REGULAR MEETING OF THE SALADO BOARD OF ALDERMEN

REGULAR MEETING AGENDA

6:30 P.M., THURSDAY, OCTOBER 1, 2015
MUNICIPAL BUILDING
301 NORTH STAGECOACH, SALADO, TX
BOARD OF ALDERMEN CHAMBERS

I. *CALL TO ORDER*

1. Invocation/Moment of Silence

2. Pledge of Allegiance, Texas Pledge of Allegiance

   ("Honor the Texas flag: I pledge allegiance to thee, Texas, one state under God, one and indivisible.")

II. *REPORTS*

Mayor's Report

Department Reports:

- Police Department Report – Chief Jack Hensley
- Fire Department Report – Chief Shane Berrier
- Chamber of Commerce/Tourism Report – Village Administrator Kim Foutz

Village Administrator's Report -- Village Administrator Kim Foutz

III. *PROCLAMATIONS*

None.

IV. *PUBLIC COMMENTS*

3. Citizens who desire to address the Board of Aldermen on any matter may sign up to do so prior to this meeting. Public comments on issues not listed on the agenda will be received during this portion of the meeting. Comments related to items on the agenda will be received during consideration of the individual agenda item. Please limit comments to 3 minutes. No discussion or final action will be taken by the Board of Aldermen.

V. *CONSENT AGENDA*

All items listed under this section, Consent Agenda, are considered to be routine by the Board of Aldermen and may be enacted by one motion. If discussion is desired by the Board of Aldermen, any item may be removed from the Consent Agenda at the request of an Alderman and will be considered separately.

4. Consider approving the Consent Agenda item:

   a. Minutes, September 15, 2015, Special Called Meeting and Workshop.
   b. Minutes, September 17, 2015, Regular Meeting.
   c. Consider a Resolution (R-2015-123) adopting an Investment Policy for Fiscal Year 2015-2016 and designating an Investment Officer for Fiscal Year 2015-2016.
   d. Consider a Resolution (R-2015-125) to award a depository account(s) and contract with Horizon Bank and authorizing the Village Investment Officer to establish account(s).

VI. *REGULAR AGENDA*

5. Discuss and consider action on the following proposed agreements related to the Sanctuary Community development project:

   a. Donation Agreement between the Village of Salado and Billie Hanks Jr., and Salado Utility Company, Inc. for the donation of 6 acres of land and Water Quality Permit No. WQ0014898001;
   b. Wastewater Service Agreement between the Village of Salado and Sanctuary Development Company, LLC. for the funding and constructing of improvements to the Village's wastewater collection, pumping, treatment, and disposal system, and the terms and conditions for retail wastewater services to the proposed 297 acre development to be constructed by Sanctuary Development Co.; and
   c. Development Agreement between the Village of Salado and Sanctuary Development Company, LLC. for the terms and conditions of economic development incentives related to the proposed 297 acre development to be constructed by Sanctuary Development Co.

6. Hold a public hearing and consider adopting an ordinance (Ordinance 2015.12) establishing policies, procedures, administration and charges for operating a Village owned wastewater treatment plant (Stagecoach Plant) and system; including establishing wastewater service rates, connection fees, deposit fees, interest penalties re-connection charges, transfer fees, and returned check fees; and adopting general policies and procedures including application, implementation, billing, and collections of established fees.

VII. *EXECUTIVE SESSION*

7. Discuss economic development projects as authorized by Texas Government Code § 551.087, Economic Development.

8. Discuss real estate as authorized by Texas Government Code § 551.072, Deliberations about Real Property.

VIII. *ADJOURN*

The Village of Salado reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the Village Secretary's office at (254) 947-5060 for further assistance.

I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 5:15 p.m. on **Friday, September 25, 2015**.

Mary Ann Ray

Mary Ann Ray, Village Secretary

Removed from display: _____

Village of Salado, Texas
Special Called Meeting and Workshop, Board of Aldermen
Meeting Minutes
6:30 p.m. Tuesday, September 15, 2015
Municipal Building, 301 N. Stagecoach Road

Present: Mayor Skip Blancett, Mayor Pro Tempore Fred Brown, Alderman Frank Coachman, Alderman Amber Dankert, Alderman Michael McDougal, Alderman David Williams.

Others present: Kim Foutz, Village Administrator; Leah Hayes, Village Attorney; Chrissy Lee, Code Enforcement Clerk; Mary Ann Ray, Village Secretary.

I. Call to Order.

Mayor Blancett called the meeting to order at 6:30 p.m. He opened the meeting with a moment of silence.

