



GLEN SMITH – Mayor
 JOHNNY TRAN – Councilmember Place 1
 DONNA HARVEY SCHULMAN – Councilmember Place 2
 MARY CROCKER – Councilmember Place 3
 TROY LEWIS – Councilmember Place 4
 ANDY ERDELT – Councilmember Place 5
 STEPHEN MCGOVERN – Councilmember Place 6

**CITY OF PALACIOS
 CITY COUNCIL REGULAR MEETING AGENDA
 April 23, 2019**

Notice is hereby given of a Regular Council Meeting of the Palacios City Council to be held April 23, 2019, beginning at 7:00 p.m. in the Council Chambers of City Hall, 311 Henderson Avenue, Palacios, TX, for the purpose of considering the following items:

REGULAR COUNCIL MEETING 7:00 PM

CALL TO ORDER

INVOCATION – Councilmember Schulman

PLEDGE OF ALLEGIANCE – Councilmember Lewis

PLEDGE TO TEXAS FLAG – Councilmember Lewis

PLEDGE TO PALACIOS FLAG – Councilmember Lewis

VISITOR / CITIZEN FORUM

PROCLAMATION – Proclaim May as Mental Health Month

ADMINISTRATIVE REPORTS

1. Spring Clean Up is April 27, 2019, 8am to 1pm
2. LaBelle Day by the Bay – April 27, 2019 at Palacios Pavilion
3. Beachside Development Lot Sale – April 27, 2019
4. Open house and Bin Day at the Recycle Center was held on Thursday, April 18, 2019
5. Reception and Oath of Office for New Council Members at 6:30 pm at next council meeting on Tuesday, May 14, 2019
6. City Manager's Monthly Report March 2019
7. Palacios Pavilion Quarterly Report

ITEMS TO BE CONSIDERED

1. Discuss and consider action to approve the City of Palacios Quarterly Investment Report as of March 31, 2019
2. Discuss and consider action to approve the City of Palacios Quarterly Financial Statement as of March 31, 2019

3. Discuss and consider action to approve the complaint Procedures for the CDBG-DR Program
4. Discuss and consider action to approve the City of Palacios Procurement Policies and Procedures for Federal Grants
5. Discuss and consider adopting Resolution 2019-R-11 approving and adopting a fraud prevention and detection policy for the city and providing for the effective date thereof
6. Discuss and consider adopting Resolution 2019-R-12 approving and reaffirming a funds balance policy for the city in accordance with GASB Statement 54 Requirements; and providing for the effective date thereof
7. Discuss and consider accepting the resignation of Donnie Tran from the Palacios Economic Development Corporation Board
8. Discuss and consider action to approve the following consent agenda items:
Minutes of the April 9, 2019 Regular Council Meeting

EXECUTIVE SESSION

In accordance with Chapter 551, Government Code, (Open Meetings Law) the Council May go into Executive (closed) session in order to:

Consult with its attorney (551.071)

Discuss Real Estate transaction (551.072)

Deliberation regarding prospective gifts or donation (551.073)

Discuss personnel matters (551.074)

Deliberation regarding security devices (551.076)

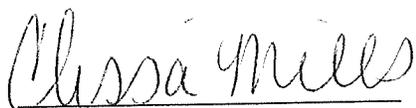
Discuss economic development negotiations (551.087)

ADJOURN

In compliance with the Americans with Disabilities Act, the City of Palacios will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact City Hall, at 361.972.3605.

CERTIFICATION

I certify that a copy of the April 23, 2019 agenda of items to be considered by the City Council was posted on the City Hall bulletin board by 5:00 p.m. on April 19, 2019.



Clissa Mills, City Secretary



Mental Health Month

WHEREAS, mental health is essential to everyone's overall health and well-being; and

WHEREAS, all Americans experience times of difficulty and stress in their lives; and

WHEREAS, prevention is an effective way to reduce the burden of mental health conditions; and

WHEREAS, there is a strong research that diet, exercise, sleep, and stress management can help all Americans protect their health and well-being; and

WHEREAS, mental health conditions are real and prevalent in our nation; and

WHEREAS, with effective treatment, those individuals with mental health conditions can recover and lead full, productive lives; and

WHEREAS, each business, school, government agency, healthcare provider, organization and citizen shares the burden of mental health problems and has a responsibility to promote mental wellness and support prevention efforts.

THEREFORE, I, Glen Smith, Mayor of the City of Palacios, hereby proclaim the month of May, 2019, as

Mental Health Month

in Palacios, Texas. As the Mayor, I also call upon the citizens, government agencies, public and private institutions, businesses and schools in Palacios to recommit our community to increasing awareness and understanding of mental health, the steps our citizens can take to protect their mental health, and the need for appropriate and accessible services for all people with mental health conditions.

In Witness Whereof, I have hereunto set my hand and have caused the Official Seal of the City of Palacios to be affixed this ____ day of April, 2019.

GLEN SMITH, MAYOR

ATTEST:

CLISSA MILLS, CITY SECRETARY

City Manager's
MONTHLY REPORT
MARCH 2019

HURICANE HARVEY

- Closing out FEMA damage projects
- Working with Grantworks and Engineering Consultant to submit Harvey CDBG-DR project applications for the City.

ADMINISTRATION

- Issue the Notice to Proceed to start April 1st for IKE CDBG-DR grant to rehabilitate Lift Stations.
- Working with GLO to submit application to fund the match for generators through CDBG-DR Program.
- TxDOT Aviation Department for Palacios Airport Improvements Grant to repair Runway 13-31, taxiways, and terminal apron; Engineer is submitting Final Engineering Report for review.
- Contractor completed the Recycle Center Expansion Project; closing out Grant with H-GAC.
- Engineer made final revisions to the sidewalk project utilizing the Downtown Revitalization Grant from Texas Department of Agriculture; bidding in April.
- Working on close out documents for the HGAC Solid Waste Grant; Open House scheduled for April.

PUBLIC WORKS

- Work Orders Completed: 14 water leaks, 16 animal calls, 2 sewer stoppage calls, 11 miscellaneous work orders, cleaning ditches, resetting culverts and cleaning out existing culverts; repaired potholes; 102 total calls for service.
- Mowed RR Park and other city properties, water plants, and 14 lift stations.

AIRPORT

- Mowed and sprayed around buildings, runways, and hangers
- Made corrections to the fueling system identified during the Fuel Inspection.

POLICE

- Calls for Service 419
- Citations 75 Warnings 86 issued, and 16 arrests
- Cases Assigned 13, Cases Closed 29
- Traffic accidents 3

FIRE

- Responded to 2 fires outside city limits.
- Responded to one structural fire inside city limits.
- Fire Department is submitted several grants for new Fire Station.
- Fire Department is completing the construction plans for new Fire Station.

