



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  
 May 14, 2019**

Notice is hereby given of a Regular Council Meeting of the Palacios City Council to be held May 14, 2019, beginning at 6:30 p.m. in the Council Chambers of City Hall, 311 Henderson Avenue, Palacios, TX, for the purpose of considering the following items:

**RECEPTION 6:30 PM**

A reception will be held for newly elected City Council Members and outgoing members.

**REGULAR COUNCIL MEETING 7:00 PM**

**CALL TO ORDER**

**INVOCATION** – Councilmember Erdelt

**PLEDGE OF ALLEGIANCE** – Councilmember Crocker

**PLEDGE TO TEXAS FLAG** – Councilmember Crocker

**PLEDGE TO PALACIOS FLAG** – Councilmember Crocker

**VISITOR / CITIZEN FORUM**

**PROCLAMATION** – Proclaim the week of May 12-18<sup>th</sup>, 2019 as National Law Enforcement week

**PROCLAMATION** – Proclaim the week of May 19-25<sup>th</sup>, 2019 as National Public Works week

**ADMINISTRATIVE REPORTS**

1. Boys & Girls Club Denim & Diamonds Dinner/Dance at Beneath the Oaks on Thursday, May 16, 2019
2. 8<sup>th</sup> Annual Memorial commemoration BBQ Kickoff and Kickball Tournament on May 24-25<sup>th</sup>, 2019
3. Palacios Community HUB Golf Tournament Fundraiser – Saturday June 15, 2019

## ITEMS TO BE CONSIDERED

1. Issue Certificate of Election and Administer the Oath of Office to Mary Crocker for City Council Position 3, Troy Lewis for City Council Position 4, and Wayne Dodd for City Council Position 5
2. Discuss and consider action to accept the City of Palacios Budget Calendar Fiscal Year 2019-2020
3. Discuss and consider adopting Resolution 2019-R-15 budget adjustments for 2018-2019 budget.
4. Discuss and consider action to approve updates to the City of Palacios Personnel Policy regarding accrual rates for sick leave and vacation leave
5. Discuss and consider adopting Resolution 2019-R-10 adopting an investment policy and providing for the effective date thereof
6. Discuss and consider adopting Resolution 2019-R-14 accepting the grant from Rebuild Texas in the amount of \$85,000.00 for a generator at city hall.
7. Reject bids for Downtown Revitalization Project and approve to readvertise for bids for the Downtown Revitalization Project.

## 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 May 14, 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 May 10, 2019.

Tammy McDonald

Tammy McDonald, City Treasurer

Filed 4:30p.m.  
TM

**City of Palacios Budget Calendar**  
**Fiscal Year 2019-2020**

**May 14, 2019 – Regular City Council Meeting – 7:00 pm**

- a. Discuss and consider approving the Budget Calendar

**June 25, 2019 – Budget Workshop – 6:00 pm**

**Regular City County Meeting – 7:00 pm**

**July 23, 2019 – Budget Workshop – 6:30 pm**

**Regular City County Meeting – 7:00 pm**

**July 26, 2019 – Submit proposed budget to City Secretary**

**August 6, 2019 – Special City Council Meeting – 7:00 pm**

- a. Discuss and consider setting the proposed tax rate
- b. If rate will exceed the lower of effective or rollback rate, take a record vote on the specified rate.
- c. Schedule the date to ratify tax rate.
- d. Schedule 2 public hearings on the proposed tax rate.
- e. Schedule public hearing on the Budget

**August 9, 2019 – Palacios Beacon Deadline to publish following Wednesday**

- a. Send “Notice of 2019 Tax Year Proposed Tax Rate for City of Palacios”
- b. Create and Send Notice of the Public Hearing on the Budget

**August 14, 2019 – Publication of Tax Rate Hearing Notice**

**August 14, 2019 – Publication of Budget Rate Hearing Notice**

**August 27 2019 – City Council Meeting – 7:00 pm**

- a. First Public Hearing on tax rate – 6:45 p.m.
- b. Announce date, time, and location of meeting to adopt the tax rate

**September 3, 2019 – Special City Council Meeting – 6:30 pm**

- a. Public Hearing on Proposed Budget -6:30
- b. Second Public Hearing on tax rate – 6:45
- c. Announce date, time, and location of meeting to adopt budget and tax rate