II. Regular Agenda.

Administrator Foutz reviewed highlights of the Hotel/Motel Fund and the Chamber Fiduciary Fund for FY 2015-16. She said the Chamber of Commerce Executive Committee forecasts a drop in Hotel/Motel tax revenues, from $215,000 in the current fiscal year to $180,000 for FY 2015-16 because of the closing of the Stagecoach Inn. There was lengthy discussion about the budget for the public restrooms and who should bear those costs. Mayor Pro Tempore Brown asked that $50,000 be moved from Hotel/Motel reserves and into the Hotel/Motel fund for public relations and that this item be put on the agenda for the next meeting. Alderman Williams was the second sponsor to put the item on the agenda. Administrator Foutz said the request would be on the agenda for the September 24, 2015, meeting. There was discussion about the value of billboards as a public relations tool. There was discussion about the composition of the Chamber/Tourism staff and compensation for the new executive director.

III. Public Hearings.

Tax Rate.

Mayor Blancett opened the second public hearing on the tax rate at 6:56 p.m.

Brian Sunshine, 926 North Ridge Road, questioned the rise in taxes over the years and the debt service brought on by the sewer bond issue.

The mayor made the second call for speakers at 7 p.m.

The mayor made the third call for speakers at 7:01 p.m.

The mayor closed the public hearing at 7:01 p.m.

Budget.

Administrator Foutz reviewed the revised budget and noted that a copy was available for review in the lobby of the Municipal Building.

Mayor Blancett opened the public hearing on the budget at 7:17 p.m.

Sue Hahn, 408 O.W. Lowery, spoke about the Hotel/Motel Fund and the Chamber Fiduciary Fund and the need to take a closer look at these proposed revenues.

The mayor gave the second call at 7:25 p.m.

David Hahn, 408 O.W. Lowery, spoke about the deer overpopulation and encouraged the Board of Alderman to commit funds to solving the problem.

The mayor gave the third call at 7:31 p.m.

Josie Edwards, 530 San Pedro Road, spoke about the need to keep natural predators in place to help control the deer population and devise ways for humans and wildlife to coexist.

Brian Sunshine, 926 North Ridge Road, encouraged the Board of Aldermen to commit funds to street repairs in Mill Creek and revitalization of Main Street.

Tim Fleischer, 912 Cedar Park Circle, clarified the Chamber Board's position on Hotel/Motel revenues.

Linda Reynolds, 507 Santa Rosa, expressed concern about the costs associate with the gift of the Stagecoach Wastewater Plant.

Darlene Walsh, 1110 Mill Creek Drive, suggested placing a billboard similar to the one at the Bell County Expo Center next to the Municipal Building.

The mayor closed the public hearing at 7:44 p.m.

IV. Regular Agenda.

Attorney Hayes reviewed Sanctuary's response to the 13-point motion made by Alderman Coachman at the Regular BOA meeting September 3, 2015. It was noted that several of the points agreed upon by Robert Sulaski, Sanctuary CEO, and the Board of Aldermen during the Special Called Meeting September 10, 2015, were not in the revised versions of the agreements forwarded by the Sanctuary attorney. Major differences noted were the placement of the discharge line and the duration of Sanctuary's rights to the effluent.

Alderman Coachman made a motion to instruct the Village Attorney to re-submit the Wastewater Service Agreement submitted on September 14th with corrected references to the discharge line as our final offer and must be accepted and signed along with the Donation Agreement and submitted to the Village Attorney by 5:00 p.m. September 17, 2015. Mayor Pro Tempore Fred Brown seconded. The motion passed unanimously.

Mayor Pro Tempore Brown made a motion to postpone discussion of the Master Development Agreement until such a time that the Sanctuary has signed the Wastewater Service Agreement and Land Donation Agreement. Alderman Coachman seconded. The motion passed unanimously.

The mayor closed the Regular Agenda at 8:46 p.m.

V. Workshop Agenda.

Mayor Blancett opened the workshop at 8:51 p.m.

Administrator Foutz presented the first draft of a Wastewater Ordinance. This item is scheduled for a vote by the Board of Aldermen at a Special Called Meeting on September 24, 2015.

Administrator Foutz asked for direction on the development of a policy relating to Open Records Requests. Mayor Blancett directed Administrator Foutz and Attorney Hayes to develop a policy of what can and cannot be released and to set guidelines for when Administrator Foutz is not available. He asked that this item be placed for workshop again at the Special Called Meeting September 24, 2015.

VI. Adjourn.

Alderman Dankert made the motion to adjourn. Alderman Coachman seconded.

The mayor adjourned the meeting at 9:38 p.m.