PAVILION RENTALS

NAME	DATE	DAY OF WEEK	DEPOSIT	DEPOSIT REFUND	RENTAL FEE
INDIVIDUAL	1-Apr-18	SUNDAY	\$250.00	yes	\$500.00
INDIVIDUAL	14-Apr-18	SATURDAY	\$250.00	yes	\$650.00
PALACIOS CHAMBER OF COMMERCE	3-May-18	THURSDAY	\$0.00		\$100.00
INDIVIDUAL	5-May-18	SATURDAY	\$250.00	yes	\$650.00
THE LEGACY CAMPUS - CHAMBER MIXER	19-May-18	SATURDAY	\$0	yes	\$150.00
PALACIOS YACHT CLUB/REGATTA	23-Jun-18	SAT/SUN	\$250.00	yes	\$900.00
INDIVIDUAL	30-Jun-18	SATURDAY	\$250.00	yes	\$650.00
INDIVIDUAL	20-Jul-18	FRI/SAT	\$500.00	yes	\$800.00
PALACIOS AREA HISTORICAL ASSOCIATION	2-Aug-18	THURSDAY	\$0		\$150.00
INDIVIDUAL	11-Aug-18	SATURDAY	\$250.00	yes	\$650.00
INDIVIDUAL	21-Sep-18	FRIDAY	\$250.00	yes	\$650.00
PALACIOS VOLUNTEER FIRE DEPARTMENT	2-Oct-18	TUESDAY	\$100.00	yes	\$150.00
TRULL FOUNDATIONS	17-Oct-18	WEDNESDAY	\$100.00	yes	\$150.00
INDIVIDUAL	8-Nov-18	THURSDAY	\$100.00	YES	\$150.00
INDIVIDUAL	11-23 & 11-24-2018	FRI/SAT	\$250.00	YES	\$800.00
INDIVIDUAL	1-Dec-18	SATURDAY	\$250.00	YES	\$650.00
INDIVIDUAL	6-Dec-18	THURSDAY	\$250.00	YES	\$200.00
TX WATER RESOURCES	13-Dec-18	THURSDAY	\$100.00	YES	\$200.00
CHAMBER MIXER	11-23 & 12-15-2018	FRI/SAT	\$500.00	YES	\$800.00
INDIVIDUAL	31-Dec-18	MONDAY	\$250.00	YES	\$350.00
INDIVIDUAL	11-Jan-19	FRIDAY	\$100.00	YES	\$150.00
PVFD	12-Jan-19	SATURDAY	\$250.00	YES	\$550.00
INDIVIDUAL	19-Jan-19	SATURDAY	\$500.00	YES	\$650.00
INDIVIDUAL	26-Jan-19	SATURDAY	\$100.00	YES	\$150.00
MATAGORDA BIRDFEST	16-Feb-19	SATURDAY	\$250.00	APPLY TO NEXT YR	\$550.00
PALACIOS DENTAL	22-Feb-19	FRIDAY	\$500.00	YES	\$650.00
INDIVIDUAL	13-Apr-19	SATURDAY	\$250.00		\$650.00
MATAGORDA BAY FOUNDATION	17-Apr-19	WEDNESDAY	\$100.00		\$150.00
LABELLE DAY BY THE BAY	4-26 & 4-27-2019	FRI/SAT	\$500.00		\$800.00
ALPHA CLUB	20-May-19	MONDAY	\$250.00		\$650.00
INDIVIDUAL	1-Jun-19	FRI/SAT	\$500.00		\$150.00
INDIVIDUAL	7-Jun-19	FRI	\$500.00		NOT PAID
INDIVIDUAL	8-Jun-19	SATURDAY	\$500.00		NOT PAID
INDIVIDUAL	7-19 & 7-20-2019	FRI/SAT	\$500.00		NOT PAID
INDIVIDUAL	21-Jul-19	SUNDAY	\$250.00		\$650.00
INDIVIDUAL	30-Jul-19	TUESDAY	\$250.00		\$800.00
MATAGORDA COUNTY 4H CLUB	8-17 & 8-18-19	SAT/SUN	\$100.00		\$500.00
PALACIOS YACHT CLUB/REGATTA	11-Jan-20	SAT	\$250.00		\$300.00
PALACIOS VOLUNTEER FIRE DEPARTMENT	28-Mar-20	SAT	\$250.00		\$900.00
MATAGORDA BIRDFEST					NOT PAID

TOTALS \$19,500.00

\$9,800.00

TOTALS

CITY OF PALACIOS, TEXAS
QUARTERLY INVESTMENT REPORT
FOR THE QUARTER ENDED MARCH 31, 2019

The investment portfolio detailed in the attached report includes all investment transactions made during the above referenced period. The investment portfolio and all related transactions comply with the investment policy of the City of Palacios, Texas and the Public Funds Investment Act of the State of Texas.

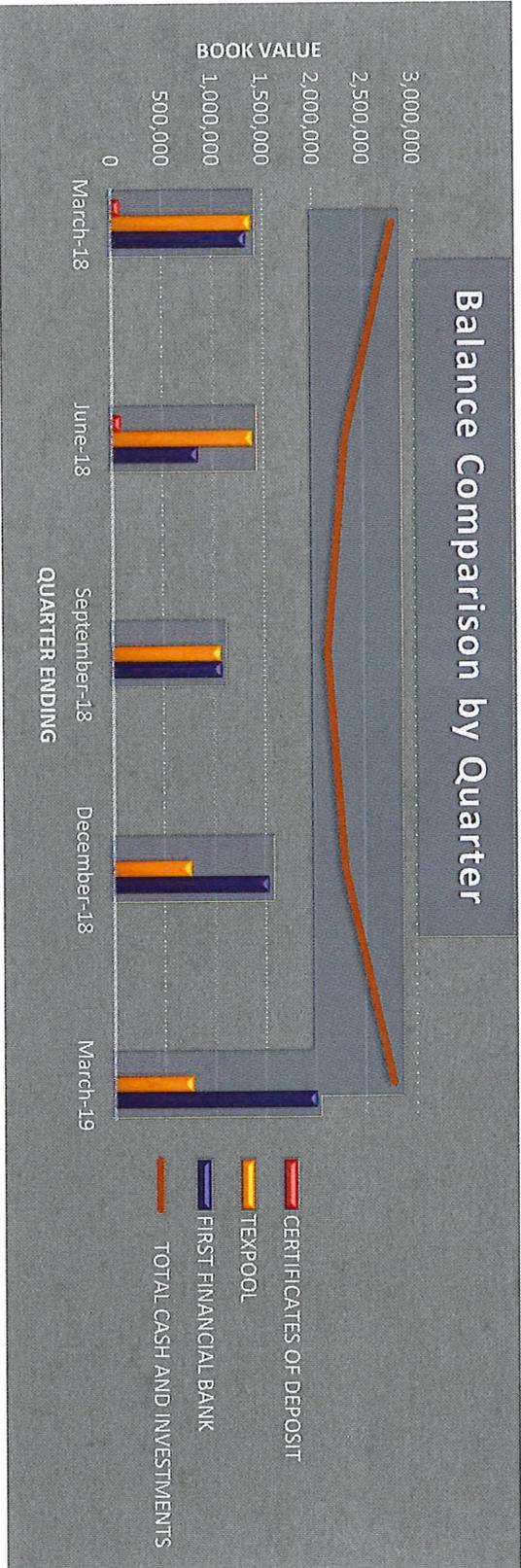
Investment Officer: *Tammy McDonald*
Tammy McDonald, City Treasurer

Date: 4/10/2019

CITY OF PALACIOS, TEXAS
Quarterly Investment Report
As of March 31, 2019

Balance Comparison by Quarter

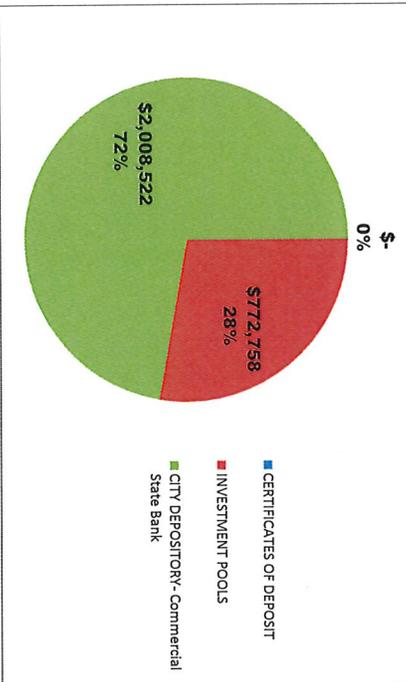
	3/31/2018		6/30/2018		9/30/2018		12/31/2018		3/31/2019	
	Book Value	Value								
CERTIFICATES OF DEPOSIT	\$	86,853	\$	86,853	\$	-	\$	-	\$	-
TEXPOOL	\$	1,380,454	\$	1,387,379	\$	1,062,903	\$	768,201	\$	772,758
FIRST FINANCIAL BANK	\$	1,331,486	\$	852,261	\$	1,077,938	\$	1,539,101	\$	2,008,522
TOTAL CASH AND INVESTMENTS	\$	2,798,793	\$	2,326,493	\$	2,140,841	\$	2,307,302	\$	2,781,280