**September 10, 2019 – City Council Meeting – 7:00 pm**

- a. Adopt Budget
- b. Adopt Property Tax Rate

City of Palacios  
Budget Calendar  
Fiscal Year 2019-2020

Date	Activity	Governing Legislation
July 26 ( Fri)	Deadline to prepare proposed budget document, including budget message. If proposed budget will raise more property tax revenues than previous year, include cover page with mandatory statement specified by law	LGC 102.003 LGC 102.005(b)
July 26 ( Fri)	Last day to file proposed budget and accompanying budget message with City Council members and City Secretary. Must be available for public inspection for at least 30 days before City Council will make tax levy	LGC 102.005(a) LGC 102.005(c)
July 26 ( Fri)	Post proposed budget on City website	LGC 102.005©
July 26 ( Fri)	Post 72-Hour notice at City Hall of meeting to discuss property tax rate	
August 6 (Tues)	Special Meeting for City Council to discuss proposed property tax rate. If proposed rate will exceed lower of the effective tax rate or the rollback rate, take a record vote on specified rate and schedule 2 public hearings.	
August 7 (Wed)	Send proposed tax rate and public hearing dates to County Tax Assessor along with the description of the purpose of the tax increase to provide Notice for Proposed Tax Rate	
August 9 (Fri)	Send "Notice of 2019 Tax Year Proposed Tax Rate for City of Palacios" to the Beacon to publish following Wednesday. Also, post notice on City's Website	
August 9 (Fri)	Create and send Notice of Public Hearing on Budget to Beacon to be published no more than 30 days and no less than 10 days before the public hearing on proposed budget	
August 14 (Wed)	Publish "Notice of 2019 Tax Year Proposed Tax Rate for City of Palacios" in newspaper. - If proposed rate <u>does not exceed</u> lower of effective tax rate or rollback tax rate, use shorter version of notice as prescribed by LGC 140.010 (d) and publish in newspaper and post on City's website no later than the later of September 1 or the 30th day after receiving the certified appraisal roll. - If proposed rate <u>exceeds</u> lower of the effective tax rate or rollback rate, use the longer version of notice as prescribed by LGC 140.010(e) and publish in newspaper and post on City's website at least 7 days before the first public hearing and no later than the later of September 1 or the 30th day after receiving the certified appraisal roll. - Newspaper notice must be one-quarter page or larger, headline must be 24-point or larger, and it must not be published in legal notices and classified section. Notice must be posted on City's website until adopted.	TC 26.06(a) TC 26.06(b) TC 26.06©, and TC 26.065, with portions superseded by LGC 140.010



1. Discuss and consider approving the following updates to the City of Palacios Personnel Policy Manual:
  - a) 6.07-B – Accrual Rate – updated to reflect that sick leave is accrued at 6.67 hours per month (no longer quarterly accrual)
  - b) 6.09 – updated to reflect that vacation leave is accrued at 6.67 hours per month for employees up to 10 years of service and 10 hours per month for employees after 10 years of service (no longer quarterly accrual)

## *City of Palacios, Personnel Policy Manual*

### 6.07 SICK LEAVE

Sick leave is paid time away from work due to a bona fide illness or injury that prevents the employee from working, for visits to the doctor or dentist, or to care for certain family members who are ill or injured. Employees who are unable to work due to illness or injury or other situations covered by this policy must immediately notify the appropriate supervisor in accordance with the procedures adopted by their Department.