_____
Skip Blancett, Mayor

_____
Mary Ann Ray, Village Secretary

Village of Salado, Texas
Regular Meeting Board of Aldermen
Meeting Minutes
6:30 p.m. Thursday, September 17, 2015
Municipal Building, 301 N. Stagecoach Road

Present: Mayor Skip Blancett, Mayor Pro Tempore Fred Brown, Alderman Frank Coachman, Alderman Amber Dankert, Alderman Michael McDougal, Alderman David Williams.

Others Present: Kim Foutz, Village Administrator; Lyndsey Barrett, Municipal Court Clerk; Jack Hensley, Chief of Police; Chrissy Lee, Code Enforcement Clerk; Mary Ann Ray, Village Secretary.

I. Call to Order.

Mayor Blancett called the meeting to order at 6:30 p.m.

1. Citizen Larry Sands opened the meeting with prayer.

2. Mayor Blancett led the Pledge of Allegiance and the Texas Pledge of Allegiance.

II. Reports.

Mayor's Report – Mayor Blancett reported on a fire off Blackberry and commended the Salado Volunteer Fire Department. He also stated that he will conduct a Town Hall meeting on the issues facing the Village at 6:30 p.m. Monday, September 21, 2015, in Board of Alderman Chambers in the Municipal Building. Everyone is welcome to attend.

Alderman Reports.

Environmental Committee -- Alderman Dankert reported a Town Hall meeting on managing the deer population is tentatively set for 6:30 p.m. Thursday, October 22, 2015, in the Board of Alderman chambers. Subject-matter experts will be invited to speak so citizens can ask for help and suggestions.

ETJ/Annexation Committee – Administrator Foutz said that the village attorney is working with the Salado Independent School District to finalize the annexation agreement that will bring the schools into the city limits.

Ordinance Committee – Alderman Williams reported that the Stagecoach Wastewater Ordinance is under review.

Main Street Committee – Mayor Pro Tempore Fred Brown reported that the next big event for Main Street is the annual Christmas Stroll and asked for volunteers to help put up the lights and remove them post-Christmas.

Street Improvements Committee – Alderman McDougal reported on the crack-seal and pothole programs. He presented a plaque of appreciation to community volunteer Curt Strong for his service in the crack seal program.

Stagecoach Sewer Plant report – Administrator Foutz reported that the plant remains in compliance. She said there are issues with the clarifier, and the Village will pursue the most economical approach to making the necessary repairs.

Financial report – See attached.

III. Proclamation.

Mayor Blancett invited members of the Betty Martin Chapter of the Daughters of the American Revolution to come forward and presented a proclamation declaring the week of September 17-26 "Constitution Week" in the Village of Salado.

IV. Public Comments.

3. King Copeland, P.O. Box 192165, Dallas, Texas, expressed concern about the proposed agreements with Sanctuary.

   Linda Reynolds, 507 Santa Rosa, spoke about the costs to the Village for the operation of the Stagecoach Wastewater Treatment plant.

   Madison Inselmann, 4203 Speedway, Austin, Texas, 78751, spoke on behalf of Sanctuary and addressed communication concerns between the Village and Sanctuary.

V. Consent Agenda.

4. Consider approving the Consent Agenda items:

   a. Minutes, September 3, 2015, Regular Meeting
   b. Minutes, September 10, 2015, Called Public Hearing/Workshop meeting
   c. Consider a professional services agreement with Kasberg, Patrick & Associates, LP, to prepare an application for wastewater Certificate of Convenience and Necessity (CCN) through the Public Utility Commission of Texas in the amount of $36,800.
   d. Consider a resolution (R-2015-122) of the Board of Aldermen designating an official newspaper and an alternate newspaper for the Village of Salado for Fiscal Year 2015-16.
   e. Consider a resolution (R-2015-124) by the Board of Aldermen designating persons with signing authority on Village bank accounts.

Alderman McDougal made the motion to approve the Consent Agenda as presented. Alderman Coachman seconded. The motion passed unanimously.

VI. Regular Session.

5. Discuss and consider action on the following proposed agreements related to the Sanctuary Community development project:

    a. Donation Agreement between the Village of Salado and Billie Hanks Jr., and Salado Utility Company, Inc. for the donation of 6 acres of land and Water Quality Permit No. WQ0014898001;
    b. Wastewater Service Agreement between the Village of Salado and Sanctuary Development Company, LLC. for the funding and constructing of improvements to the Village's wastewater collection , pumping, treatment, and disposal system, and the terms and conditions for retail wastewater services to the proposed 297 acre development to be constructed by Sanctuary Development Co.; and
    c. Development Agreement between the Village of Salado and Sanctuary Development Company, LLC. for the terms and conditions of economic development incentives related to the proposed 297 acre development to be constructed by Sanctuary Development Co.