CITY OF PALACIOS, TEXAS
 INVESTMENTS OUTSTANDING AS OF DECEMBER 31, 2018

Purchase Date	Description	Maturity Date	# Days to Maturity	Cost	Par Value	Coupon Yield	12/31/2018		Quarterly Activity			3/31/2019		Unrealized Gain/Loss		
							Book Value	Market Value	Purchases	Maturities	Interest	Book Value	Market Price		Market Value	
CERTIFICATES OF DEPOSIT																
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	
INVESTMENT POOLS																
N/A	Texpool - Pooled	N/A	N/A		716,959	0.79%	\$ 712,731	\$ 712,731	\$ -	\$ -	\$ 4,228	\$ 716,959	\$ -	\$ 716,959		
N/A	Texpool - Escrow Acct Beachside Dev	N/A	N/A		55,799	0.79%	55,470	55,470	-	-	329	55,799	-	55,799		
							768,201	768,201	-	-	4,557	772,758	-	772,758	28%	
CITY DEPOSITORY - Commercial State Bank																
N/A	Pooled Cash Savings	N/A	N/A		1,873,993	0.24%	1,418,174	1,418,174	2,131,862	(1,676,875)	833	1,873,993	-	1,873,993		
N/A	Pooled Cash	N/A	N/A		127,439	0.00%	113,837	113,837	1,659,534	(1,645,931)	-	127,439	-	127,439		
N/A	Police Dept Drug Seized Funds	N/A	N/A		4,802	0.00%	4,802	4,802	-	-	-	4,802	-	4,802		
N/A	City Escrow Fund	N/A	N/A		787	0.00%	787	787	-	-	-	787	-	787		
N/A	TDHCA Home Program	N/A	N/A		-	0.00%	-	-	17,500	(17,500)	-	-	-	-		
N/A	TCDDP	N/A	N/A		-	0.00%	-	-	-	-	-	-	-	-		
N/A	Disaster Recovery Supp Rd 2.2	N/A	N/A		1,500	0.00%	1,500	1,500	-	-	-	1,500	-	1,500		
							1,539,100	1,539,100	3,808,896	(3,340,306)	833	2,008,522	-	2,008,522	72%	
															67%	
TOTAL PORTFOLIO							\$ 2,776,478	0.38%	\$ 2,307,301	\$ 2,307,301	\$ 3,808,896	\$ (3,340,306)	\$ 5,390	\$ 2,781,280	\$ -	\$ 2,781,280

Portfolio Composition



City of Palacios
Financial Statement
As of March 31, 2019

General Fund

Percent of Year Complete 50%

Revenues	Budget	Y-T-D Actual	Percent of Budget
Property taxes	\$ 1,545,000	\$ 1,383,855	90%
Licenses & Permits	38,000	30,697	81%
Other Local Taxes	678,500	304,839	45%
Fines & Court Costs	95,000	25,863	27%
Miscellaneous	26,000	15,594	60%
Fund to Fund Transfers	150,600	75,300	50%
Leases & Contributions	163,900	103,594	63%
Recycling Revenues	12,800	1,902	15%
Park Reservation Fees	4,000	920	23%
Community Improv / Weedlots	19,800	464,413	2346%
Total Revenues	\$ 2,733,600	\$ 2,406,976	88%
Expenditures			
Council	\$ 27,650	\$ 12,909	47%
Elections	2,300	-	0%
Administration	596,050	296,066	50%
Legal	8,000	7,042	88%
Corporation Court	100,400	44,304	44%
Library	30,000	15,000	50%
Police Department	1,094,700	517,437	47%
Fire Department	45,000	11,743	26%
Recycle	25,500	184,753	725%
Swimming Pool	20,000	14,693	73%
Parks	124,100	61,543	50%
Streets	195,400	85,242	44%
Animal Control	28,400	16,906	60%
Special Items	434,500	186,778	43%
Total Expenditures	\$ 2,732,000	\$ 1,454,415	53%
Revenue Over/ (Under) Expenditures	\$ 1,600	\$ 952,561	

City of Palacios
 Financial Statement
 As of March 31, 2019

Water Fund

Percent of Year Complete 50%

Revenues	Budget	Y-T-D Actual	Percent of Budget
Water & Sewer	\$ 1,632,000	\$ 719,955	44%
Service & Penalty Charges	\$ 52,500	\$ 23,851	45%
Garbage	-	22,192	0%
Miscellaneous	4,500	2,073	46%
Total Revenues	\$ 1,689,000	\$ 768,071	45%
Expenditures			
Water Department	\$ 631,500	\$ 322,331	51%
Sewer	272,750	124,790	46%
Special Items	784,750	129,305	16%
Total Expenditures	\$ 1,689,000	\$ 576,427	34%
Revenue Over/ (Under) Expenditures	\$ -	\$ 191,645	

City of Palacios
 Financial Statement
 As of March 31, 2019

Airport Fund

Percent of Year Complete 50%

Revenues	Budget	Y-T-D Actual	Percent of Budget
Fuel Sales	\$ 20,000	\$ 5,435	27%
Hangar Rent & Tiedowns	6,300	2,970	47%
PISD School Barn Lease	150	-	0%
Golf Assoc Lease	100	-	0%
T Hangar Lease	6,000	3,000	50%
Farming Lease	1,900	1,800	95%
Grazing Lease	21,900	21,938	100%
Interest Income	-	7	0%
Misc Receipts	-	-	0%
TxDot Reimbursement	5,000	\$ 12,129	243%
Total Revenues	\$ 61,350	\$ 47,279	77%
Expenditures			
Airport	\$ 40,375	\$ 39,785	99%
Special Items	18,000	53,849	299%
Total Expenditures	\$ 58,375	\$ 93,634	160%
Revenue Over/ (Under) Expenditures	\$ 2,975	\$ (46,356)	

City of Palacios
Financial Statement
As of March 31, 2019

Equipment Fund

Percent of Year Complete

50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	\$ 155,000	\$ 77,041	50%
Expenditures	\$ 155,000	\$ 63,885	41%
Revenue Over/ (Under) Expenditures	\$ -	\$ 13,156	

City of Palacios
Financial Statement
As of March 31, 2019

Hotel/Motel Tax Fund

Percent of Year Complete

50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	\$ 31,100	\$ 23,271	75%
Expenditures	\$ 31,000	\$ 17,500	56%
Revenue Over/ (Under) Expenditures	\$ 100	\$ 5,771	

City of Palacios
Financial Statement
As of March 31, 2019

Economic Development Fund

Percent of Year Complete 50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	\$ 176,500	\$ 86,811	49%
Expenditures	\$ 176,500	\$ 378,649	215%
Revenue Over/ (Under) Expenditures	\$ -	\$ (291,837)	

City of Palacios
Financial Statement
As of March 31, 2019

Pavilion Fund
Percent of Year Complete

50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	\$ 30,500	\$ 8,451	28%
Expenditures	\$ 26,000	\$ 5,199	20%
Revenue Over/ (Under) Expenditures	\$ 4,500	\$ 3,252	

THE CITY OF PALACIOS
CITIZEN PARTICIPATION PLAN
TEXAS GENERAL LAND OFFICE (GLO) COMMUNITY DEVELOPMENT BLOCK
GRANT DISASTER RECOVERY (CDBG-DR) PROGRAM

COMPLAINT PROCEDURES

These complaint procedures comply with the requirements of the Texas General Land Office Community Development Block Grant Disaster Recovery (CDBG-DR) Program and Local Government Requirements found in 24 CFR §570.486 (Code of Federal Regulations). Citizens can obtain a copy of these procedures at the CITY OF PALACIOS, 311 Henderson, Palacios, Texas 77465, 361-972-3605 (Phone) during regular business hours.

