

AGENDA

**CITY COUNCIL WORK SESSION
City of Garland
Work Session Room, City Hall
200 North Fifth Street, Garland, Texas
May 14, 2012**

Council will meet beginning at 5:30 p.m.

Executive Session

- 1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, TEX. GOV'T CODE.**
 - a. Attorney/client discussion regarding Vision Energy Consultants, Inc.**

DEFINITIONS:

Written Briefing: Items that generally do not require a presentation or discussion by the staff or Council. On these items the staff is seeking direction from the Council or providing information in a written format.

Verbal Briefing: These items do not require written background information or are an update on items previously discussed by the Council.

Regular Item: These items generally require discussion between the Council and staff, boards, commissions, or consultants. These items are often accompanied by a formal presentation followed by discussion.

**[Public comment will not be accepted during Work Session
unless Council determines otherwise.]**

NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

(1) Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, TEX. GOV'T CODE.

(2) The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, TEX. GOV'T CODE.

(3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, TEX. GOV'T CODE.

(4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, TEX. GOV'T CODE.

(5) The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, TEX. GOV'T CODE.

(6) Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or
to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, TEX. GOV'T CODE.

(7) Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; TEX. GOV'T CODE; Sec. 552.133, TEX. GOV'T CODE]

(6:00) 1. Written Briefings:

a. Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) – “Click It or Ticket” Grant

Council is requested to consider authorizing the Police Department to accept a TxDOT STEP – “Click It or Ticket” grant. This fully funded grant in the amount of \$9,000 will provide 100% salary reimbursement for officers conducting increased safety belt compliance during the enforcement period, May 21 – June 3, 2012. This item is scheduled for formal consideration at the May 15, 2012 Regular Meeting.

b. Drainage Improvement Agreement with SpringPark Homeowners Association

The SpringPark Homeowners Association and City staff have been working to develop an agreement to design and construct erosion protection improvements along Spring Creek within SpringPark. The City routinely participates with homeowners, property owners, and associations to share in the cost of mitigating impacts from erosion in accordance with the provisions contained in the Drainage Improvement District Ordinance. The drainage category of the Capital Improvement Program includes funding for these types of projects. This item is scheduled for formal consideration at the May 15, 2012 Regular Meeting.

c. Depository Bank Contract

Council is requested to consider a depository bank contract with a financial institution that is qualified to meet the City’s corporate banking needs in accordance with Council Policy FIN-06. It is recommended that Council authorize the City Manager to execute a depository bank contract and related agreements with JP Morgan Chase Bank for the period July 1, 2012 through June 30, 2014. The depository bank contract contains three one-year extension options. The advantages of selecting JP Morgan Chase Bank as the depository include the availability of desired bank services, the established relationship that currently exists with JP Morgan Chase Bank and favorable fees. If Council concurs, this item will be scheduled for formal consideration at the June 5, 2012 Regular Meeting.

d. Proposed Bond Sale

On February 21, 2012, Council approved the 2012 Capital Improvement Program (CIP), which contemplates a certificate of obligation bond sale in the approximate amount of \$6.8 million and a Water and Sewer Utility System Revenue Bond sale in the approximate amount of \$8.4 million to fund a portion of the CIP. Council is requested to authorize staff to proceed with the debt sales to fund the approved CIP. If Council concurs, this item will be scheduled for formal consideration at the June 5, 2012 Regular Meeting.

e. Investment Policy Revisions

Council is requested to consider revisions to three sections of City Council Policy FIN-06, Statement of Investment. These revisions are recommended for improvement and clarification purposes. If Council concurs, this item will be scheduled for formal consideration at the June 5, 2012 Regular Meeting.

f. Deny Atmos Rate Change Request

Council is requested to consider an ordinance denying Atmos Mid-Tex Division requested gas rate change. The City of Garland is a member of the Atmos Cities Steering Committee (ACSC), a coalition of over 150 cities served by Atmos Mid-Tex. ACSC recommends denial of the proposed rate increase in order to continue settlement discussions pending the Mid-Tex appeal of cities' denials to the Texas Railroad Commission. The successful negotiations of ACSC will allow for the continuation of existing rates to customers and will deny the requested gas rate increases. This item is scheduled for formal consideration at the May 15, 2012 Regular Meeting.

g. Texas Municipal Power Agency (TMPA) Board Member Vacancy

TMPA notified the City that Jamie Ratliff's term of office as a TMPA Board Member expires on July 18, 2012. In accordance with Council policy, information was posted on the City's website for 14 days in order to provide an opportunity for citizens to apply for the position. Qualified applicants were requested to submit a letter of interest and resume to the City Manager's Office by 5:00 p.m. on April 30, 2012. Mr. Ratliff was the only citizen to respond and has expressed his

desire to be reappointed for another two-year term. If Council concurs, this item will be scheduled for formal consideration at the June 5, 2012 Regular Meeting.

Item	Key Person
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(6:15) 2. Verbal Briefings:

a. GP&L Succession Plan Dodson/Mayor

At the request of Council Member Lori Dodson and Mayor Ronald Jones, Council is requested to discuss Garland Power & Light's succession plan based upon the final approval and acceptance of a proposed professional service agreement with Ray Schwertner, Managing Director of Electric Utility.

b. Marketing/Events Committee Report Willis

Council Member John Willis, Chair of the Marketing/Events Committee, will provide a committee report on the following item:

- *Mobile Food Preparation Vehicles in Garland*

3. Consider the Consent Agenda Council

A member of the City Council may ask that an item on the consent agenda for the next regular meeting be pulled from the consent agenda and considered separate from the other consent agenda items. No substantive discussion of that item will take place at this time.

4. Announce Future Agenda Items Council

A member of the City Council, with a second by another member, or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or a committee of the City Council. No substantive discussion of that item will take place at this time.

(7:30) 5. Adjourn Council

(Estimated time to consider)



Meeting: Work Session

Date: May 14, 2012

Policy Report

TEXAS DEPARTMENT OF TRANSPORTATION'S S.T.E.P – “CLICK IT OR TICKET” GRANT

ISSUE:

Council is requested to consider accepting a Texas Department of Transportation (TXDOT) – Selective Traffic Enforcement Program (STEP) - CIOT (Click it or Ticket)

OPTIONS:

1. Accept TX-DOT STEP Grant Funding. If the City Council concurs, the City Manager will execute the contracts.
2. Do Not Accept TX-DOT STEP Grant Funding.

RECOMMENDATION:

Accept TXDOT Grant Funding for the Selective Traffic Enforcement Program “Click it or Ticket” for increased safety belt compliance, May 21, 2012 – June 3, 2012. If Council concurs, this item will be scheduled for formal consideration at the May 15, 2012 Regular Meeting.

COUNCIL GOAL

Safe, Family-Friendly Neighborhoods – By accepting the STEP Grant the City Council will augment the ability of the Garland Police Department to provide an even greater level of traffic safety for the citizenry of the City of Garland by potentially changing the driving habits of those who violate the laws related to vehicle occupant protection enforcement.

Financially Stable Government - 100% of the grant funding is provided by The Texas Department of Transportation (TXDOT).

BACKGROUND:

The Garland Police Department has successfully participated in STEP enforcement grants for many years. The purpose of this grant is to save lives by increasing occupant restraint use in all passenger vehicles and trucks by conducting intense occupant protection enforcement as well as public information and education efforts during

**TEXAS DEPARTMENT OF TRANSPORTATION SELECTIVE TRAFFIC
ENFORCEMENT COMPREHENSIVE GRANT**

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enforcement period. Enforcement of these efforts will be focused throughout the City of Garland.

CONSIDERATION:

If accepted, the \$9,000.00 grant will provide 100% salary reimbursement for officers conducting CIOT enforcement during the enforcement period, May 21, 2012 – June 3, 2012. The grant is fully funded by the Texas Department of Transportation (TXDOT). The City of Garland is not required to provide matching funds.