Mayor Blancett opened the floor to public comments.

Comments:

King Copeland commented that the Board of Alderman should not agree to a contract with Sanctuary without proper notice or public hearing.

Cathy Carlson, 3400 Chisholm Trail, said she has grave concerns about the economic incentives available for Sanctuary and fears such incentives will devalue Salado.

Larry Sands, 2300 Indian Trail, said he believes the agreement with Sanctuary is the fastest way to get a sewer line down Main Street, which will benefit businesses and tourism.

There was discussion between Mayor Blancett and Mr. Copeland regarding the proper procedure for voting on agreements such as the proposed agreements with Sanctuary.

Alderman Williams made a motion to postpone indefinitely the three items relating to Sanctuary. The motion died for lack of a second.

Alderman Coachman made a motion to open discussions on the three items relating to the Sanctuary. Alderman McDougal seconded.

Discussion:

There was lengthy discussion about the Wastewater Service agreement that has gone back and forth between the Village and Sanctuary representatives. Specifically, there were changes agreed to by the Sanctuary CEO were not made in the most recent version of the agreement, and items were inserted into the agreement by Sanctuary that were not agreed to by the Village.

Mayor Blancett allowed citizen participation; several citizens spoke from the floor both in favor and opposed to the proposed agreements with Sanctuary.

There was discussion among the Board of Aldermen members about the proposed location of the treatment plant, lift stations and fall-out lines.

Mayor Pro Tempore Brown made a motion to amend the current motion, postponing discussion on the three items relating to the Sanctuary until the Board's Workshop meeting Thursday, September 24, 2015. Alderman Coachman seconded.

There was brief discussion. Robert Sulaski, CEO of Sanctuary, will be invited to attend.

The motion passed by a vote of 4-1 (Alderman Dankert dissenting).

Mayor Pro Tem Brown made a motion to instruct Sanctuary to address the Village's concerns about the Wastewater Service Agreement by close of business Tuesday, September 22, 2015. Alderman McDougal seconded. The motion passed by a vote of 4-1 (Alderman Dankert dissenting).

Mayor Pro Tempore Brown made a motion to postpone Item 5: a, b and c, until the regular workshop session September 24 and will have a regular session to vote on that issue. At that time, (the Village) will have the answers back from Sanctuary on the contract by close of business on September 22, 2015. Alderman McDougal seconded. The motion passed by a 4-1 vote (Alderman Dankert dissenting).

6. Consider authorizing Change Order #3 to the street improvement contract with APAC-Texas, Inc., DBA Wheeler, from Belton, Texas, for the 2015 Street Rehabilitation Program, increasing the scope and contract in an amount not to exceed $11,798.95.

John Simcik of Kasberg, Patrick and Associates, the Village's engineering firm, reported that this change order will be paid for with funds left over in the Street Rehabilitation Program contract. Mill Creek Drive from Main Street to Salado Plaza Drive will be chip-sealed with fog-seal over it.

Motion to approve Change Order #3 to the street improvement contract with APAC–Texas, Inc. DBA Wheeler as presented. Alderman Williams seconded.

There was discussion about warranty and the need for improvements already on Salado Plaza Drive, which was just repaired.

The motion passed unanimously.

VII. Executive Session.

No executive session was conducted.

VI. Adjourn.

Alderman Dankert made the motion to adjourn. Mayor Pro Tempore Brown seconded. The motion to adjourn passed unanimously.

The Mayor adjourned the meeting at 9:03 p.m.

Skip Blancett, Mayor

Mary Ann Ray, Village Secretary

BOARD OF ALDERMAN
AGENDA ITEM MEMORANDUM

DEPT/DIVISION REVIEW: Kim Foutz, Village Administrator

ITEM DESCRIPTION: Consider approving Resolution (R-2015-123) adopting an Investment Policy for Fiscal Year 2015-2016 and designating an Investment Officer for Fiscal Year 2015-2016.

STAFF RECOMMENDATION: Staff recommends approval

ITEM SUMMARY AND ANALYSIS: The Public Funds Investment Act governed by Government Code §2256.001 states that a municipality must adopt an investment policy, investment strategies, and designate an investment officer. Dan Nixon has served as the Village's investment advisor since 2014 and is willing to continue serving. Mr. Nixon volunteers these services to the Village.

Under Section 2256.005 of the Local Government Code, an Investment Policy must: 1) be written, 2) primarily emphasize safety of principal and liquidity; 3) address investment diversification, yield, and maturity and the quality and capability of investment management. It must also include: 1) a list of the types of authorized investments in which the investing entity's funds may be invested; and 2) the maximum allowable stated maturity of any individual investment owned by the entity.