Below are the formal complaint and grievance procedures regarding the services provided under the CDBG-DR project(s).

1. A person who has a complaint or grievance about any services or activities with respect to the CDBG-DR project(s), whether it is a proposed, ongoing, or completed CDBG-DR project(s), may during regular business hours submit such complaint or grievance, in writing to City Manager, at P O Box 845 or may call 361-972-3605 (Phone).
2. A copy of the complaint or grievance shall be transmitted by the Mayor of the entity that is the subject of the complaint or grievance and to the City Attorney within five (5) working days after the date of the complaint or grievance was received.
3. The Mayor or City Manager shall complete an investigation of the complaint or grievance, if practicable, and provide a timely written answer to person who made the complaint or grievance within ten (10) days.
4. If the investigation cannot be completed within ten (10) working days per 3 above, the person who made the grievance or complaint shall be notified, in writing, within fifteen (15) days where practicable after receipt of the original complaint or grievance and shall detail when the investigation should be completed.
5. If necessary, the grievance and a written copy of the subsequent investigation shall be forwarded to the CDBG-DR program for their further review and comment.
6. If appropriate, provide copies of grievance procedures and responses to grievances in both English and Spanish, or other appropriate language.

TECHNICAL ASSISTANCE

When requested, the City shall provide technical assistance to groups that are representative of persons of low- and moderate-income in developing proposals for the use of CDBG-DR funds. The City, based upon the specific needs of the community's residents at the time of the request, shall determine the level and type of assistance.

PUBLIC OUTREACH EFFORTS

The City shall provide for reasonable public notice, appraisal, examination and comment on the activities proposed for the use of CDBG-DR funds. These efforts shall include:

1. Provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas and areas in which CDBG-DR funds are proposed to be used;
2. Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to an entity's proposed and actual use of CDBG-DR funds;
3. Furnish citizens information, including but not limited to:
 - a) the amount of CDBG-DR funds expected to be made available
 - b) the range of activities that may be undertaken with the CDBG-DR funds
 - c) the estimated amount of the CDBG-DR funds proposed to be used for activities that will meet the national objective of benefit to low and moderate income persons
 - d) if applicable, the proposed CDBG-DR activities likely to result in displacement and the entity's anti- displacement and relocation plan
4. Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the entity's application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state; and
5. These outreach efforts may be accomplished through one or more of the following methods:
 - a) Publication of notice in a local newspaper—a published newspaper article may be used so long as it provides sufficient information regarding program activities and relevant dates;
 - b) Notices prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups;
 - c) Posting of notice on the local entity website (if available);
 - d) Public Hearing; or
 - e) Individual notice to eligible cities and other entities as applicable using one or more of the following methods:
 - Certified mail
 - Electronic mail or fax
 - First-class (regular) mail
 - Personal delivery (e.g., at a Council of Governments [COG] meeting)

PUBLIC HEARING PROVISIONS

For each public hearing scheduled and conducted by a CDBG-DR applicant or recipient, the following public hearing provisions shall be observed:

1. Furnish citizens information, including but not limited to:
 - (a) The amount of CDBG-DR funds available per application for Hurricane Harvey;
 - (b) The range of activities that may be undertaken with the CDBG-DR Hurricane Harvey funds;
 - (c) The estimated amount of the CDBG-DR Hurricane Harvey funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income persons; and
 - (d) The proposed CDBG-DR activities likely to result in displacement and the unit of general local government's antidisplacement and relocation plans required under 24 CFR 570.488.
2. Public notice of any hearings must be published at least seventy-two (72) hours prior to the scheduled hearing. The public notice must be published in a local newspaper. Each public notice MUST include the DATE, TIME, LOCATION and TOPICS to be considered at the public hearing. A published newspaper article may also be used to meet this requirement so long as it meets all content and timing requirements. Notices should also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.
3. Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings and an applicant must make arrangements for individuals who require auxiliary aids or services if contacted at least two days prior to each hearing.
4. When a considerable number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter will be present to accommodate the needs of the non-English speaking residents.
5. City may conduct a public hearing via webinar if they also follow the provisions above. If the webinar is used to conduct a public hearing, a physical location with associated reasonable accommodations must be made available for citizens to participate so as to ensure that those individuals without necessary technology are able to participate.
6. If applicable, the locality must retain documentation of the hearing notice(s), attendance lists, minutes of the hearing(s), and any other records concerning the actual use of funds for a period of three years after the project is closed out. Such records must be made available to the public in accordance with Chapter 552, Government Code.

Glen Smith, Mayor
CITY OF PALACIOS

Date

LA CIUDAD de PALACIOS
PLAN DE PARTICIPACIÓN DEL CIUDADANO
TEXAS GENERAL LAND OFFICE (GLO) PROGRAMA DE RECUPERACIÓN DE
DESASTRES (CDBG-DR) BLOQUE DE DESARROLLO COMUNITARIO

PROCEDIMIENTOS DE QUEJAS

Estos procedimientos de queja cumplen con los requisitos del Programa de Recuperación de Desastres (CDBG-DR) y los Requisitos de Gobiernos Locales del Código de Regulaciones Federales (CFR §570.486). Los ciudadanos pueden obtener una copia de estos procedimientos en la Ciudad de Palacios, 311 Henderson, Palacios, Texas 77465, 361-972-3605 (Teléfono) durante las horas de negocio.

A continuación se presentan los procedimientos formales de quejas y quejas en relación con los servicios prestados en el marco del proyecto (s) CDBG-DR.

1. Una persona que tenga una queja o queja acerca de cualquier servicio o actividad con respecto al (los) proyecto (s) CDBG-DR, si se trata de un proyecto (s) CDBG-DR propuesto, en curso o terminado, presentar dicha queja o queja, por escrito al P O Box 845 o puede llamar a 361-972-3605 (teléfono).
2. Una copia de la queja o queja será transmitida por el Alcalde de la Ciudad a la entidad que es el sujeto de la queja o queja y al Abogado de la Ciudad dentro de los cinco (5) días hábiles después de la fecha de la queja o queja fue recibida .
3. El Alcalde o Administrador de la Ciudad completará una investigación de la queja, si es factible, y proporcionará una respuesta escrita a tiempo a la persona que hizo la queja o queja dentro de diez (10) días.
4. Si la investigación no puede completarse dentro de los diez (10) días hábiles por no. 3 anterior, la persona que hizo la queja o queja será notificada por escrito dentro de los quince (15) días cuando sea posible después de recibir la queja o queja original y detallará cuándo debe concluirse la investigación.
5. Si es necesario, la queja y una copia escrita de la investigación posterior serán enviadas al programa CDBG-DR para su revisión y comentario.
6. Si es apropiado, proporcione copias de los procedimientos de quejas y respuestas a las quejas en inglés y español, u otro idioma apropiado.

ASISTENCIA TÉCNICA

Cuando se le solicite, la Ciudad proporcionará asistencia técnica a grupos que sean representativos de personas de ingreso bajo o moderado en el desarrollo de propuestas para el uso de fondos de CDBG-DR. La Ciudad, basado en las necesidades específicas de los residentes de la comunidad en el momento de la solicitud, determinará el nivel y tipo de asistencia.