- A. **Eligibility** All full-time employees begin accruing paid sick leave from date of employment and that time will be credited for employee's use upon the completion of the 90 day orientation period. Sick leave accruals are prorated based upon employment date. If employed prior to the fifteenth (15<sup>th</sup>) of the month, an employee will accrue the full 6.66 hours for that month. If employed after the sixteenth (16<sup>th</sup>) through the end of the month, the employee will not accrue sick leave hours for that month. Employees do not receive paid sick leave until completion of the 90 day orientation period unless approved by their supervisor and/or Department Director. Part-time, temporary and seasonal employees do not accrue sick leave. An employee who is released for and offered light duty by the City, but who elects not to accept such assignment, will generally be ineligible for paid sick leave benefits.
- B. **Accrual Rate** Sick leave for employees shall be computed on the basis of six point six seven (6.67) hours per month employed in a calendar year, so as to total eighty (80) hours to a full-time employee's credit each 12 months. Sick leave accrues only during pay periods in which the employee works or is otherwise on an approved paid leave status.
- C. **Maximum Accrual** The accumulation of sick time is unlimited.
- D. **Authorized Use of Sick Leave**
1. **For the employee** Accrued sick leave may be used for absences due to the employee's bona fide personal illness, accident, injury that prevents working
  2. **For the employee's immediate family** Sick leave may also be used for absences when needed to care for a member of the employee's immediate family who is ill or injured. For purposes of this policy, "immediate family" is defined as the employee's parent, current spouse, and children/stepchildren. In the event of a life-threatening illness or injury of the employee's family member who does not meet the definition of "immediate family," the Department Director (and in the case of Department Directors, the City Manager) may allow the employee the use of accrued sick leave. Sick leave may also be used by employees for their own and /or their immediate family's scheduled doctor and dentist appointments.
- E. **Failure to Report Absence/ Abuse of Sick Leave** Supervisors closely monitor use of sick leave. It is anticipated that employees using paid City sick time for their own illness/injury or that of a family member will use their sick leave time to recuperate or care for their

# *City of Palacios, Personnel Policy Manual*

## **6.09 VACATION LEAVE**

Regular full-time employees accrue vacation leave on a monthly basis and vacation is prorated based on the date of employment. Vacation leave accrues at the rate of six point six seven (6.67) hours per month of service for a total of eighty (80) hours or ten days vacation leave per year. After ten (10) years of continuous service, vacation leave accrues at the rate of ten (10) hours or per month of service for a total of one hundred and twenty (120) hours or fifteen days per year.

Regular part-time, temporary, and seasonal employees do not earn vacation leave.

Official City-observed holidays occurring while an employee is on approved paid leave are considered paid holidays and do not affect vacation leave balances. Paid vacation leave is not considered hours worked for purposes of performing overtime calculations. Only scheduled working days taken off shall be counted as vacation days.

- A. **Use and Scheduling of Vacation Leave** Vacation leave is an earned benefit intended to provide employees with paid time away from the work environment to pursue activities that will promote the well being of the individual. Vacation leave may also be used for purposes of attending to personal business, extension of sick leave when sick leave is exhausted, inability to get to work because of inclement weather, or for other purposes. Employees must schedule their annual vacation leave in accordance with their Department's guidelines governing vacation scheduling and utilizing the Leave Request Form. Whenever possible, vacation time will be scheduled at the convenience of employees. However, Department Directors must be certain that vacations do not interfere with the normal functions and activities of department operations. Whenever possible, employees are encouraged to submit their preferred vacation schedule to the appropriate supervisor as far in advance as possible to relieve any scheduling problems that may develop. To ensure proper payment of vacation pay, employees must make sure they have an approved vacation request on file before leaving for vacation.
  
- B. **Maximum Carryover** The maximum number of vacation hours that may be carried over is 120 or fifteen (15) days except in extenuating circumstances as determined by the City Manager. All hours in excess of the maximum will be forfeited at the end of December (except as otherwise provided for in this policy.) If the needs of the City and/or Department preclude the taking of a scheduled vacation, the City Manager may defer an employee's scheduled vacation leave. In such cases, the City Manager shall grant the employee's deferred vacation leave to be taken within 30 days or payment will be made to the affected employee for the deferred vacation hours. All vacation carryover granted by City Manager must be forwarded to Payroll after approval.
  
- C. **Compensation for Vacation Leave** Vacation is paid at the employee's base rate at the time of vacation. It does not include overtime or any special forms of compensation. Vacation time is paid only for hours the employee would ordinarily have worked.

Upon termination, retirement, resignation, or death, an employee shall be paid for accrued vacation leave up to a maximum of 120 hours or fifteen (15) days at the rate of pay the

**RESOLUTION NO. 2019-R-10**

**A RESOLUTION OF THE CITY OF PALACIOS, TEXAS, ADOPTING AN INVESTMENT POLICY AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.**

**WHEREAS**, Texas Municipalities are required to review their investment policies not less than annually pursuant to Chapter 2256 of the Texas Government Code, also known as the Public Funds Investment Act; and

**WHEREAS**, the administration has submitted to City Council for its review the City's investment policy and any recommended changes, and such policy and recommendations are attached hereto; and

**WHEREAS**, City Council has reviewed the attached policy and determined it should be approved as the City's investment policy; **NOW THEREFORE**,

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

SECTION 1. That the City of Palacios Investment Policy, a copy of which is attached hereto as Exhibit "A" is hereby approved and adopted as the investment policy of the City of Palacios.