This Policy applies to all investment activities of the Village's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the Investment Officer in his and designated deputies in their management of all public funds covered by this Investment Policy.

The primary objectives of the Village investment activities, in order of priority, shall be:

1. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.

2. Liquidity – The Village's investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements, which might be reasonably anticipated.

3. Yield – The Village's investment strategy is conservative. Given this strategy, the benchmark used by the Investment Officer to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

FISCAL IMPACT: n/a

ATTACHMENTS:

- Resolution R-2015-123
- Exhibit "A", Village Investment Policy

VILLAGE OF SALADO

RESOLUTION

R-2015-123

A RESOLUTION OF THE BOARD OF ALDERMEN ADOPTING AN INVESTMENT POLICY FOR FISCAL YEAR 2015–2016 AND DESIGNATING AN INVESTMENT OFFICER FOR FISCAL YEAR 2015-2016

WHEREAS, the Village of Salado is a Type A government of the State of Texas; and

WHEREAS, the Board of Aldermen seek to be in compliance with The Public Funds Investment Act governed by Government Code §2256.001; and

WHEREAS, Government Code § 2256.006 states that a governing body may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body; and

WHEREAS, the Public Funds Investment Act requires the Village to adopt an investment policy, investment strategies, and designate an Investment Officer; and

WHEREAS, the Investment Officer and the Village Accountant have reviewed the investment policy and have deemed it to be congruent with the investment philosophy of the Village and reflective
of the Village's fiscal goals of safety, liquidity, and yield.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO THAT:

The Investment Policy attached as "Exhibit A" has been reviewed by the Board of Aldermen and the Board hereby adopts the Investment Policy as presented.

IT IS FURTHER RESOLVED, that Dan Nixon is hereby appointed Investment Officer to be responsible for the investment of funds in accordance with the attached Investment Policy.

APPROVED AND PASSED this, the 1st day of October, 2015, by a vote of ____ (ayes), ____ (nays), and ____ (abstentions).

VILLAGE OF SALADO, TEXAS

_____
Skip Blancett, Mayor

ATTEST:

_____
Mary Ann Ray, Village Secretary

Village of Salado

INVESTMENT POLICY

Investment Policy
Adopted October 1, 2015

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, prescribes that each Village is 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 the Village's funds.

The Investment Officer of is designated as the investment officer of the Village of Salado, Texas, and is responsible for all investment decisions and activities.

I. Scope

This Policy applies to all investment activities of the Village's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the Investment Officer in his and designated deputies in their management of all public funds covered by this Investment Policy.

In order to make effective use of the Village's resources, all funds shall be pooled for investment purposes, except for those funds required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or Village policy. The pooled funds will include, but are not limited to, the funds of the General Fund, Water & Wastewater, GO Interest & Sinking, Hotel/Motel, Capital Projects, Federal/State Grant, Drainage, and Tax Increment Funds. The Firemen's Pension Fund, Deferred Compensation Plans, and any investments donated to the Village for a particular purpose, or under terms of use specified by the donor, are outside the scope of this Investment Policy.

This Policy also requires the formal adoption of an Investment Strategy that specifically addresses each of the Village's fund groups. (See Attachment A)

II. Objectives[DN1]

The primary objectives of the Village investment activities, in order of priority, shall be:

A. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.

B. Liquidity – The Village's investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements, which might be reasonably anticipated.

C. Yield – The Village's investment strategy is conservative. Given this strategy, the benchmark used by the Investment Officer to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

Each investment transaction shall seek to first ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

III. Delegation Of Authority[DN2]

The Investment Officer may designate deputies to assist with the management of the investment portfolio.

The Investment Officer or designated deputy shall be responsible for all transactions, compliance with internal controls, and insuring that all safekeeping, custodial, and collateral duties are in compliance with this investment policy and other applicable laws and regulations.

IV. Standard Of Care

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

The Investment Officer or designated deputy , acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for an individual security 's credit risk or market price changes , provided that deviations from expectations are reported in a timely manner to the City Administrator, and appropriate action is taken to control adverse developments .

V. Ethics And Conflicts Of Interest

The Investment Officer and designated deputies shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. An individual who has a personal business relationship with a business organization offering to engage in an investment transaction with the Village shall file a statement with the Texas Ethics Commission and the Board of Aldermen disclosing that personal business interest. A disclosure statement will also be filed if the Investment Officer or any designated deputy is related within the second degree by affinity of consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the Village.