ATTACHMENT:

None

Submitted By:

Mitchel L. Bates
Chief of Police

Date: May 8, 2012

Approved By:

William E. Dollar
City Manager

Date: May 8, 2012



Meeting: Work Session

Date: May 14, 2012

Policy Report

DRAINAGE IMPROVEMENT AGREEMENT WITH SPRINGPARK HOMEOWNERS ASSOCIATION

ISSUE

The SpringPark Homeowners Association (SPHOA) and the City staff have been working for some time to develop an agreement to design and construct erosion protection improvements along Spring Creek within Spring Park.

OPTIONS

1. Authorize the City Manager to enter into an agreement with the SpringPark Homeowners Association, Inc. to make erosion improvements.
2. Authorize some other cost-sharing arrangement.
3. Decline to enter into an agreement.

RECOMMENDATION

Staff recommends that the City Manager be authorized to enter into the agreement to design, construct and place erosion protection improvements along Spring Creek. Consideration of this agreement has been scheduled for the May 15, 2012 City Council Meeting.

COUNCIL GOAL

Sustainable Quality Development and Redevelopment
Safe, Family-Friendly Neighborhoods

BACKGROUND

1. Substantial erosion has occurred along the banks of Spring Creek within the Spring Park Neighborhood. SPHOA representatives approached the city staff to develop erosion protection improvements along the areas of significant erosion.
2. The staff has worked with the SPHOA leadership to determine the areas needing protection.

DRAINAGE IMPROVEMENT AGREEMENT WITH SPRINGPARK HOMEOWNERS ASSOCIATION

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3. The City routinely participates with homeowners, property owners and associations to share in the cost of mitigating impacts from erosion in accordance with the provisions contained in the Drainage Improvement District ordinance. The Drainage Category of the CIP includes funding for these types of projects. This agreement is scheduled for Council consideration because the amount exceeds \$100,000.
- 3 Plans have been developed to place a concrete bag erosion wall along the areas of erosion. The city has successfully used this system on CIP projects and with other drainage improvement agreements to restore creek banks and prevent further erosion.
4. The city's erosion wall contractor, Knight Erosion has provided a price of \$449,467.00 to perform this work. The city's 50% share of the design and construction will be \$224,733.50.
5. The process of designing the project and gaining support within the neighborhood has taken about a year. The City staff and the SPHOA wish to begin this project as soon as practical to take advantage of the summer construction period.

CONSIDERATIONS

1. The agreement is structured so that the costs are shared equally between the city and SPHOA, in accordance with the ordinance covering drainage improvement districts.
2. As provided for in the ordinance, the improvements will be maintained by the city once the project is complete.
3. The city's share of the funds is programmed in the Capital Improvements Program.
4. The agreement includes a provision for the SPHOA payments to be spread out over 36 months at the interest rate the city is assessed for debt (approximately 3.4%)

ATTACHMENT

- Proposed Agreement between the City of Garland and the SpringPark Homeowners Association, Inc.

DRAINAGE IMPROVEMENT AGREEMENT WITH SPRINGPARK HOMEOWNERS
ASSOCIATION

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Submitted By:

Approved By:

Robert C. Wunderlich, P.E.
Senior Managing Director

William E. Dollar
City Manager

Date: May 8, 2012

Date: May 8, 2012

DRAINAGE IMPROVEMENT AGREEMENT

This Agreement is made by and between the City of Garland, Texas (the "City") and the SpringPark Homeowners Association, Inc. located at 3330 Spring Park Way, Garland, Texas 75044.

WHEREAS, the SpringPark Homeowners Association, Inc. has agreed to participate in the expenses of a project to be undertaken by the City, whereby the City will construct, place and maintain certain erosion protection improvements (the "Project") adjacent to 6729, 6733, 6737, and 6741 Lakeshore Drive and for approximately 82 feet along the creek side of the "lake" both located on on the HOA-owned lot known as Common Area "B" per the plat of Spring Park Central No. 7

WHEREAS, The City has agreed to undertake the Project to full completion; and

WHEREAS, it is the intention of the SpringPark Homeowners Association, Inc. to participate financially in the Project by reimbursing the City for one-half (1/2) of the project costs; and

WHEREAS, one-half of the project costs are estimated to be \$224,733.50.

NOW THEREFORE, in consideration of the following mutual covenants and promises, the City and SpringPark Homeowners Association, Inc. agree as follows:

Section 1. Payment. The SpringPark Homeowners Association, Inc. agrees to pay to the City one-half (1/2) of the actual expenses directly incurred by the City in the performance of the Project upon completion of the Project subject to the following precedent conditions:

- (A) The City enters into a binding contract for the Project;
- (B) The Project is completed in accordance with those plans and specifications as approved by the City; and
- (C) The City has agreed to extend to SpringPark Homeowners Association, Inc. a payment plan, over a 36 month term at the same interest rate the City is assessed for debt, for their project expenses.

Section 2. Administration and Construction of the Project.

- (A) The City shall diligently perform or cause to be performed the following:
 - (1) Preparation of plans and specifications for the Project and submission of the those plans and specifications to the SpringPark Homeowners Association, Inc. for approval as provided below;
 - (2) Preparation of bid specifications for the construction of the Project;

- (3) Oversight and management of the construction of the Project in accordance with the construction contract, the plans and specifications, and this Agreement;
 - (4) Serve as the parties' representative in dealing with the construction of the Project;
 - (5) Evaluate and approve of change orders, if any, relating to the construction of the Project, subject to approval by the SpringPark Homeowners Association, Inc. as provided below;
 - (6) Review and approval (subject to approval by the City as provided below) or disapproval of all payment requests submitted by the engineers, consultants, and contractors for the Project, the payment of approved requests, and the distribution of copies of same to the SpringPark Homeowners Association, Inc.
 - (7) Inspecting the Project as work progresses and providing access to representatives of the SpringPark Homeowners Association, Inc. for the same or similar purposes; and
 - (8) Providing information to the SpringPark Homeowners Association, Inc. as it may reasonably request regarding Project administration, scheduling, and the progress of construction.
- (B) Keeping true, complete and accurate books and records of all costs for which it seeks reimbursement from the SpringPark Homeowners Association, Inc. under this Agreement.
- (C) As to any provision of this Agreement that gives the SpringPark Homeowners Association, Inc. the right to review or approve any matter, the SpringPark Homeowners Association, Inc. shall promptly review, approve or disapprove the matter submitted. If the SpringPark Homeowners Association, Inc. fails to notify the City, in writing, of any objections to the submitted matter within ten (10) days after receipt of the submittal, then the matter submitted shall be deemed approved. In no event may the SpringPark Homeowners Association, Inc. unreasonably withhold, delay, condition or deny an approval requested under the Agreement.
- (D) This project shall be constructed by Knight Erosion Control, Inc. under the terms of their annual contract with the City of Garland for the construction of erosion control improvements. A copy of said contract is available for review by any interested parties at the City of Garland Engineering Department during normal working hours.

Section 3. Maintenance. Upon completion and acceptance of any channel improvements by the City, the City shall provide drainage and erosion control maintenance for the structural improvements to the drainage ways. The property owner,

on whose property the channel improvements lie, or whose property directly abuts such channel improvements, shall be responsible for necessary mowing, irrigation, weeding, litter pickup, fertilizing, and such other maintenance as is required to maintain a healthy stand of grass or other ground cover. This Section 3 shall be construed so as to not conflict with Section 31.98 of the City of Garland Code of Ordinances. If there is a conflict between this agreement and the City of Garland Code of Ordinances, the Code of Ordinances shall control.