SECTION 2. This Resolution shall become effective immediately after its approval and adoption.

PASSED, APPROVED AND ADOPTED on this 14<sup>th</sup> day of May, 2019.

CITY OF PALACIOS, TEXAS

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GLEN SMITH, Mayor

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CLISSA MILLS, City Secretary

# **CITY OF PALACIOS, TEXAS**

## **INVESTMENT POLICY**

### **I. POLICY STATEMENT**

It is the policy of the City of Palacios that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state statutes governing the investment of public funds.

It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. The earnings from investments will be used in a manner that best serves the interest of the City.

### **II. SCOPE**

This investment policy applies to all the financial assets and funds of the City. The City commingles its funds into one pooled investment fund for investment purposes to provide efficiency and maximum investment opportunity. These funds are defined in the City's Comprehensive Annual Financial Report (CAFR).

And any new funds created by the City unless specifically exempted by the City Council and this policy.

### **III. OBJECTIVES AND STRATEGY**

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit and maturity. The choice of high-grade government investments and high-grade, money market instruments are designed to assure the marketability of those requirements. The maximum weighted average maturity of the overall portfolio may not exceed one (1) year.

#### **Safety of Principal**

Safety of principal is the foremost object of the City. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

## Liquidity

The City's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable to meet all operating requirements which might be reasonably anticipated.

## Diversification

Diversification of the portfolio will include diversification by maturity and market sector.

## Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account the City's risk constraints and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current 91 Day U.S. Treasury Bill.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability/flow. The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

## **IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY**

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

## **V. DELEGATION OF INVESTMENT AUTHORITY**

The City Treasurer acting on behalf of the City is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

The City Treasurer and designated staff person shall attend at least one investment training session within 12 months after taking such position. The City Treasurer and designated staff person shall attend eight hours of training every two years thereafter, with the first such two-year period beginning on the first day of the City fiscal year after the year in which the Investment Officer takes the initial training.

## **VI. PRUDENCE**

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. This standard states;

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

### Limitation of Personal Liability

The investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

## **VII. INTERNAL CONTROLS**

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the City. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City. Cash flow forecasting is designed to protect and sustain cash flow requirements of the City.

Any security requiring a minimum rating by the Public Funds Investment Act and this Policy shall not be authorized during the time that the security does not hold at least the minimum rating. The Investment Officer will monitor, on at least a weekly basis, the credit rating and should that rating fall below accepted levels; the Investment Officer will immediately advise the City Manager of the loss of rating and the possible loss of principal. The City Manager and Investment Officer shall take all prudent measures consistent with this policy to liquidate any investment that does not have at least the minimum required rating.

The Investment Officer shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information

from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer shall immediately liquidate any brokered CD in an amount above the FDIC insurance level.

## **VIII. AUTHORIZED INVESTMENTS**

Acceptable investments under this policy shall be limited to the instruments listed below and as further defined and described by the Public Funds Investment Act.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMOs);
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed one year to stated maturity, guaranteed or insured by the FDIC or its successor or as collateralized by this policy;
- C. Commercial paper rated A-1/P-1 or the equivalent by at least two nationally recognized rating agencies not to exceed 180 days to stated maturity;
- D. Repurchase agreement and reverse repurchase agreements as defined by the Public Funds Investment Act, not to exceed 180 days to stated maturity, provided an executed PSA Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer;
- E. SEC registered money market mutual funds as defined by the Act.
- F. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act;
- G. FDIC insured brokered certificates of deposit securities from a bank in any US state, delivered versus payment, to the City's safekeeping agent, not to exceed one year to maturity invested through either 1) a broker that has its main office or a branch office in Texas and is selected from the list adopted by the City pursuant to Texas Government Code Section 2256.025; or a depository institution that has its main office or branch office in Texas and has been selected by the City pursuant to this policy. Before purchase, the Investment Officer must verify the FDIC status of the bank on [fdic.gov](http://fdic.gov) (bankfind) to assure that the bank is FDIC insured; and,

No additional security will be eligible for investment by the City until this policy has been amended and the amended version approved by the City Council. *Exceptions* to investment maturities may be approved by council in order to meet debt service requirements

### Competitive Bidding Requirement

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the City is receiving fair market value/price for the investment.

### Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis. Funds shall not be released until receipt of the security by the City's approved custodian.

## **IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The City Council will review the list of authorized broker/dealers annually. The Investment Officer will obtain and maintain information on each broker/dealer.

Securities broker/dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve as primary dealers or regional broker/dealers who report to and are audited by Finra and the SEC and meet other criteria as determined by the Investment Officer. A list of no more than five (5) authorized broker/dealers will be established and maintained. The firms on the list must supply the following documents to be maintained by the Finance Department:

- audited financial statement for the most recent period,
- proof of certification by the National Association of Securities Dealers (NASD),
- proof of current registration with the State Securities Commission, and

Every broker/dealer and bank with which the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

## **X. DIVERSIFICATION AND MATURITY LIMITATIONS**

It is the policy of the City to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<b>Security Type</b>	<b>Max % of Portfolio</b>
US Obligations	not to exceed 80%
US Agencies/Instrumentalities	not to exceed 80%
-MB Securities	not to exceed 50%
Certificates of Deposits	not to exceed 40%
Commercial Paper	not to exceed 25%
Repurchase Agreements	not to exceed 40%
Money Market Funds	100%
Local Government Investment Pools	100%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk.

Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year.

#### **XI. SAFEKEEPING AND COLLATERALIZATION**

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by either the City, an independent third party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City for time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank where the securities are pledged. The bank is responsible for monitoring collateral.

#### Collateralization

Collateralization shall be required on all deposits including certificates of deposit over the FDIC insurance coverage of \$250,000, and repurchase agreements. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of time and demand deposits plus any certificates of deposits at all times. The bank will be responsible for monitoring and maintaining collateral margins on a daily basis. Collateral will be held by an independent third party safekeeping agent.

## **XII. PERFORMANCE EVALUATION AND REPORTING**

The Investment Officer shall submit quarterly reports to the City Council and Mayor containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program and consistent with statutory requirements.

## **XIII. DEPOSITORIES**

The City shall designate one banking institution through a formal request for proposal (RFP) in accordance with the Texas Local Government Code Chapter 105, subchapter B as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping securities. The depository/collateral agreement will be executed in compliance with the Financial Institutions Resource and Recovery Act (FIRREA) and approved by the bank board or loan committee by resolution. Other banking institutions from which the City may purchase certificates of deposit will also be designated after they provide their latest audited financial statements to the City.

## **XIV. INVESTMENT POLICY ADOPTION BY CITY**

The City's investment policy shall be adopted by the City Council. The policy and strategies shall be reviewed on an annual basis by the Council. A written resolution approving said review and changes to the policy from the review will be passed and recorded by the Council.

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GLEN SMITH, MAYOR  
CITY OF PALACIOS, TEXAS

ATTEST:

\_\_\_\_\_  
Clissa Mills, City Secretary

RESOLUTION NO. 2019-R-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALACIOS, TEXAS AUTHORIZING ACCEPTING THE REBUILD TEXAS GRANT; AND AUTHORIZING THE MAYOR TO SIGN AND THE CITY SECRETARY TO ATTEST TO SAID GRANT ACCEPTANCE.

WHEREAS, Rebuild Texas offers grants to assist governmental entities such as the City of Palacios in upgrading equipment used by the City in providing emergency services to its citizens; and

WHEREAS, the City Council of the City of Palacios has determined it is in the best interest of the City to accept a grant from Rebuild Texas, which administers such grants, to upgrade equipment used by City Hall;

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

SECTION 1: That the City Council of the City of Palacios approves accepting a Rebuild Texas.

SECTION 2: The Mayor and the City Secretary are hereby authorized and directed to sign and attest to said grant acceptance on behalf of the City of Palacios.

SECTION 5: That this resolution shall become effective from and after the date of its passage.

PASSED, APPROVED, and ADOPTED on this the 14<sup>th</sup> day of May, 2019.

CITY OF PALACIOS, TEXAS

\_\_\_\_\_  
Glen Smith, Mayor

ATTEST:

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CLISSA MILLS, City Secretary