ESFUERZOS PUBLICOS

La Ciudad proporcionará un aviso público razonable, evaluación, examen y comentario sobre las actividades propuestas para el uso de fondos de CDBG-DR. Estos esfuerzos incluirán:

1. Proveer y fomentar la participación ciudadana, en particular por personas de ingresos bajos y moderados que residen en áreas de tugurios o áreas deterioradas y áreas en las cuales se proponen utilizar fondos de CDBG-DR;
2. Asegurar que los ciudadanos tendrán acceso razonable y oportuno a las reuniones locales, información y registros relacionados con el uso propuesto y real de fondos de CDBG-DR por parte de la entidad;
3. Proporcionar información a los ciudadanos, incluyendo pero no limitado a:
 - a) la cantidad de fondos CDBG-DR que se espera estén disponibles
 - b) la gama de actividades que se pueden emprender con los fondos CDBG-DR
 - c) el monto estimado de los fondos CDBG-DR que se propone utilizar para actividades que cumplan el objetivo nacional de beneficio para personas de ingresos bajos y moderados
 - d) si procede, las actividades propuestas de CDBG-DR que puedan resultar en desplazamiento y el plan de desplazamiento y deslocalización de la entidad
4. Proporcionar a los ciudadanos un aviso anticipado razonable y la oportunidad de comentar sobre las actividades propuestas en una solicitud al estado y, para las subvenciones ya realizadas, actividades que se proponen agregar, eliminar o cambiar sustancialmente de la aplicación de la entidad al estado . Cambios sustanciales significa cambios hechos en términos de propósito, alcance, ubicación o beneficiarios según lo definido por los criterios establecidos por el estado; y
5. Estos esfuerzos de divulgación pueden lograrse a través de uno o más de los siguientes métodos:
 - a) Publicación de un aviso en un periódico local: se puede utilizar un artículo de periódico publicado siempre que proporcione información suficiente sobre las actividades del programa y las fechas pertinentes;
 - b) Avisos destacados en edificios públicos y distribuidos a las Autoridades Locales de Vivienda ya otros grupos comunitarios interesados;
 - c) Publicación de aviso en el sitio web de la entidad local (si está disponible);
 - d) Audiencia pública; o
 - e) Notificación individual a ciudades elegibles y otras entidades según sea aplicable usando uno o más de los siguientes métodos:
 - Correo certificado
 - Correo electrónico o fax
 - Correo de primera clase (normal)
 - Entrega personal (por ejemplo, en una reunión del Consejo de Gobiernos [COG])

DISPOSICIONES PARA LA AUDIENCIA PÚBLICA

Para cada audiencia pública programada y conducida por un solicitante o receptor de CDBG-DR, se observarán las siguientes disposiciones de audiencia pública:

1. Proporcionar a los ciudadanos información, que incluye pero no se limita a:
 - a) La cantidad de fondos de CDBG-DR disponibles por solicitud para Huracán Harvey;
 - b) El rango de actividades que se pueden realizar con los fondos de la CDBG de Huracán Harvey;
 - c) El monto estimado de los fondos de CDBG-DR Huracán Harvey propuestos para ser utilizados en actividades que cumplirán el objetivo nacional de beneficiar a las personas de ingresos bajos y moderados; y
 - d) Las actividades propuestas de CDBG-DR que probablemente resulten en desplazamiento y la unidad de los planes generales de antidesubicación y reubicación del gobierno local requeridos bajo 24 CFR 570.488
2. El aviso público de cualquier audiencia debe ser publicado por lo menos setenta y dos (72) horas antes de la audiencia programada. El aviso público debe ser publicado en un periódico local. Cada aviso público DEBE incluir la FECHA, TIEMPO, LOCALIZACIÓN y TEMAS a ser considerados en la audiencia pública. Un artículo de periódico publicado también puede usarse para cumplir este requisito, siempre y cuando cumpla con todos los requisitos de contenido y tiempo. Los avisos también deben ser destacados en los edificios públicos y distribuidos a las Autoridades Locales de Vivienda ya otros grupos comunitarios interesados.
3. Cada audiencia pública se celebrará en un momento y lugar conveniente para los beneficiarios potenciales o reales e incluirá alojamiento para personas con discapacidades. Las personas con discapacidades deben ser capaces de asistir a las audiencias y el solicitante debe hacer arreglos para las personas que requieren ayudas auxiliares o servicios si se ponen en contacto por lo menos dos días antes de cada audiencia.
4. Cuando un número significativo de residentes que no hablan inglés puede ser razonablemente esperado para participar en una audiencia pública, un intérprete estará presente para acomodar las necesidades de los residentes que no hablan inglés.
5. La Ciudad puede conducir una audiencia pública vía webinar si también siguen las disposiciones anteriores. Si el seminario web se utiliza para llevar a cabo una audiencia pública, debe ponerse a disposición de los ciudadanos un lugar físico con adaptaciones razonables asociadas para garantizar que los individuos sin la tecnología necesaria puedan participar.
6. Si es aplicable, la localidad debe conservar la documentación de los avisos de audiencia, las listas de asistencia, las actas de las audiencias y cualquier otro registro referente al uso real de los fondos por un período de tres años después del cierre del proyecto. Dichos

registros deben ponerse a disposición del público de conformidad con el Capítulo 552,
Código del Gobierno.

Glen Smith, Mayor
CITY OF PALACIOS

Date

CITY OF PALACIOS

P. O. Box 845 ★ PALACIOS, TEXAS 77465
PHONE (361) 972-3605 ★ FAX (361) 972-6555



WWW.CITYOFPALACIOS.ORG

City of Palacios

Procurement Policies and Procedures for Federal Grants

Policies

1. Those closely involved in the establishment of the written selection criteria and selection shall have no potential conflicts of interest with any of the individuals, firms, or agencies under review (e.g., family relationships, close friendships, business dealings). Any person who might potentially receive benefits from grant-assisted activities may not participate in the decision-making process. Nepotism and conflict of interest regulations can be found in the Texas Government Code Chapter 573, Texas Local Government Code Chapter 171, and 2 CFR 200.318(c)(1).
2. All procurement transactions will be conducted in a manner providing full and open competition.
 - a. No unreasonable requirements are placed on firms in order for them to qualify.
 - b. No unnecessary experience or excessive bonding required.
 - c. Noncompetitive pricing practices between firms or between affiliated companies is disallowed.
 - d. Noncompetitive contracts are disallowed except for when there is an approved exception
 - e. No organizational conflicts of interest
 - f. If a "brand name" product is specified, an equal or like product is acceptable.
 - g. A vendor that intends to respond to the Request for Proposals, Request for Qualifications and/or Invitation for Bid may not participate in the development or drafting of specifications, requirements, statements of work, or invitations for bids or requests for proposals, including, but not limited to, the development of the scoring criteria, the final selection of firms to be contacted, or the scoring of proposals.
3. All procurement transactions shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
4. All procurement transactions shall identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals
5. If the City of Palacios uses a prequalified list when acquiring goods or services, the City of Palacios will ensure the list is updated regularly, provides enough qualified sources to ensure maximum open and free competition.
6. All procurement transactions must conform to applicable local, state, and federal laws and regulations.
7. Small and minority businesses, women's business enterprises, and labor surplus area firms are encouraged to participate. If the awarded vendor is a prime contractor and may use subcontractors, the following affirmative steps are required of the prime contractor:
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - e. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

Procedures

Procurement Cycle Steps

Need Defined—City of Palacios department submits request and specifications. Purchaser reviews request and specifications for unnecessary or duplicative items in accordance with 2 CFR 200.318 (d).

Procurement Method Selected—Based on type and estimated cost of good/service as well as purchasing authority, purchaser determines the procurement method that will result in a best value acquisition for the City of Palacios.