Section 4. Release. SpringPark Homeowners Association, Inc. acknowledges the City makes this Agreement in its governmental capacity. SpringPark Homeowners Association, Inc. hereby releases and discharges the City of Garland, Texas, and all of its present, future and former agents, employees, officials, successors, assigns, attorneys, and representatives in their official, individual and representative capacities, (collectively referred to herein as the “Released Parties”) from any and all claims, demands, causes of action, judgments, liens and expenses (including attorney’s fees, whether common law or statutory), costs and damages (whether common law or statutory, whether actual, punitive, consequential or incidental) of any conceivable character, due to or arising from injuries to persons (including death) or to property (both real and personal) created by, arising from or in any manner relating to the Project or the conditions and circumstances that necessitated the Project. The foregoing release expressly includes any form of liability including strict liability, liability arising under the constitutions of the United States and Texas, and those caused by the negligence or other fault of any Released Party. This Release is intended to cover and release all possible claims and damages which SpringPark Homeowners Association, Inc. may have at the present, at any time in the past, or may possess at any time in the future against any Released Party to the extent those claims relate to the Project or the conditions and circumstances that necessitated the Project, and regardless of whether those claims and damages are fully known or appreciated at this time.

Section 5. Notices. Any notice required or desired to be given from one party to the other party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (1) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party’s address for notice.

Section 6. No Assignment. Neither party shall have the right to assign that party’s interest in this Agreement without the prior written consent of the other party.

Section 7. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to

the term or provision declared illegal, invalid or unenforceable. Provided, however, that if the illegality, invalidity or unenforceability of any term or terms renders the basic purposes of this Agreement illegal, invalid or unenforceable or otherwise materially and adversely affects the utility or financial parameters of this Agreement, then either the City or SpringPark Homeowners Association, Inc. may, upon written notice to the other, terminate this Agreement and the parties agree to enter into good faith negotiations to replace this Agreement with a contract as similar to the terms and conditions of this Agreement as legally permissible.

Section 8. Waiver. Either City or the SpringPark Homeowners Association, Inc. shall have the right to waive any requirement contained in this Agreement, which is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation.

Section 9. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Dallas County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Dallas County, Texas.

Section 10. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 11. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 12. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 14. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 15. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary

to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally and no written modification of this Agreement shall be effective unless executed by both parties.

Section 16. Relationship of Parties; No Third-Party Beneficiaries.

Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or *acts* of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement. Except for the provisions of this Agreement relating to the indemnification of employees, agents and representatives of the City, there are no third-party beneficiaries to this Agreement and no third-party beneficiaries are intended by implication or otherwise.

Section 17. No Waiver of Immunity or Defense. No party, by execution of this Agreement, waives nor shall be deemed to have waived, any immunity of defense that would otherwise be available to it including, without limitation, immunity from liability and suit for damages to one another or to any third-party except as otherwise provided by law.

EXECUTED this _____ day of _____, 2012.

CITY OF GARLAND, TEXAS

BY: _____

City of Garland
200 North Fifth Street
P.O. Box 469002
Garland, Texas 75046-9002

SPRINGPARK HOMEOWNERS' ASSOCIATION, INC.

BY: _____



Meeting: Work Session

Date: May 14, 2012

Policy Report

DEPOSITORY BANK CONTRACT

ISSUE

The City Council is requested to consider a depository bank contract with a financial institution that is qualified to meet the city's corporate banking needs in accordance with Council Policy FIN-06.

OPTIONS

1. Approve a depository bank contract with JP Morgan Chase Bank.
2. Reopen the Request for Application process.

RECOMMENDATION

It is recommended that Council authorize the City Manager on June 5, 2012 to execute a depository bank contract and related agreements with JP Morgan Chase Bank for the period July 1, 2012 through June 30, 2014. The depository bank contract contains three one-year extension options effective July 1, 2014 through June 30, 2017. The advantages of selecting JP Morgan Chase Bank as the depository include the availability of desired bank services, the established relationship that currently exists with JP Morgan Chase Bank and favorable fees.

COUNCIL GOAL

Financially Stable City Government - Approval of this recommendation will provide necessary resources necessary in conducting financial transactions.

BACKGROUND

The City of Garland utilizes the resources of a financial institution in meeting its corporate banking needs. In addition to the customary banking services, the city uses sophisticated cash and treasury management services that are available through full service financial institutions. Numerous banking practices of the city are conducted electronically through a treasury management workstation and through direct data transmission via computer.

DEPOSITORY BANK CONTRACT

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The recommendation to select a qualified financial institution is made at the completion of a thorough selection process. Financial Services contracted with Valley View Consulting, LLC, to assist with the Bank Depository Services Request for Applications (RFA). Valley View Consulting assisted by drafting the RFA based on input from Financial Services staff and compiled the responses to the RFA. Financial Services staff approved the RFA, responded to all questions regarding the RFA and analyzed the compiled responses to the RFA. All banks and financial institutions with locations or branches in Garland were eligible to respond to the RFA. The bank service application due date was March 30, 2012. JP Morgan Chase Bank, BBVA Compass Bank, Capital One Bank, Citibank and Wells Fargo were the financial institutions which submitted applications.

JP Morgan Chase Bank has served as the City's depository since January 1, 1988. Chase Bank is an innovation leader in the bank industry. The City has implemented numerous sophisticated Chase Bank products as they have become available.

CONSIDERATION

- Operational - Cost effective cash and treasury management tools improve the operational efficiency of the Financial Services Department. Significant time and cost savings are achieved by renewing depository bank services with JP Morgan Chase Bank.
- Financial - The required banking services offered by JP Morgan Chase are available at a lower cost when compared to the other submitted applications.
- Legal – The City is required to prepare a Request for Application for Depository Bank Services every five (5) years.

ATTACHMENT

None

Prepared by:

David Schuler
Finance Director

May 14, 2012

Approved by:

William E. Dollar
City Manager

May 14, 2012



Meeting: Work Session

Date: May 14, 2012

Policy Report

PROPOSED BOND SALE

ISSUE

On February 21, 2012 Council approved the 2012 Capital Improvement Program (CIP), which contemplates a certificate of obligation (CO) bond sale in the approximate amount of \$6.8 million and a Water and Sewer Utility System Revenue Bond sale in the approximate amount of \$8.4 million to fund a portion of the CIP. Staff requests Councils authorization to proceed with the debt sales to fund the approved CIP.

OPTIONS

1. Authorize staff on May 14, 2012 to proceed with the debt sales described above.
2. Do not approve the issuance of additional debt to fund the CIP.

RECOMMENDATION

Direct staff to proceed with the sale of Certificates of Obligation and Water and Sewer Utility System Revenue Bonds. If Council wishes to move forward with the bond sales, staff will present two ordinances for Councils consideration at the June 5, 2012 Regular Meeting.

COUNCIL GOAL

Financially Stable City Government with Tax Base that Supports Community Needs
Approval of this request will allow staff to fund projects approved in the 2012 CIP.

BACKGROUND

City management reviewed the proposed CIP in November and December of 2011 and January of 2012, and ensured that the projects and fiscal impacts were aligned with the assumptions and priorities established in previous bond elections. The City Manager formally submitted the proposed CIP to Council at the Regular Meeting on January 17, 2012. Council held a public hearing of the proposed CIP on February 7, 2012. Continued deliberations of the proposed CIP were held at the February 6th and February 20th Council Work Sessions. The CIP was approved February 21, 2012 by Resolution # 6519.

NOTICE OF INTENT TO ISSUE CERTIFICATES OF OBLIGATION

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The adopted CIP is a \$190 million work program for 2012. With available existing resources of \$87.4 million, \$102.6 million in new debt will be required, excluding issue costs. Of the total debt requirement, approximately \$6.8 million is funded by the issuance of Certificates of Obligation and approximately \$8.4 million is funded by the issuance of Water and Sewer Utility System Revenue Bonds.

CONSIDERATION

Legal

On April 3, 2012 Council authorized the publication of Notice of Intent to issue Certificates of Obligation in the principal amount of approximately \$6.8 million to meet the legal requirements for debt issuance. The Notice of Intent was published in the Dallas Morning News on April 8, 2012 and April 15, 2012.