For the purpose of this section, an individual has a personal business relationship with a business organization if:

A. The individual owns 10 percent or more of the voting stock or shares of the business organization, or owns $5,000 or more of the fair market value of the business organizations;

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

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

VI. Accounting/Reporting

The Investment Officer shall, not less than quarterly, prepare and submit to the Board of Aldermen a written report of investment transactions for all funds covered by this investment policy for the preceding reporting period. The report should:

A. Describe the investment position of the entity on the date of the report;

B. Be prepared and signed by the Investment Officer[DN3];

C. Contain a summary statement prepared in compliance with Governmental Accounting Standards (GAS) that states the beginning market values, additions and changes to the market value, ending market value and fully accrued interest for the reporting period;[DN4]

D. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by type of asset and fund type invested;[DN5]

E. State the maturity date of each separately invested asset that has a maturity date;

F. State the compliance of the investment portfolio as it relates to the Village's Investment Policy, the Village's Investment Strategy and the Public Funds Investment Act; and

G. The reports should be formally reviewed at least annually by an independent auditor.

The method used to monitor the market price of acquired investments is to obtain market rates for the total portfolio from at least two independent brokers or from a recognized entity that provides a similar service.[DN6]

VII. **Internal Controls**

The management of the Village of Salado, Texas, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this policy, we have identified procedural controls for the purchase of investments (See Attachment B). Significant internal control structure policies and procedures are beyond the scope of this policy. The Director of Finance shall comply with the Village's Internal Control Policies and Procedures at all times.

VIII. **Diversification**[DN7]

The Village will diversify use of investment types and issuers to avoid incurring unreasonable risks inherent in over-investment in specific instruments, individual issuers or maturities.

The investment portfolio shall not exceed the following guidelines without prior approval of City Administrator:

A. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single investment type.

B. Investment in any one single U.S. Agency Issue shall not exceed 30% of the total investment portfolio.

C. Commercial Paper shall not exceed more than 5% of the total investment portfolio.

D. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer.

E. Investment with maturities of three years shall be limited to a maximum of 20% of the total portfolio.

F. The minimum maturity on any individual investment shall be one day (overnight). Maturities will be scheduled to meet liquidity and operating requirements.

G. The maximum maturity for each investment and the total portfolio will be timed to maturity to meet cash flow needs established by the cash flow analysis. The maximum maturity of any individual investment shall not exceed three (3) years.

H. The maximum dollar-weighted average maturity of the total investment portfolio is 270 days.

Maturity schedules shall be timed according to anticipated liquidity needs[DN8]. Investments, from time to time, may be liquidated before maturity for cash-flow purposes. To meet these disbursementschedules, market gains or losses may be required. Any losses for early maturity liquidation should be minimized, and they should be reported as such to the City Administrator in a timely manner. Actual risk of default shall be minimized by adequate collateralization. Market risk shall be minimized bydiversification of investment type and maturity.

The Investment Officer shall routinely monitor the contents of the investment portfolio, the available markets and the relative values of competing instruments, and shall adjust the investment portfolio accordingly, keeping in mind the overall objectives of the investments.

IX. Cash Flow Analysis[DN9]

The Investment Officer, in conjunction with the Village Accountant may develop and maintain a comprehensive cashflow analysis for select Village's fund types. The purposes will be to determine liquidity needs and the available funds for investing. The summarized cash flow analysis reports will be provided to the Board of Aldermen and the Village Administrator on a quarterly basis.

X. Authorized Investments[DN10]

The following is a list of authorized investments:

A. Obligations issued, guaranteed, insured by, or backed by the full faith and credit of the United States or its agencies and instrumentalities (i.e. U.S. Treasury and Agency Issues).

B. Certificates of Deposit, which are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and are secured by obligations of the United States or its agencies and instrumentalities, that have a market value of not less than the principal amount of the certificates.

C. Fully collateralized repurchase agreements that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities. The securities purchased by the Village must be pledged to the Village, held in the Village's name and deposited at the time the investment is made with the Village's custodial bank. Repurchase agreements can only be placed through primary government securities dealers or financial institutions doing business in Texas. The maximum term for repurchase agreements is ninety (90) days from the date the reverse security repurchase agreement is delivered and securities held as collateral must not mature later than the agreement's expiration date.

D. Commercial paper with a stated maturity of 270 days or less from the date of issuance. Must be rated not less than A- 1 or P-1, or an equivalent, by at least two nationally recognized credit rating agencies or rated by one credit rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank.

E. Investment pools that are authorized by Council, invest only in investments approved by the Public Funds Investment Act, have an advisory board and are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency. Investment pools must provide an offering circular, investment transaction confirmations, and monthly reports.

