

a) Technology and Equipment Use & Electronic Communications and Systems Access Use

*iPads*

The City implemented electronic distribution of agendas, reports, budget documents, etc. In order to access and use such documents, a City-issued iPad will be provided for each Council member. City-issued iPads are for official City business only; personal use is prohibited. The City understands that it is often inefficient to use both personal and City-issued hardware, such as iPads.

Therefore, Council members have the option of using a personal iPad. The City does not pay for any accessories for any of the iPads, such as cases, styluses, screen covers, personal applications, etc.

When Council members complete their term of office, all City-issued equipment shall be returned to the City Manager.

*E-mail account*

Each Council member is assigned an individual City e-mail address with the huttotx.gov domain. E-mails to the Council as a whole can be sent to citycouncil@huttotx.gov. The City's e-mail system shall be used for the communication and exchange of information related to City business. City e-mail may not be used for personal or political purposes.

Council members can access their e-mail from their computer, phone, iPad, etc. through a web-based client; IT staff will assist with the set-up.

There should be no expectation of privacy when using City e-mail.

Please note, Council members are subject to the City’s Technology and Equipment Use Policy that is outlined in the City of Hutto Employee Manual.

b) Political Activity

Council members have the right to endorse candidates for all Council seats or other elected offices. However, it is inappropriate to mention endorsements during Council meetings or at other official city meetings.
c) **City Charter**

The City of Hutto Charter is a written document that establishes the basic governmental structure, form of government, corporate boundaries, and municipal powers. In this respect, it is similar to a state or national constitution. As such, amendments to the City charter require an election and approval of the citizens of Hutto. The copy of the charter can be retrieved at www.huttotx.gov or in the City Secretary’s Office.

d) **Code of Ordinances**

The City Code of Ordinances is the compilation of local laws that have been adopted and codified by the City Council. The City Code covers a wide range of areas, including taxes, court, environmental regulations, alcoholic beverages, business regulations, etc. Amendments to the City Code must be adopted by the Council. A copy of the code of ordinances can be found at www.huttotx.gov or in the City Secretary’s Office.

e) **Strategic Guide 2035**

In 2007, the Hutto City Council began the development of a strategic guide that would provide direction for the community as it developments during the next 20 years. The Council reviews the guide each year at their annual work session and, if necessary, revise and make modifications to the document. The guide is made up of a series of policies that include:

- Leadership
- Quality of Life
- Organizational Development
- Service Delivery
- Fiscal and Budgetary
- Public Safety
- Mobility
- Education
- Growth Guidance
- Infrastructure
- Economic Development

A complete copy of the 2035 Strategic Guide can be found at www.huttotx.gov or in the City Secretary’s Office.
AGENDA ITEM NO.: 8A.  
AGENDA DATE: July 02, 2015

PRESENTED BY: Seth Gipson, City Secretary

ITEM: Consideration and possible action on the June 18, 2015 City Council meeting minutes

STRATEGIC GUIDE POLICY: Leadership

ITEM BACKGROUND: The City Council meeting minutes of June 18, 2015 have been drafted for review by the City Council.

BUDGETARY AND FINANCIAL SUMMARY: Not applicable

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS: Not applicable

CITY ATTORNEY REVIEW: Not applicable

STAFF RECOMMENDATION: Staff recommends acceptance of the June 18, 2015 City Council meeting minutes.

SUPPORTING MATERIAL: 1. Draft June 18, 2015 City Council meeting minutes
The Hutto City Council met in a regular session on Thursday, June 18, 2015 in the Hutto City Council Chamber, 401 W. Front Street, Hutto, TX 78634.

CALL SESSION TO ORDER

Mayor Holland called the session to order at 7:00 p.m.

ROLL CALL

Members of the City Council that were present were Mayor Debbie Holland, Mayor Pro-tem Michael J. Smith, Councilmember Anne Cano, Councilmember Tom Hines, Councilmember Ronnie Quintanilla-Perez, Councilmember Lucio Valdez, and Councilmember Max V. Yeste.

Members of staff that were present were Micah Grau, Assistant City Manager, Charlie Crossfield, City Attorney, and Earl Morrison, Chief of Police.

INVOCATION

The invocation was given by Rob Reyes, a City Council meeting visitor.

PLEDGE OF ALLEGIANCE

Mayor Holland led the Pledge of Allegiance.

PUBLIC COMMUNICATION

5A. Remarks from visitors.

There were no remarks from the visitors.

REGULAR AGENDA ITEMS

RESOLUTIONS

6A. Consideration and possible action on a resolution appointing independent counsel for the Ethics Review Commission.

Councilmember Hines informed the Mayor and City Council that he has filed an affidavit with the City Secretary to recuse himself from any discussion or vote on this item due to a potential conflict of interest. Councilmember Hines stepped down from the dais into the City Hall conference room.

Charlie Crossfield, City Attorney, gave the presentation for this item. Mr. Crossfield reported that the Hutto Code of Ordinances states that an independent counsel shall be utilized to advise the Ethics Review Commission and to participate in hearings. He added that the City previously retained Farley, Fletcher, Shipman, & Salinas, as the City’s Ethics Review Commission
counsel and wish to retain this firm as the 2015 independent counsel for the Ethics Review Commission.

In response to a question from the City Council, Micah Grau reported that the Commission is scheduled to meet two times. One meeting would be held on June 24th for the annual training and the second is scheduled for June 30th to address a request for an opinion submitted by Councilmember Tom Hines.

**MOTION:** Councilmember Cano moved to approve the resolution appointing the Farley, Fletcher, Shipman, & Salinas law firm as the independent general counsel for the Ethics Review Commission. Mayor Pro-tem Smith seconded the motion. The motion carried with 6 ayes and 0 nays.

Councilmember Hines returned to the dais for the remainder of the meeting.

**OTHER BUSINESS**

7A. Consideration and possible action on the meeting minutes for the June 4, 2015 City Council regular meeting.

**MOTION:** Councilmember Hines moved to approve the June 4, 2015 City Council regular meeting minutes as submitted. Councilmember Cano seconded the motion. The motion carried with 7 ayes and 0 nays.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 7:07 p.m.

CITY OF HUTTO, TEXAS

______________________________
Debbie Holland, Mayor

ATTEST:

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Seth Gipson, City Secretary