Financial

Since neither cash nor authorized bonds are available to fund a portion of the adopted 2012 CIP, staff requests Council to consider the issuance of Certificates of Obligation and Water and Sewer Utility System Revenue Bonds. Based on information from the City's Financial Advisors, First Southwest Company, the proposed certificate of obligation debt issuance, including issue costs, of approximately \$6.8 million can be sold at an estimated interest rate of 2.70%. At this interest rate, the City will incur additional debt service (principal and interest payments) on the certificates of approximately \$480,000 per year as calculated over a 20-year debt maturity. The debt service I&S tax rate is not impacted as a result of the Certificates of Obligation debt issuance. The proposed Water and Sewer debt issuance, including issue costs, of approximately \$8.6 million can be sold at an estimated interest rate of 3.35%. The sale of revenue bonds will require approximately \$600,000 in additional debt service costs to fund proposed Water Utility projects. Of the 9% Water rate increase projected for FY 2012-13, approximately 17% is related to the proposed debt issuance. The actual interest rates, average debt maturities and issue costs will be finalized at the time of debt issuance

Submitted By:

David Schuler
Finance Director

Dated: May 14, 2012

Approved By:

William E. Dollar
City Manager

Dated: May 14, 2012



Meeting: Work Session

Date: May 14, 2012

Policy Report

INVESTMENT POLICY REVISIONS

ISSUE

Revisions to City Council Policy FIN-06, Statement of Investment Policy are required for improvement and clarification purposes.

OPTIONS

1. Approve revisions to the Statement of Investment Policy
2. Continue with current Statement of Investment Policy.

RECOMMENDATION

It is recommended that Council approve the revisions to the Statement of Investment Policy. If so directed, staff will present a resolution for Council's consideration at the next Regular Meeting on June 5, 2012.

COUNCIL GOAL

Financially Stable Government

BACKGROUND

By written policy, revisions to City Council Policy FIN-06, Statement of Investment Policy are approved by the City Council. Staff is recommending revisions to three sections of the Statement of Investment Policy.

Section E. Instruments. In the current low interest rate environment, FDIC insured Certificates of Deposit offer an investment alternative that normally does not exist. To effectively use Certificates of Deposit in the cash management program, staff is recommending that "national banks domiciled in the State of Texas" be replaced with financial institutions.

Section J. Selection of Depository During the recent Request for Application for bank depository services, it became apparent additional written policy was needed to address the safeguarding and collateralization of City funds. Also, the City is required to issue a formal request for depository changes every five years instead of every three years.

Financial institutions capable of providing services required by the City continue to consolidate. Staff would like to have the ability to consider financial institutions located outside of the city boundaries.

Section K. Selection of Security Broker/Dealer. Staff is seeking the use of qualified broker/dealers that are not a primary dealer. Staff will expand their due diligence in selecting qualified broker/dealers.

CONSIDERATION

Periodically, City Council Policy FIN-06, Statement of Investment Policy requires revision. Staff is seeking approval of the revisions before Councils annual review of the Statement of Investment Policy and Statement of Investment Strategy. The recommended revisions will enhance the cash management program and the bank depository relationship.

ATTACHMENTS

Attachment 1 - Current version of Statement of Investment Policy
Attachment 2 - Revisions to Sections E, J and K

Submitted By:

Approved By:

David Schuler
Finance Director

William E. Dollar
City Manager

Date: May 14, 2012

Date: May 14, 2012



CITY COUNCIL POLICY

POLICY NO.: FIN-06

Date of Adoption: 11/17/87

Date Of Revision: 12/13/2011

Title: **Statement of Investment Policy**

Page 1 of 8

I. Purpose and Need for Policy

Chapter 2256 of Title 10 of the Local Government Code ("Public Funds Investment Act") requires each city to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal management of City of Garland funds.

II. Policy

The Investment Policy applies to the investment and management of all funds under direct authority of the City of Garland. These funds include all governmental, proprietary, and trust and agency funds which are accounted for in the City's Comprehensive Annual Financial Report. The Employees Deferred Compensation Agency Fund is excluded from coverage under this Policy.

III. Procedure To Accomplish Policy

The Statement of Investment Policy will be accomplished through the following guidelines:

A. Objectives

Investment of funds will be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal. Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value.
2. Liquidity. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which can be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.
3. Yield. The investment portfolio of the City shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. The Director of Financial Services will from time to time establish performance measures and goals for the portfolio rates of return. Efforts to seek returns higher than the established goals must be consistent with risk limitations identified in this policy and prudent investment principles.

City Council Policy	TITLE: Statement of Investment Policy	Page: 2 of 8
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B. Investment Authority

Management responsibility for the investment program has been assigned to the Director of Financial Services by the City Council. Other individuals authorized as investment officials by the City Council are the Cash Manager and the Accounting Manager. Investment authority of all investment officers will be limited by conformance with all Federal regulations, State of Texas statutes and other legal requirements including the City Charter and City Ordinances, the Statement of Investment Policy and the Statement of Investment Strategy. The Director shall establish written procedures for the operation of the investment program, consistent with the Statement of Investment Policy. No person may engage in an investment transaction or the management of funds except as provided under the terms of the Statement of Investment Policy, the Statement of Investment Strategy and the procedures established by the Director of Financial Services.

Each investment officer shall attend a training session not less than once in a two year period and receive not less than 10 hours of instruction relating to investment responsibilities. Training must be provided by an independent source approved by the City Council.

C. Internal Controls

The Director of Financial Services shall establish a system of internal controls which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by investment officials. Controls deemed most important would include: control of collusion, separation of duties, separating transaction authority from accounting and recordkeeping, custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized investment officials, and documentation of and rationale for transactions.

In conjunction with their annual independent audit, the auditor shall review the investment records for the end of each quarter. The independent auditor shall report the results of the review directly to the City Council.

D. Standard of Care

The standard of care to be used by investment officers shall be the "prudent person" rule which states, "Investments shall be made with the exercise of that degree of 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 probable income to be derived."

City Council Policy	TITLE: Statement of Investment Policy	Page: 3 of 8
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In applying the "prudent person" rule, the investment officer shall exercise prudence with respect to the management and investment of all funds over which the officer has responsibility and control. The investment officer must determine whether investment decisions are consistent with the Statement of Investment Policy.

All participants in the investment program will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transaction that might impair public confidence in the City's ability to govern effectively. Investment officers shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Nevertheless, the City recognizes that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

Investment officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for market price changes, provided that these changes are reported immediately and that appropriate action is taken to control adverse developments.

E. Instruments

Investment instruments authorized for purchase by the City are limited to:

1. Direct obligations of the United States government with a stated final maturity of five years or less from the date of purchase.
2. Debentures or discount notes with a stated final maturity of five years or less from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), and Federal Home Loan Mortgage Corporation (FHLMC).
3. Bonds or other interest bearing obligations having a stated final maturity of five years or less from the date of purchase of which the principal and interest are guaranteed by the full faith and credit of the United States government.
4. Repurchase agreements collateralized with U.S. Treasury securities at a minimum market value of 102 percent of the dollar value of the transaction, with any accrued interest accumulated on the collateral included in the calculation. Eligible collateral will have a maximum maturity of ten years.

Repurchase Agreements will be entered into with primary government securities dealers who have executed a City approved Master Repurchase Agreement. Collateral shall be delivered to and held by the City's third party safekeeping agent.

City Council Policy	TITLE: Statement of Investment Policy	Page: 4 of 8
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The term Repurchase agreement includes direct security repurchase agreements and reverse security repurchase agreements. A written master repurchase agreement shall be established between the City and the seller prior to purchase. The maximum term for direct security repurchase agreements and reverse security repurchase agreements will be 90 days or less. Funds received under the terms of a reverse security repurchase agreement may not be used to purchase any investment whose final maturity date exceeds the expiration of the reverse.