F. S.E.C. registered no-load money market mutual funds that have a dollar-weighted average stated maturity of ninety (90) days or less and include in its investment objectives the maintenance of a stable net asset value of $1 for each share.

An investment that requires a minimum rating under this policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Investment Officer will take all prudent measures that are consistent with this policy to liquidate an investment that does not have the minimum rating; however, the Investment Officer will not be required to liquidate investments that were authorized investments at the time of purchase.

The Investment Officer is specifically prohibited from investing in:

A. Structured notes, investments with inverse-floater s, collateralized mortgage obligations, or any other form of derivatives;

B. Any investment not authorized by this Policy or the Public Funds Investment Act;

C. Any instrument for which there would not be a ready market for immediate resale;

D. Any investment pool in which the Village would own more than 20% of the market value of the pool;

E. Highly sophisticated investments not freely conducted in the marketplace e.g., derivatives; and

F. Any one mutual fund in which the Village would own more than 10% of the total assets of the mutual fund.

The Investment Officer is also specifically prohibited from borrowing funds for the purpose of reinvesting the funds to leverage return.

XI. **Eligible Institutions**

The following financial institutions are eligible for consideration for investment transactions by the Investment Officer:

A. State or national banks domiciled in the State of Texas.

B. Savings banks domiciled in the State of Texas.

C. State or federal credit unions domiciled in the State of Texas.

D. Brokers approved and designated as primary dealers by the Federal Reserve Bank of New York.

E. Secondary or regional brokers who meet the following requirements:

1. National Association of Security Dealers certified;

2. Carry Texas State Registration;
3. Have net capital of $1 million or more for Delivery Versus Payment investment transactions or net capital of $50 million or more for Repurchase Agreementtransactions; and
4. Have at least five (5) years of operation.

F. Local government investment pools, i.e. Texpool, TexSTAR, etc.

G. S.E.C. registered money market mutual funds.

Routine investment transactions, not covered in the scope of this policy such as sweep accounts, certificates of deposit, and float interest earnings, would be allowed with the Village's depository.

A written copy of the Village's investment policy shall be presented to any financial institution offering to engage in an investment transaction with the Village. The qualified representative of the financial institution offering to engage in an investment transaction with the Village shall execute an Investment Policy Certification substantially to the effect that the financial institution has:

A. Received and reviewed the Village's investment policy; and

B. Acknowledged that the financial institution has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Village and the institution that are not authorized by the Village's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Village's entire portfolio or requires an interpretation of subjective investment standards.

A list of individual qualified institutions authorized to engage in investment transactions with the Village shall, at least annually, be reviewed, revised, and adopted by the Board of Aldermen. (See Attachment C)

All broker/dealers will have on file, with the Village, Trading Authorization Agreements.

XII. Security Purchases/Trades

The Village will purchase securities on an "as needed" basis only. The Village will determine investment requirements based on cash flow analysis and current cash positions. The Village will evaluate all bids given for determination of the securities best suited for the Village's requirements.

Security selections and term will be determined in accordance with, (1) safety of principal, (2) cash flow needs, (3) investment type as a percentage of total investment portfolio and (4) yield.

Brokers/dealers are not encouraged to contact the Village on currently available securities that the broker/dealers believe are items of interest to the Village.

All securities placed will be solicited from no less than three qualified institutions. The Investment Officer will obtain the quotes and get approval from the Village Administrator or a designated deputy prior to making any investment decision. All security purchases and trades conducted through the Village will be settled with the Village's third party custodial bank. The use of Delivery versus Payment (DVP) for investment transactions/purchases, except with investment pools and money market mutual funds, will be continually used by the Investment Officer at the Village's third party custodian bank.

The Investment Officer Village Administrator, Village Secretary and Assistant Village Secretary are the only individuals authorized to wire funds for the Village. Dual authorization shall be used for all non-repetitive wire transfers.

XIII. Collateralization Requirements

Consistent with the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, the Village will require full collateralization of all deposits with depository institutions. In order to anticipate market changes and provide a level of security, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less the amount insured by the Federal Deposit Insurance Corporation. Securities pledged as collateral shall be held in the Village's name by an independent third party with whom the Village has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the Village for retention. The Village must approve any release and/or substitution of collateral before such action is taken. Collateral shall be reviewed daily to assure that the market value of the securities pledged equals or exceeds the related deposit.

Securities authorized by the Public Funds Collateral Act are acceptable for collateralization purposes.

Private insurance coverage is not an acceptable collateralization form.

XIV. Investment Training

The Investment Officer and designated deputies shall attend:

A. At least one training session relating to the Investment Officer designated deputies' responsibilities within 12 months after taking office or assuming duties.