Solicitation— City of Palacios creates the appropriate solicitation document, with terms and conditions and evaluation criteria clearly defined, and notifies vendor sources for an informal or formal bid process.

Receipt of Bids and Responses to Solicitation—Vendors submit their response to the solicitation.

Evaluation and Awards— City of Palacios review the responses from vendors, determine compliance with the solicitation and make an award recommendation based on the pre-defined best value criteria.

The City of Palacios will use one of the following five methods of procurement described at 2 CFR Section 200.320: (1) procurement by micro-purchases, (2) procurement by small purchase procedures, (3) procurement by sealed bids, (4) procurement by competitive proposals, or (5) procurement by noncompetitive proposals.

1. Simplified Acquisition Procedures for Purchases Below Micro-Purchase Threshold

For purposes of this section, the micro-purchase threshold is \$3,000.

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the City of Palacios must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

2. Small Purchase

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

For service contracts that are under the small purchase threshold and do not fall under professional services as defined in Section 2254.002(2) of Local Government Code, the City of Palacios may receive quotes and award the contract to any reasonable and responsible bidder. The local governing body has the final authority to award contracts.

3. Construction and Materials Contracts

In order for sealed bidding to be feasible, the following conditions should be present:

- a. A complete, adequate, and realistic specification or purchase description is available;
- b. Two or more responsible bidders are willing and able to compete effectively for the business; and
- c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- a. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

- b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- c. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - e. Any or all bids may be rejected if there is a sound documented reason.

4. Professional Services Contracts

This method is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- a. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- b. Proposals must be solicited from an adequate number of qualified sources;
- c. The City of Palacios must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- d. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- e. The City of Palacios may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

5. Noncompetitive Proposals

This method may be used only when one or more of the following circumstances apply:

- a. The item is available only from a single source;
- b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request; or
- d. After solicitation of a number of sources, competition is determined inadequate.

These Policies and Procedures are implemented through of the City of Palacios's administrative team of David Kocurek, City Manager; Clissa Mills, City Secretary; Tammy McDonald, City Treasurer; and Cathryn Gafford, Assistant City Treasurer.

Glen Smith, Mayor

Date

RESOLUTION NO. 2019-R-11

A RESOLUTION OF THE CITY OF PALACIOS, TEXAS, APPROVING AND ADOPTING A FRAUD PREVENTION AND DETECTION POLICY FOR THE CITY; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

WHEREAS, City Council has determined that the following policy regarding the prevention and detection of fraud within the city organization will provide additional help to the City in insuring that City funds are appropriately managed and used for the benefit of the citizens of Palacios, and

WHEREAS, the purpose of this resolution is to assist the City Council and the city administration in establishing and maintaining an ethical and honest business environment for all City employees, elected officials, customers, and residents of Palacios; NOW THEREFORE

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

SECTION 1: City Council approves and adopts the Fraud Prevention and Detection Policy attached hereto and marked as Exhibit "A".

SECTION 2: That this resolution shall become effective from and after the date of its passage.

PASSED, APPROVED, and ADOPTED on this the 23rd day of April, 2019.

CITY OF PALACIOS, TEXAS

GLEN SMITH, Mayor

ATTEST:

CLISSA MILLS, City Secretary

CITY OF PALACIOS

FRAUD PREVENTION AND DETECTION POLICY

EFFECTIVE DATE: February 26, 2013

INTRODUCTION

The City of Palacios is committed to the deterrence, detection and correction of misconduct and dishonesty to prevent fraud. Like all organizations, the City of Palacios is faced with the risks of misconduct relating to fraud. As with all business exposures, the City must be prepared to manage these risks and their potential impact in a professional manner.

Our goal is to establish and maintain an ethical and honest business environment for all City employees, elected officials, customers, and residents of our community. To maintain such an environment requires the active assistance of every city employee and our elected officials.

City employees, especially supervisors and department heads, must be aware of the circumstances, or "red flags", which lead to fraud and share in the commitment to prevent and detect fraud. For the purpose of this administrative procedure, fraud and intentional waste are referred to as "fraud".

This Fraud Prevention and Detection Policy is being established to facilitate the development of controls, which will aid in the detection and prevention of fraud against the City, to provide guidelines and to assign responsibility for the reporting of fraud and conducting of investigations regarding fraud, and to promote consistent behavior in the prevention and detection of fraud.

BACKGROUND

Studies have shown that "red flags" of fraud within an organization were ignored by the organization in almost 50% of the frauds reported. "Downsizing" and repositioning of an organization increases the risk of fraud. Internal controls are the best method of preventing fraud. Poorly written or poorly enforced internal controls allow most fraud to occur.

Fraud occurs for the following reasons (note: there were multiple reasons in some cases):

- Poor internal controls
- Management override of internal controls
- Type of organization (industry with high risk of fraud)
- Collusion between employees and third parties
- Poor or non-existent ethical standards
- Lack of control over managers by their supervisors

The most frequently cited "red flags" of fraud are:

- Changes in an employee's lifestyle, spending habits or behavior
- Poorly written or poorly enforced internal controls, policies and procedures
- Irregular/unexplained variances in financial information
- Inventory shortages
- Failure to take action on results of internal/external audits or reviews
- Unusually high expenses or purchases
- Frequent complaints from customers

- Missing files
- Ignored employee comments concerning possible fraud

Perpetrators of fraud typically live beyond their reasonably available means. Other indicators of fraud include the borrowing of small amounts of money from co-workers, collectors or creditors appearing at the place of business, excessive use of telephone to stall creditors, falsifying records, refusing to leave custody of records during the day, working excessive overtime, refusing vacations, and excessively rewriting records under the guise of neatness.

The following internal controls help prevent fraud:

- Adherence to all organizational procedures, especially those concerning documentation and authorization of transactions
- Physical security over assets such as locking doors and restricting access to certain areas
- Proper training of employees
- Independent review and monitoring of tasks
- Separation of duties so that no one employee is responsible for a transaction from start to finish
- Clear lines of authority
- Rotation of duties in positions more susceptible to fraud
- Ensuring that employees take regular vacations
- Regular independent audits of areas susceptible to fraud

SCOPE OF POLICY

This policy applies to any fraud, or suspected fraud, involving employees, department heads, officials, as well as consultants, vendors, contractors, and any other parties with a business relationship with the City of Palacios.

Any investigative activity required will be conducted without regard to the suspect's length of service, position/title or relationship to the City.

PURPOSE

The purpose of this document is to communicate the City's policy regarding deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instructions regarding appropriate actions in case of suspected violations. As applicable to this policy, the definition of what constitutes fraud and the outline of the rules and procedures to follow when fraud is suspected applies to all employees, department heads and elected officials.

POLICY

Department heads are responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct within their office. Each department head must be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the City Manager in writing.

For the purpose of this policy, fraud may be reported to the City Manager for review and investigation. If the investigation leads to the conclusion that fraud has resulted in City property loss, the jurisdiction that prosecutes, either the County Attorney or District Attorney, shall be determined as a matter of law. This policy does not prohibit a 'whistle blower' from contacting any law enforcement agency with jurisdictional authority directly. (example: Police Department, Sheriff's office, Texas Rangers, etc.)

Fraud, for the purposes of these administrative procedures, is defined within this policy and as a matter of law is defined for criminal prosecution in the Texas Penal Code, Title 7, Chapter 32 Fraud.

RESPONSIBILITIES

Employees: It is the responsibility of every employee to immediately report **suspected** misconduct, dishonesty or fraud to their supervisor or to the department head. However, if the employee has reason to suspect that the department head may also be involved; the employee should contact the City Manager directly. Every employee shall cooperate with administrative investigations pursuant to this administrative procedure. The employee shall not discuss the matter with anyone other than his/her supervisor, City Manager or as directed by the investigating agency. Failure to report suspected fraud could result in disciplinary action or possibly termination.