5. FDIC Insured Certificates of Deposit issued by national banks domiciled in the State of Texas with a stated final maturity of two years or less. Certificate of Deposit balances exceeding FDIC insurance limits will be fully collateralized by securities listed in 1 and 2 above, and the collateral will be held by the City's third party custodian.

6. SEC registered no-load money market mutual funds with a dollar-weighted average portfolio maturity of 90 days or less. Assets will consist exclusively of those securities listed in paragraphs 1, 2, 3, and 4 above. The investment objective of the fund is to maintain a stable \$1 net asset value. The maximum stated maturity of the fund will be 13 months.

7. State or local investment pools organized under the Interlocal Cooperation Act. The investment pool must be rated no lower than investment grade by at least one nationally recognized rating agency and have a dollar-weighted average portfolio maturity of 90 days or less. Assets will consist exclusively of those securities listed in paragraphs 1, 2, 3 and 4 above. The investment objective of the pool is to maintain a stable \$1 net asset value. All securities owned in the pool will have a stated remaining maturity of thirteen (13) months.

8. Commercial paper rated not less than A1 or P1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The securities must have a stated maturity of 180 days or less from the date of purchase. No more than 2% of any one issuer may be held and no more than 25% of any fund or group of funds will be invested in commercial paper. Physical delivery securities are ineligible.

9. The credit rating of Investment instruments will be continuously monitored through daily market participation and through the monthly mark to market pricing of securities. The liquidation of an investment instrument will be considered if its credit rating falls below minimums stated in the Investment Policy.

City Council Policy	TITLE: Statement of Investment Policy	Page: 5 of 8
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The City is expressly prohibited from entering into options trading or futures contracts, hedging or purchasing any security which is not authorized by Texas state law.

F. Investment Strategies

As an integral part of the Statement of Investment Policy, the City shall adopt a separate written Statement of Investment Strategy (See FIN-05) for each fund or group of funds. Each investment strategy shall describe the investment objectives of each fund or group of funds according to the following order of importance:

1. suitability
2. preservation and safety of principal
3. liquidity
4. marketability of the investment before maturity
5. diversification
6. yield

G. Safekeeping and Custody

Securities purchased for the City's portfolios will be delivered by book entry and will be held in third party safekeeping by a Federal Reserve member financial institution designated as the City's custody and safekeeping agent.

The City will execute Safekeeping Agreements prior to utilizing the custodian's safekeeping services. The safekeeping agreement must provide that the safekeeping agent will immediately record and promptly issue and deliver a safekeeping receipt showing the receipt and the identification of the security, as well as the City's interest. All securities owned by the City will be held in a Customer Account naming the City of Garland as the customer.

All security transactions will be on a delivery versus payment basis to the City's third party custody and safekeeping agent through the Federal Reserve Bank wire system. In this manner, the City will always have possession of either the securities or moneys.

Custody and safekeeping procedures will be reviewed annually by the independent auditor.

**City Council
Policy**

TITLE:
Statement of Investment
Policy

Page: 6 of 8

SUBJECT:
Finance

NO.
FIN-06

H. Other Investment Guidelines

The City seeks active portfolio management to enhance total returns within the guidelines of this policy. Investment decisions should not incur unreasonable investment risk in order to obtain investment income. The City will not make investments for the purpose of trading or speculation.

Each investment transaction must be based on competitive quotations from at least three securities dealers authorized to engage investment transactions with the City. Authorized investment officers shall access real-time electronic financial information to monitor the market price of acquired investments. The pricing information will be used to verify the accuracy of quoted prices for a potential purchase or sale to ensure that a fair market price is attained.

The City will comply with all federal, state and City of Garland regulations governing the investment of funds.

In managing its investment portfolio, the City will avoid any purchase of investments, or any investment practice or procedure which is not specifically authorized under this policy.

I. Diversification

It is the policy of the City to avoid concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The allocation of assets in the portfolios should be flexible depending upon the outlook for the economy and the securities markets. In establishing specific diversification strategies, the following general policies and constraints shall apply.

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.
2. To attain sufficient liquidity, the City shall schedule the maturity of its investments to coincide with known disbursements.
3. Risks of market price volatility shall be controlled through maturity diversification.
4. The placement of investment transactions and the gathering of market information shall be diversified among all authorized brokers.-

City Council Policy	TITLE: Statement of Investment Policy	Page: 7 of 8
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J. Selection of Depository

A qualified bank depository shall be selected through the City's banking services procurement process, which shall include a formal request for proposal issued every three years. In selecting a depository, the City shall consider various criteria as specified.

K. Selection of Security Broker/Dealer

Primary government securities dealers are eligible for consideration as an authorized broker/dealer. Government security broker/dealers authorized to engage in investment transactions with the City will be selected on the basis of their financial stability, expertise in cash management for local government and their ability to service the City's account. The qualifications of prospective broker/dealers will be determined from a completed broker/dealer questionnaire.

Before engaging in investment transactions with the City, a prospective securities broker/dealer must provide a written instrument certifying that the securities broker/dealer has received and has thoroughly reviewed the City's Statement of Investment Policy and has implemented reasonable procedures and controls in an effort to preclude conducting investment transactions that are not authorized by the City's investment policy, except to the extent that this authorization is dependent upon the portfolio over which the broker/dealer has no control or knowledge. A prospective securities broker/dealer must provide evidence of NASD registration and State of Texas Securities Commission certification. Qualified broker/dealers authorized to engage in investment transactions with the City are required to regularly submit their most recent audited financial statements to the City.

The City Council will adopt and annually review the list of dealers authorized to engage in investment transactions with the City.

L. Management Reports

The investment officer shall prepare and submit to the City Council and management on a quarterly basis an investment report for each fund and fund group which describes in detail the current investment position, states the beginning market value, the additions and changes to market value, and ending market value for each pooled fund, states the book value and market value of each separately invested asset at the beginning and end of the reporting period, states the maturity date of each separately invested asset, states the fund for which each individual investment was acquired and states compliance of each fund group with the Statement of Investment Strategy, the Public Funds Investment Act and generally accepted accounting principles. The report shall also summarize and present, on a combined portfolio basis, total market valuation, total realized gains and losses, total unrealized gains and losses, distribution by maturity sector and distribution by security type. The monthly report will also indicate, by portfolio, total investments held and total interest income earned on a full accrual basis.

City Council Policy	TITLE: Statement of Investment Policy	Page: 8 of 8
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The report may comment on current investment approaches and other items significant to the investment program. The report shall be signed by the Director of Financial Services and the investment officer.

The investment report presented at the end of the fiscal year may also include a review of the investment activities and earnings for the entire fiscal year for each fund or fund group, discuss investment techniques and suggest improvements which will enhance the investment program and present an investment plan for the ensuing fiscal year. The report may discuss other significant issues related to the investment program.

M. Ethics and Conflicts of Interest

Investment officers of the City shall refrain from personal and business activities involving any of the City's custodians, depositories, broker/dealers or investment advisors which may influence the officers' ability to conduct his duties in an unbiased manner. Investment officers will not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the City's business for personal investment decisions, will in all respects subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchase and sales and will keep all investment advice obtained on behalf of the City and all transactions contemplated and completed by the City confidential, except when disclosure is required by law.

N. Responsibility and Authority

The Statement of Investment Policy and the Statement of Investment Strategy will be reviewed annually by the City Council. Upon completion of the review, the City Council will adopt a resolution stating that it has reviewed the Investment Policy and Investment Strategy. Periodic revisions to the Investment Policy and the Investment Strategy will be approved by resolution of the City Council.

Prepared by: David Schuler
Managing Director -
Finance

Reviewed by: William E. Dollar

APPROVED BY CITY COUNCIL RESOLUTION: 9801

_____ Mayor

Date: 12/13/2011

APPENDIX A

Statement of Investment Policy City of Garland, Texas

Effective investment strategy development coordinates the objectives of the Investment Policy and cash management procedures to reduce investment risk and enhance interest income. In accordance with the Public Funds Investment Act, the City's investment strategies describe the investment objectives of each fund or group of funds according to the following order of importance:

1. Understanding the suitability of the investment to the financial requirements of the City,
2. Preservation and safety of principal,
3. Liquidity,
4. Marketability of the investment before maturity,
5. Diversification of the investment portfolio,
6. Yield.

Each of the City's funds or group of funds has varying cash flow requirements and liquidity needs. Specific strategies shall be implemented considering that fund or group of fund's unique requirements. The City's funds are invested according to the following fund types:

1. Operating Funds,
2. Debt Service Funds,
3. Reserve Funds.

Operating Funds

Investments for operating funds shall be scheduled to match anticipated cash flow projections with their stated final maturities. A dollar weighted average maturity of 2 years or less using the stated final maturity date of each security will be maintained. Purchased securities shall have a stated final maturity of three years or less from the date of purchase. Operating fund portfolios include the Treasury Portfolio.

Suitability - All investments authorized in the Statement of Investment Policy are suitable for Operating Funds.

Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Liquidity - Operating Funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Constant \$1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. A dollar weighted average maturity of 2 years or less will be calculated using the stated final maturity date for each security. Purchased securities will have a stated final maturity of three years or less from the date of purchase.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for operating funds shall be the two year rolling average yield for the two year Treasury Note.

Debt Service Funds

Investments for Debt Service Funds shall mature on or before the next debt service date. Purchased securities will be highly liquid with very short term maturities because of the near term cash flow requirements. Debt Service Fund portfolios include the General Obligation Debt Service Fund and the Revenue Bond Debt Service Fund.

Suitability - All short term, high quality securities that are authorized in the Statement of Investment Policy and are in compliance with applicable bond ordinances are suitable for Debt Service Funds.

Safety of Principal - All investments shall be high quality securities with no perceived default risk. Purchased securities shall have a stated final maturity date on or before the next debt service date.

Marketability - Securities with active and efficient secondary markets will be purchased although unanticipated cash requirements are not probable.

Liquidity - Debt Service Funds have predictable cash requirements. Investment maturities shall not exceed the anticipated cash flow requirements.

Diversification - Market conditions will greatly influence the selection of maturities and security types. At no time shall maturities go beyond debt service payment dates.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the six month rolling average yield for the 180 day Treasury Bill.

Reserve Funds

Investments for Reserve Funds have as their primary objective the ability to generate a dependable revenue stream with a low degree of volatility. Purchased securities will be of high quality with short to intermediate term maturities. Reserve Fund portfolios include the Revenue Bond Reserve Fund and the Rate Mitigation Fund.

Suitability - All securities that are authorized in the Statement of Investment Policy except as may be restricted by bond ordinance are suitable for Reserve Funds.

Safety of Principal - All investments shall be short to intermediate term, high quality securities, with no perceived default risk.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Liquidity - Unless there are anticipated cash flow requirements, Reserve Funds generally do not require a high degree of daily liquidity. Purchased securities shall have a stated final maturity date of five years or less from the date of purchase.

Diversification - Market conditions will greatly influence the selection of maturities and security types. Securities shall be of high quality, with short to intermediate term maturities. A dollar weighted average maturity of 3 years or less will be calculated using the stated final maturity date for each security.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve Funds shall be the three year rolling average yield for the five year Treasury Note.

The City Council shall review the Statement of Investment Strategy not less than annually. Changes to the Statement of Investment Strategy shall be approved by City Council resolution.

Attachment 2

City Council Policy FIN-06, Statement of Investment Policy

E. Instruments

5. FDIC Insured Certificates of Deposit issued by ~~national banks domiciled in the State of Texas~~ financial institutions with a stated final maturity of two years or less. Certificates of Deposit balances exceeding FDIC insurance limits will be fully collateralized by securities listed in 1 and 2 above, and the collateral will be held by the City's third party custodian.

Attachment 2

City Council Policy FIN-06, Statement of Investment Policy J. Selection of Depository

A qualified financial institution shall be selected to serve as the City's primary depository through a bank services procurement process, which shall include a formal request for ~~proposal~~ application issued at least every three five years. In selecting a depository, the City shall consider various criteria as specified prior to the issuance of the request for application. Financial institutions located outside of the city boundaries may be considered to participate in the request for application process provided the City has adopted a policy permitting it.

Upon selection, the financial institution shall comply with the requirements and agreements identified in the request for application. The financial institution is required to comply with Government Code 2257, Collateral for Public Funds.

Eligible securities as defined in Chapter 2257 and identified below shall be deposited with a third party custodian prior to the deposit of City funds. The City reserves the right to accept or reject any form of collateral, at its discretion. The pledged collateral must be maintained at all times during the term of the depository contract at required levels. In order to perfect the City's security interest in the pledged collateral under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), it is required that a collateral agreement between the City and the Depository be signed by both parties prior to the deposit of City funds. The collateral agreement must be approved by the Board of Directors or its Loan Committee, which approval shall be reflected in the minutes of said Board or Committee. The signed collateral agreement, Board resolution, and minutes certifying the approval of the collateral agreement must be presented to the City prior to the deposit of City funds.

The following securities are approved as collateral for City funds:

1. United States Treasury notes, bills or bonds or obligations fully and unconditionally guaranteed as to principal and interest by the full faith and credit of the United States.
2. Obligations of the Agencies and Instrumentalities of the United States, including, but not limited to: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association,
3. Mortgage-Backed Securities issued by the United States and its Agencies and Instrumentalities, including but not limited to Government National Mortgage Association.

The use of a Federal Home Loan Bank issued Letter of Credit to meet the required collateral requirements may be proposed by the financial institution for consideration by the City.

Attachment 2

City Council Policy FIN-06, Statement of Investment Policy K. Selection of Security Broker/Dealer

~~Primary government securities dealers are eligible for consideration as an authorized broker/dealer.~~ Government security broker/dealers authorized to engage in investment transactions with the City will be selected on the basis of their financial stability, expertise in cash management for local government and their ability to service the City's account. The qualifications of prospective broker/dealers will be determined from a completed broker/dealer questionnaire, personal interview and reference checks.

Before engaging in investment transactions with the City, a prospective securities broker/dealer must provide a written instrument certifying that the securities broker/dealer has received and has thoroughly reviewed the City's Statement of Investment Policy and has implemented reasonable procedures and controls in an effort to preclude conducting investment transactions that are not authorized by the City's Statement of Investment Policy, except to the extent that this authorization is dependent upon the portfolio over which the broker/dealer has no control or knowledge. A prospective securities broker/dealer must provide evidence of ~~NASD~~ FINRA registration and State of Texas Securities Commission certification. Qualified broker/dealers authorized to engage in investment transactions with the City are required to regularly submit their most recent audited financial statements to the City.

The City Council will adopt and annually review the list of dealers authorized to engage in investment transactions with the City.



Meeting: Work Session

Date: May 14, 2012

Policy Report

DENY ATMOS RATE CHANGE REQUEST

ISSUE

Council is requested to consider an ordinance denying Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex”) requested rate change.

OPTIONS

1. Approve the ordinance
2. Allow Atmos Mid-Tex gas rate change.

RECOMMENDATION

Staff recommends Option No. 1 – Approve an ordinance to deny Atmos Mid-Tex gas rate change as recommended by the Atmos Cities Steering Committee (“ACSC”). This item is scheduled for formal consideration at the May 15, 2012 Regular Meeting.