Supervisors: Supervisors must be aware of what can go wrong in their area of authority. Supervisors must put into place and maintain effective monitoring, review and control procedures that will prevent acts of impropriety. When subordinates make supervisors aware of such potential acts, the supervisor must immediately report such act to the City Manager.

The supervisor shall not attempt to investigate the suspected fraud. Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow-up steps on their own. **Concerned but uninformed managers represent one of the greatest threats to proper incident handling.** All relevant matters, including suspected by unproven matters, should be referred immediately to the City Manager or the investigating agency.

Once a potential act has been reported it becomes part of an on-going investigation, therefore, supervisors shall not discuss the matter with anyone other than the City Manager, or as directed by the investigating agency.

Any reprisal against an employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden, and such individual falls under the protection of the Whistle Blower Act.

PROCEDURES

Record Security: A successful audit/investigation can only be performed if the documentation relating to an alleged fraud is available for review in its original form. Therefore, once a suspected fraud is reported, a supervisor shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. Once a potential act has been reported, the relevant records shall not be destroyed under any previously adopted records retention policy.

Contacts/Protocols: The City Manager, or his designee, shall coordinate the investigation with the appropriate law enforcement officials.

Confidentiality: All participants in a fraud investigation shall keep the details and results of the investigation confidential except as expressly provided in this administrative procedure. However, the City Manager may discuss the investigation with any person if such discussion would further the investigation.

Personnel Actions: If a suspicion of fraud is substantiated by the audit investigation, disciplinary action shall be taken in conformance with the City's Personnel Policies and Procedures. A false and vindictive allegation of fraud is a violation of this administrative procedure. All violations of this administrative procedure, including violations of the confidentiality provisions, shall result in disciplinary actions up to and including termination.

Retaliation: It is a violation of this administrative procedure for any individual to be discriminated against for reporting fraud or for cooperating, giving testimony, or participating in an audit investigation, proceeding, or hearing. Such an individual falls under the protection of the Whistle Blower Act.

Media Issues - If the media becomes aware of an audit investigation, the appropriate supervisor shall refer the media to the City Manager. The alleged fraud and audit investigation shall not be discussed with the media other than through the City Manager's Office.

WHISTLE BLOWER ACT

A whistleblower is an employee who, in good faith, reports a violation of law by the public employer or another public employee to an appropriate law enforcement authority. The Texas Whistleblower Act protects Whistle blowing employees. In accordance the Government Code, Title 5, Chapter 554, no supervisor, department head or elected official, or person acting on behalf of such, may "suspend or terminate the employment of, or take other adverse personnel action against, a public employee who in good faith reports a violation of law by the employing governmental entity or by another public employee."

For the purpose of this policy, "other adverse personnel action against" a person reporting suspected fraud is defined as:

- Suspension or termination of employment
- Dismissing or threatening to dismiss an employee
- Disciplining or suspending or threatening to discipline or suspend an employee
- Imposing any penalty upon an employee
- Intimidating or coercing an employee

The Whistleblowers Act is predicated on the "good faith report" of a violation of the law and does not require showing that the employee acted with absence of malice. Employee malice does not negate the Whistleblower Act's protection if the employee's report of violation was honestly believed and objectively reasonable. Actual violation of the law is not required before the whistleblower receives protection of the Whistleblower Act; rather all that is required is that the employee has an objectively reasonable belief that a violation has occurred. Also, the employee is not required to prove that he or she was free from involvement in violation of law to show "good faith report" of violation of law under the Whistleblower Act.

However, an employee does not act in good faith, when his report of a violation of law is based entirely on unsubstantiated rumor and innuendo.

FALSE ACCUSATIONS

All employees must take great care in dealing with suspected dishonest or fraudulent activities to avoid:

- Incorrect accusations
- Treating employees unfairly
- Making statements that could lead to claims of false accusations or other offenses

Employees, supervisors or department heads that make false accusations may be subject to disciplinary action, up to and including termination of employment. Further, knowingly making a false statement that is material to a criminal investigation to a peace officer, or to any employee of a law enforcement agency that is authorized by the agency to conduct the investigation and that the actor knows is conducting the investigation, is a misdemeanor offense under the Texas Penal Code and could lead to criminal prosecution.

REPORTING FRAUD

As stated above any suspicions of fraud, waste or abuse including but not limited to illegal acts, such as theft, fraud, kickbacks, price fixing, or conflicts of interest by city employees, officials or its contractors should be reported to the City Manager in writing. This should be done in writing, if possible on the Fraud, Abuse and Waste Complaint Form that is attached at the end of this document. This form will also be published on the City's website and can be mailed to the following:

City Manager
PERSONAL AND CONFIDENTIAL
311 Henderson
Palacios, Texas 77465

If the report is about suspect fraud, waste or abuse involving the City Manager, the report should be addressed to the Mayor at the same address. The Mayor will then consult with the whole City Council as the response to such report. To report fraud, waste and abuse please describe your concern in detail. Provide the names of all individuals involved, including any other witnesses. Give the dates and times the incident(s) occurred and where it happened. State whether there is any supporting documentation such as license plate numbers, invoice numbers, transaction numbers, case numbers, check numbers or other document numbers. Copies of the supporting documentation can be sent in with the complaint form. Please identify yourself on the complaint form and give a phone number where it would be appropriate to call, so that the City Manager can follow-up on your concerns and complete a full investigation.

This reporting procedure is not intended for reporting improper activities by City, State or Federal employees (unless related to specific City activity) or by private parties not related to the City of Palacios government.

DEFINITION OF FRAUD

Fraud, for the purposes of these administrative procedures, is defined within this policy and as a matter of law is defined for criminal prosecution in the Texas Penal Code, Title 7, Chapter 32 Fraud.

Fraud generally involves a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. For the purposes of this Policy, the definition has been broadened to include:

- An intentional or deliberate act
- To deprive the City or a person of something of value or gain an unfair benefit
- Using deceptive, false suggestions, suppressions of truth, or other unfair means which are believed or relied upon
- Intentional waste or abuse of City funds, property or time

A fraudulent act may be an illegal, unethical, improper or dishonest act including, but not limited to:

- Embezzlement
- Misappropriation, misapplication, destruction, removal, or concealment of property
- Forgery, alteration or falsification of documents/records (including but not limited to checks, time sheets, contracts, other financial records, court documents, or electronic files)
- Improprieties in handling or reporting of money or financial transactions
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked
- Serious abuse of City time such as unauthorized time away from work or excessive use of City time for personal business
- Theft or unauthorized removal of City records, City property or the property of other persons (to include the property of employees, supervisors, consumers, clients, customers or visitors)
- Willful destruction or damage of City records, City property or the property of other persons (to include the property of employees, supervisors, consumers, clients, customers, inmates or visitors)
- Neglecting or subverting job responsibilities in exchange for an actual or promised reward
- False claims by employees, department heads, elected officials, vendors as well as consultants, contractors, and any other parties with a business relationship with the City of Palacios
- Theft of any assets including, but not limited to money or tangible property
- Inappropriate use of computer systems, including hacking and software piracy

- Bribery, rebate or kickbacks
- Conflict of interest
- Misrepresentation of fact

DISPOSITION OF INVESTIGATION

If the investigation leads to the conclusion that fraud has resulted in City property loss, the City Manager shall report such loss to City Council. The City Manager shall vigorously enforce the laws of the State of Texas against person or persons who defraud the City and seek full restitution from such person or persons for any property loss.

Upon completion of the investigation and all legal and personnel actions, the investigative offices will return records to the appropriate department.