COUNCIL GOAL

Defends Rightful Powers of Municipalities

BACKGROUND

The City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of over 150 cities served by Atmos Mid-Tex. ACSC has joined together to facilitate the review and response to natural gas issues affecting rates charged by Atmos Mid-Tex. On April 1, 2011, Atmos filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism (“RRM”) tariff. That was Atmos’ fourth annual RRM filing. The RRM tariff was approved by cities as part of the settlement agreement to resolve Atmos’ 2007 Statement of Intent to increase rates. The RRM process was created jointly by ACSC and Atmos as an alternative to the unworkable and contentious Gas Reliability Infrastructure Program (“GRIP”) surcharge process. The RRM process allows for a comprehensive rate review and annual adjustment that substitutes for the GRIP surcharge process approved by state legislature.

On January 31, 2012 Atmos Mid-Tex filed a Statement of Intent with the ACSC member cities to increase rates by approximately \$49 million effective March 6, 2012. The City

suspended the effective date of the Mid-Tex proposed rate increase until June 4, 2012. On April 23, 2012, Mid-Tex extended the effective date for its proposed rate changes to June 11, 2012. ACSC engaged legal counsel and consultants to prepare a common response to Mid-Tex's requested rate increase and to negotiate with Mid-Tex and direct and necessary litigation. The consultants reviewed the requested rate increase and found justification that the Mid-Tex rates should be decreased. ACSC and Mid-Tex have engaged in discussions and hope to reach settlement prior to June 11, 2012. If ACSC and Mid-Tex are unable to reach a settlement, the Mid-Tex proposed rate will automatically go into effect. ACSC recommends denial of the proposed rate increase in order to continue settlement discussions pending the Mid-Tex appeal of cities' denials to the Texas Railroad Commission.

CONSIDERATION

The successful negotiations of ACSC will allow for the continuation of existing rates to customers and will deny the requested gas rate increases.

Submitted By:

David Schuler
Finance Director

May 14, 2012

Approved By:

William E. Dollar
City Manager

May 14, 2012



Meeting: Work Session

Date: May 14, 2012

Policy Report

TEXAS MUNICIPAL POWER AGENCY BOARD MEMBER VACANCY

ISSUE

The Texas Municipal Power Agency (TMPA) notified the City that Jamie Ratliff's term of office as a TMPA Board Member expires on July 18, 2012. Mr. Ratliff has expressed his desire to be reappointed for another two-year term.

Information was posted on the City's website for 14 days in order to provide an opportunity for citizens to apply for the position. Qualified applicants were requested to submit a letter of interest and resume to the City Manager's Office by 5:00 p.m. on April 30, 2012. Mr. Ratliff was the only citizen to respond.

Council is requested to reappoint Mr. Ratliff or appoint another Director to serve a two-year term from July 19, 2012 to July 18, 2014.

OPTIONS

1. Reappoint Jamie Ratliff to the TMPA Board of Directors.
2. Do not reappoint Jamie Ratliff to the TMPA Board of Directors.

RECOMMENDATION

Option 1 – Reappoint Jamie Ratliff to the TMPA Board of Directors to serve another two-year term from July 19, 2012 to July 18, 2014. If Council concurs, this item will be scheduled for formal consideration at the June 5, 2012 Regular Meeting.

BACKGROUND

Council initially appointed Jamie Ratliff to serve as one of the City of Garland's two representatives to the Texas Municipal Power Agency Board of Directors on July 20, 2004. Mr. Ratliff was reappointed by Council for three additional two-year terms.

In accordance with City Council Policy GOV-01, "Council Appointments to and Communications with Outside Agencies/Authorities", notice was placed on the City's website at least 45 days prior to the board member's expiring term for a minimum of 14

days in order to provide citizens the opportunity to apply for the position. The notice was posted from April 16, 2012 to April 30, 2012.

CONSIDERATION

At the close of the 14-day notice period, Jamie Ratliff was the only citizen to respond. Mr. Ratliff has submitted a request that Council consider reappointing him to the TMPA Board for another two-year term.

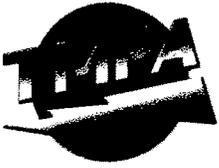
ATTACHMENTS

Letter from Texas Municipal Power Agency
Letter of Interest from Jamie Ratliff

Submitted By:

William E. Dollar
City Manager

Date: April 10, 2012



SERVING THE CITIES OF BRYAN, DENTON, GARLAND & GREENVILLE

April 3, 2012

Mr. Bill Dollar, City Manager
City of Garland
P.O. Box 469002
Garland, TX 75046

RE: TMPA Board Member Appointment

Dear Mr. Dollar:

Our records indicate that Jamie Ratliff's term as a Member of the Board of Directors of the Texas Municipal Power Agency expires on July 18, 2012.

After the City Council reaches a decision on this matter, please send me a certified resolution or certified meeting minutes specifying the person selected to represent your City on the TMPA Board of Directors.

Your cooperation is appreciated.

Sincerely,

Wanda Callahan
Assistant Secretary
TMPA Board of Directors

Cc: Jamie Ratliff
Tom Jefferies
Ray Schwertner

TERMLTR

JAMES B. RATLIFF

7519 Spicewood Drive, Garland, Texas 75044-2572
Telephone (972) 414-1133

April 18, 2012

Honorable Ron Jones & City Council
City of Garland
P. O. Box 469002
Garland, Texas 75046-9002

Re: Texas Municipal Power Agency Appointment

Dear Mayor Jones and Council Members:

Please accept this letter as my formal notice that I would like to be considered for re-appointment to the Texas Municipal Power Agency's (TMPA) Board of Directors. As most of you are aware, in the next several years we at the agency and the city face some serious financial issues regarding electric generation and transmission that will need to be addressed in timely manner. With my experience and knowledge about the agency, and industry in general, hopefully the Council will give me the opportunity to serve an additional two year term.

As always, if you have any questions, comments or observations, I am available. Thank you for your consideration and your public service.

Respectfully,



James B. Ratliff



City Council Item Summary Sheet

Work Session

Date: May 14, 2012

Agenda Item

GP&L Succession Plan

Summary of Request/Problem

At the request of Council Member Lori Dodson and Mayor Ronald Jones, Council is requested to discuss Garland Power & Light's succession plan based upon the final approval and acceptance of a proposed professional service agreement with Ray Schwertner, Managing Director of Electric Utility.

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager



GARLAND
CITY MANAGER'S OFFICE

TO: Mayor and Council Members
FROM: William E. Dollar
DATE: May 14, 2012
SUBJECT: GP&L Succession Plan

Upon final approval and acceptance of the proposed Professional Service Agreement with Ray Schwertner, Jeff Janke will be appointed Managing Director of GP&L. Ray's expertise and influence in the industry will help insure a sound GP&L for the future.

At the appropriate time, TMPA and business development issues will be transitioned to GP&L personnel.

GPL's management team will consist of:

Jeff Janke – Managing Director

Jeff began his 33 year career in the electric utility industry with Texas Power & Light Company in 1978. For 25 years he held various management positions in accounting, customer service, distribution and transmission, field management, rates and regulatory and legislative affairs. After the merger with Lone Star Gas Company, he also served as District Manager for the gas distribution division. Jeff moved to the deregulated division of TXU in 2001 as the Dallas Manager of Strategic External Affairs. In 2003, he became a member of the GP&L management team and is currently the Assistant Managing Director. Jeff holds a Bachelor of Science degree in Business Management.

Johnny Carlock – Director of Transmission and Distribution

Johnny Carlock attended the University of Arkansas in Fayetteville where he earned a Bachelor of Science degree in electrical engineering in 1985. Johnny is currently the Transmission and Distribution (T&D) Director for Garland Power & Light (GP&L). He

began his 27-year career in the electric utility industry at Arkansas Electric Cooperative Corporation, the generation and transmission company for 16 distribution cooperatives in Arkansas. He held several positions during his 12-year tenure at the cooperative. In 1997, he joined the engineering staff of the Southwest Power Pool, an electric utility reliability council, as a Senior Engineer. In this position he provided engineering support for the implementation of a regional transmission tariff and the filing for 'Independent System Operator' status. In 1999, Johnny joined the staff of R-Delta Engineers, Inc. as the Division Manager of the Electrical Engineering Group, responsible for managing all electrical design functions, which included several transmission and distribution line projects. In 2003, he joined GP&L as the T&D Administrator, primarily responsible for the design, construction, maintenance, and field operations of all transmission lines. He was promoted to his current T&D Director position in 2007, where his duties were expanded to include substation and distribution facilities. Johnny is a registered professional engineer in the states of Texas and Arkansas, a member of the Institute of Electrical and Electronics Engineers (IEEE), and a member of the Power Engineering Society.

Darrell Cline – Director of Electric Finance and Accounting

Darrell joined GP&L in January 2012 to serve as Director of Finance and Accounting. Before joining GP&L, Darrell spent 14 years as a consultant providing financial and economic consulting services to public sector utilities across the country, including GP&L. As a consultant, Darrell assisted GP&L in numerous engagements including, but not limited to, an assessment study of GP&L's assets, transmission rate filings before the Public Utility Commission of Texas, and obtaining participation in the Competitive Renewable Energy Zones (CREZ) transmission projects. Darrell's professional consulting experience includes holding the position of Director for J. Stowe & Co., a regional consulting firm that provides financial and economic consulting services to public sector utilities. Before his tenure with J. Stowe & Co., Darrell was employed by R. W. Beck, a national engineering and management consulting firm where he held the position of Local Practice Leader for R. W. Beck's Utility Services Practice Gulf Coast Region. In addition, Darrell held the position of Senior Consultant at Navigant Consulting, an international management consulting firm. Darrell holds a Master of Public Administration from the University of North Texas and a Master of Business Administration from Southern Methodist University.

David Grubbs – Director of Regulatory Affairs and Compliance

David has been in the electric utility industry for 28 years. He began his career at South Texas Electric Cooperative, becoming General Manager in 1994. He joined GP&L in 2002 and has managed the areas of transmission, substations, planning and compliance, and regulatory affairs. David has been, and continues to be, active in NERC and ERCOT. NERC responsibilities include the Critical Infrastructure Protection Committee, the Physical Security Subcommittee (Chair), the Physical Security Guidelines Task Force, the High Impact Low Frequency Implementation Task Force, and the Severe Impact Resilience Task Force. ERCOT responsibilities include the Board of Directors, the Technical Advisory Committee, the Critical Infrastructure Protection Working Group (chair), the Network Data Support Working Group (chair), the Operating Guides Revision Task Force (chair), the Engineering Subcommittee, and the Power Interchange Effects Task Force (chair). David holds a Bachelor of Science degree in Electrical Engineering from the University of Texas at Arlington.

Tom Hancock – Director of Power Marketing

Tom has 26 years of electric utility and power marketing industry experience. Tom joined GP&L in March 2008 and is currently responsible for the overall management of power and fuel supply, energy risk management, QSE operations, commercial and industrial accounts, and retail energy efficiency programs. Tom spent the first 11 years of his career in the electric utility industry at the Lower Colorado River Authority (LCRA) working in a variety of positions such as protective relaying, transmission planning & analysis, operations engineering, and power marketing and trading. With the deregulation of the wholesale power market in 1996, Tom held power marketing, trading, and business development positions with independent power producers, Destec Power Services and Calpine Corporation. In 1999, Tom went to work for the Electric Reliability Council of Texas (ERCOT) managing the day ahead and real time scheduling activities. Prior to joining GP&L, Tom served as Group Manager at Bryan Texas Utilities (BTU) where he was responsible for the overall management of the wholesale energy marketing, QSE operations, and power production divisions. During his career, Tom has been active on various ERCOT subcommittees including the Technical Advisory Committee (TAC), Wholesale Marketing Subcommittee (WMS), and QSE Managers Working Group.

Aubrey Harris – Director of Power Production

Aubrey began his work career in 1966 at Ling Temco Vault (LTV) in Greenville Texas as an Aircraft Assembler Installer until 1972 at which time he started to work for the City of Greenville in their diesel generating plant, promoted to Steam plant Operator, then to Shift Supervisor, and Mechanical Engineer until 1981. In 1981, Aubrey went to work for the Texas Municipal Power Agency (Gibbons Creek) as Lead Operator on unit start-up and equipment checkout, promoted to Shift Supervisor after unit start-up, then to Operations Supervisor, Maintenance Superintendent, Operations Superintendent, and Plant Manager. Aubrey retired from TMPA in 2007. In 2007, he went to work for GP&L as Director of Plant Production Division with eight operating units at four locations that included generation at Newman Plant in Garland, Lewisville Hydro in Lewisville, Spencer Plant in Denton and Olinger Plant in Nevada Texas. Aubrey's career working in power plants spans 40 years.

Art Martinez – Director of Transmission Planning

Art Martinez has been part of the electric utility industry for 39 years. He is a registered professional engineer in three states, including Texas. He has been with GP&L since 1998, being hired as the Assistant Electric Utility Director. The Assistant Director was responsible for managing the day to day operation of the electric utility as well as long term strategic planning. At GP&L, Art has held the positions of Assistant Director Regulated Service and Director of Corp. Planning. Art worked for 18 years at Public Service of New Mexico and five years at Colorado Springs Utilities. He has held a number of supervisory and staff positions focusing on resource planning and economic assessment. Art also served as an Adjunct Professor in the Mechanical Engineering department, University of New Mexico. He served as a member of the State of New Mexico Governor's Water Task Force. The Water Task Force was composed of industry, Indian, agricultural, government, and academic representatives and charged with providing recommendations to the Governor. He has also been responsible for coal technology technical and economic assessment (environmental controls, and heat rejection being two primary areas). Art also served as staff member to the Vice President of Power Production and Plant Manager of San Juan Coal Fired Station. The duties included serving as a consulting member of the San Juan Management Team which is responsible for plant management policy, personnel policy, O&M plant management, and long-term strategic directions for the 1700 MW, 1.5 billion dollar power plant. Art is a graduate of the University of New Mexico in Mechanical Engineering.

Fred Sherman – Director of Systems Operations

As Director of System Operations, Fred Sherman oversees the day to day operation of a team consisting of Transmission Operations Dispatch, EMS/IT – Engineering, Operations, NERC Compliance, and Training departments. Fred began his electric utility career in generation production with Texas Power and Light Company. He has spent the last 37 years with Texas Power and Light Company, Texas Utilities Electric, ERCOT, Tenaska Power Services, and GP&L. Fred's experience includes generation, transmission and distribution, system operations both at TXU and ERCOT, and power marketing.

Please note that a degree of attrition is anticipated during the three-year period. With that turnover in mind, the organization has developed succession and development plans that include current employees who are qualified to fill vacant director positions.



City Council Item Summary Sheet

Work Session

Date: May 14, 2012

Agenda Item

Marketing/Events Committee Report

Summary of Request/Problem

Council Member John Willis, Chair of the Marketing/Events Committee, will provide a committee report on the following item:

- Mobile Food Preparation Vehicles in Garland

Recommendation/Action Requested and Justification

Council discussion.

Submitted By:

Approved By:

William E. Dollar
City Manager

Marketing/Events Committee

May 1, 2012

Item #2 Food Trucks

Health Department staff presented the portions of Chapter 22 which govern the movement of mobile food preparation vehicles. Staff explained that the market niche for these vehicles has changed since the original ordinance was drafted and that many “gourmet food trucks” have expressed interest in operating in Garland but the time and movement provisions stop them. Health staff explained the ordinances of Dallas, Denton and Austin.

Health Department staff recommended to the committee members that Section 22.39 (E) be modified by removing paragraphs (2) and (3) which had prohibited walk-up customers and restricted sales to one hour per stop. Committee members concurred.