RESOLUTION NO. 2019-R-12

A RESOLUTION OF THE CITY OF PALACIOS, TEXAS, APPROVING AND REAFFIRMING A FUNDS BALANCE POLICY FOR THE CITY IN ACCORDANCE WITH GASB STATEMENT 54 REQUIREMENTS; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

WHEREAS, the Governmental Accounting Standards Board (“GASB”) has adopted Statement 54, a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal year starting after October 1, 2010; and

WHEREAS, the Palacios City Council (“Council”) elected to implement GASB54 requirements, and to apply such requirements to its financial statements beginning with the October 1, 2012 - September 30, 2013 fiscal year and has followed this policy in all subsequent fiscal years; and

WHEREAS, the Council affirms its implementation of GASB54 requirements by reapproving them by this resolution, and committing to following this policy in this and future fiscal year, unless subsequently amended; NOW THEREFORE,

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

SECTION 1: That the City Council hereby approves and reaffirms the following policy and authorizes the City Manager to update the City’s Financial Management Policies accordingly:

FUND BALANCE POLICY

Purpose. The following policy has been adopted by the City Council of the City of Palacios (“the City”) in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. This policy will ensure that the City maintains adequate fund balances and reserves in order to:

- α. Provide sufficient cash flow for daily financial needs,
- β. Secure and maintain investment grade bond ratings,
- χ. Offset significant economic downturns or revenue shortfalls, and
- δ. Provide funds for unforeseen expenditures related to emergencies.

This policy and the procedures promulgated under it supersede all previous regulations regarding the City’s fund balance and reserve policies.

Fund type definitions. The following definitions will be used in reporting activity in governmental funds across the City. The City may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in other funds.

Special revenue funds are used to account and report the proceeds of *specific revenue sources* that are *restricted* or *committed* to expenditures for *specific purposes*, other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditures for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditures for the acquisition or construction of capital assets.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Amounts not in spendable form include: inventories and prepaid items, some general fund long-term loans (including advances to other funds) and some general fund property held for resale.

An example of an amount that is legally or contractually required to remain intact is the principal of a permanent fund.

Restricted Fund Balance

Definition- includes amounts that can be used only for specific purposes stipulated by the constitution, external resource providers or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the City Council. A majority vote is required to approve a commitment and a majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign – The City Council delegates to the City Manager or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for amounts that have been restricted, committed, or assigned.

Operational guidelines. The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for resources that have already been restricted, committed or assigned, should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for amounts that have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes where both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes where amounts in any of the unrestricted fund balances classifications could be used, it shall be the policy of the City that committed amounts will be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – The City will maintain a minimum unassigned fund balance in its General Fund ranging from fifteen percent (15%) to twenty percent (20%) of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash-flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – when fund balance falls below the minimum fifteen percent (15%) range, the City will replenish shortages/deficiencies using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the City to replenish funding deficiencies:

- The City will reduce recurring expenditures to eliminate any structural deficit;
- The City will increase revenues or pursue other funding sources; or
- Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished with the following time periods:

- Deficiency resulting in a minimum fund balance between twelve and a half percent (12.5%) and fifteen percent (15%), shall be replenished over a period not to exceed one year.
- Deficiency resulting in a minimum fund balance between ten percent (10%) and twelve and a half percent (12.5%) shall be replenished over a period not to exceed one and a half years.

Surplus fund balance – Should unassigned fund balance of the General Fund ever exceed the maximum twenty percent (20%) range, the City will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

Implementation and review. Upon adoption of this policy, the City Manager is authorized to establish any standards and/or procedures that may be necessary for its implementation. The City Manager shall review this policy at least annually and make any recommendations for changes to the City Council.

SECTION 2: That this resolution shall become effective from and after the date of its passage.

PASSED, APPROVED, and ADOPTED on this the 23rd day of April, 2019.

CITY OF PALACIOS, TEXAS

GLEN SMITH, Mayor

ATTEST:

CLISSA MILLS, City Secretary

cmills@cityofpalacios.org

From: dkocurek@cityofpalacios.org
Sent: Thursday, April 18, 2019 2:18 PM
To: cmills@cityofpalacios.org
Subject: FW: Letter of resignation for Donny Tran

From: Pam Oliver <copedc@tisd.net>
Sent: Thursday, April 18, 2019 9:31 AM
To: dkocurek@cityofpalacios.org
Subject: FW: Letter of resignation for Donny Tran

David,

Below please find Donny Tran's Letter of Resignation.

Thanks!

HAVE A GREAT DAY !

Pam Oliver , Executive Director
Palacios Chamber of Commerce
420 Main Street
Palacios, Texas 77465
361-972-2615
www.palacioschamber.com
palcoc@tisd.net
palcoc@nwcable.net
<http://www.facebook.com/Palacioschamber> Like our Facebook Page!

From: Donny Tran [<mailto:donnytran76@gmail.com>]
Sent: Wednesday, January 23, 2019 12:20 PM
To: Pam Oliver
Subject: Letter of resignation

Hi pam!

After a few years with the pedc I decided to resign. I feel there may be someone out there that can fulfill my position that can benefit the pedc and community. Even though I'm out I still would like to help you all with events or translation in the Asian community. Please feel free to call me.
Thanks again for the opportunity to serve the pedc!

Donny Tran



GLEN SMITH – Mayor
 JOHNNY TRAN – Councilmember Place 1
 DONNA HARVEY SCHULMAN – Councilmember Place 2
 MARY CROCKER – Councilmember Place 3
 TROY LEWIS – Councilmember Place 4
 ANDY ERDELT – Councilmember Place 5
 STEPHEN MCGOVERN – Councilmember Place 6

**CITY OF PALACIOS
 CITY COUNCIL REGULAR MEETING MINUTES
 April 9, 2019**

REGULAR COUNCIL MEETING 7PM

CALL TO ORDER – Mayor Glen Smith at 7:00 pm
INVOCATION – Councilmember McGovern
PLEDGE OF ALLEGIANCE – Councilmember Tran
PLEDGE TO TEXAS FLAG – Councilmember Tran
PLEDGE TO PALACIOS FLAG – Councilmember Tran

VISITOR / CITIZEN FORUM

There were no visitor/citizen comments.

ADMINISTRATIVE REPORTS

1. Spring Clean Up Day is April 27, 2019, 8am to 1pm
2. LaBelle Day by the Bay – April 27, 2019 at Palacios Pavilion
3. Beachside Development Lot Sale – April 27, 2019

ITEMS TO BE CONSIDERED

1. Discuss and consider action to approve the following consent agenda items:
 Minutes of the March 26, 2019 Regular Council Meeting
 Excuse the absence of Councilmember Tran from the March 26, 2019 Regular Council Meeting
 Councilmember Crocker motioned to approve the minutes and excuse the absence of Councilmember Tran from the March 26, 2019 regular council meeting
 Councilmember McGovern seconded
 There was no opposition
 With no opposition, the motion carried

Council Adjourned for Executive Session at 7:08pm

EXECUTIVE SESSION

In accordance with Chapter 551, Government Code, (Open Meetings Law) the Council May go into Executive (closed) session in order to:

Consult with its attorney (551.071)

Discuss Real Estate transaction (551.072)

Deliberation regarding prospective gifts or donation (551.073)

Discuss personnel matters (551.074)

1. City Manager Annual review

Deliberation regarding security devices (551.076)

Discuss economic development negotiations (551.087)

Council to reconvene in open session for official action: Council reconvened in open session at 8:12 pm

ACTION ON EXECUTIVE SESSION:

a. Discuss personnel matters – City Manager annual review

Council discussed the City Manager's annual review

ADJOURN

Councilmember Tran motioned to adjourn the meeting at 8:14pm

Councilmember Lewis seconded

There was no opposition

With no opposition, the motion carried

Glen Smith, Mayor

Clissa Mills, City Secretary