B. Investment training sessions not less than once in a two year period and receive not less than ten (10) hours of instruction relating to investment responsibilities.

Training must include education in investment controls, security risks, strategy risks, market risks, diversification of the investment portfolio, and compliance with the Public Funds Investment Act.

All training shall be from an independent source on the list of approved training seminar sponsors. (See Attachment D)

XV. Conclusion

The Investment Officer will adhere to the investment policy in all investment decisions of the Village. The Investment Officer will provide quarterly written reports to the Village Administrator and Board of Aldermen on the investment activity of the Village's investment portfolio.

All current investment activity, which does not comply with the above stated policy, will be allowed to mature, and all future investment activity will be negotiated under the terms of the stated policy.

In conjunction with the annual financial audit, a compliance audit will be performed on management controls and adherence to this policy.

An annual review of the Investment Policy and Strategy will be conducted by the Investment Officer. The Investment Policy and Strategy, with any changes, will then be presented for the Board of Aldermen to review. Formal adoption of the Investment Policy and Strategy will be documented in the minutes of the Board of Aldermen meeting and the adopting resolution.

INVESTMENT STRATEGY - *Attachment A*

The investment strategy of the Village of Salado, Texas, is adopted to provide investment guidelines that will minimize the risk of loss. In order to make effective use of the Village's resources, all monies shall be pooled into one fund, except for those monies required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or Village policy. Investment priorities (in order of importance) are as follows:

A. Suitability – Any investment allowed by the Investment Policy is suitable. Maturity schedules shall be timed according to anticipated needs.

B. Safety of Principal – All investments should be of high quality with no perceived default risk.

C. Liquidity – Local government investment pools and mutual funds shall provide daily liquidity. Fixed maturity investments shall provide liquidity as required by anticipated needs.

D. Marketability – Investments should have an active and efficient secondary market to enable the Village to liquidate investments prior to the maturity for unanticipated cash requirements.

E. Diversification - The Village will diversify use of security types, issuers and maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio shall be invested in a single security type. With the exception of U.S. Treasury securities, no more than 40% of the total investment portfolio shall be invested with a single issuer. Maturity schedules shall be timed according to anticipated liquidity needs. The maximum dollar-weight average maturity is 270 days.

F. Yield – The Village's investment strategy is conservative. The benchmark used by the Investment Officer to determine whether market yields are being achieved shall be the 90-day T-bill rate.

INVESTMENT PURCHASING PROCEDURAL CONTROLS - *Attachment B*

A. Investment Officer shall analyze cash flow and determine specific cash flow needs of the Village before any current securities mature or any new money is invested.

B. Investment Officer agree to type of security (as allowed or as authorized by law, contract, or investment policy), denominations, and duration.

C. Village Secretary

- Issues Request for Qualifications from brokers to establish an authorized brokers list in accordance with state law procedures;
- Obtains three (3) net quotes for securities from authorized brokers;
- Prepares quote listing with relevant information from the offerers;
- Submits quote listing with recommendation for best responsible net offerer to Investment Officer or ;
- Investment Officer approves best responsible net offerer; and
- Contacts selected offerer with instructions to buy.

D. Broker faxes or calls Village Secretary with details of the purchase (disc, etc.).

E. Village Secretary contacts safekeeping with details, and faxes copy of CUSIP to safekeeping for security verification.

F. Safekeeping compares CUSIP to delivered securities to initiate payment. The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the Federal Reserve System. By so doing, Village funds are not released until the Village has received, through the Federal Reserve wire, the securities purchased.

G. A letter is prepared with Investment Officer and Village Secretary's signature stating all details of the purchase, and is sent to the broker.

H. The broker must verify the letter for understanding and correctness of securities purchased, sign it, and return it to the Village of Salado.

I. The investment portfolio and cash flow documents are updated to reflect security transactions. The Village accountant reconciles the investment portfolio with the general ledger monthly. The reconciliation is reviewed and approved by the Village Administrator.

J. Safekeeping receipts are received by a Finance employee who is independent from the initiating or approval of the purchase, and are verified with the Daily Balance Report; if correct, the receipts are filed for documentation upon arrival.

LIST OF QUALIFIED INSTITUTIONS - ***Attachment C***

The following institutions are authorized for use by the Investment Officer. Additional institutions may be added to the list if Local Government Code procedures are followed.

Texpool – Local government investment pool
TexSTAR – Local government investment pool
Local banks
Local savings and loans

This list shall be revised when necessary throughout the year to account for additions and deletions.

TRAINING SEMINAR SPONSORS - ***Attachment D***

All investment training shall be from an independent source approved by the Board of Aldermen. The following sponsors are hereby approved:

A. Government Finance Officer's Association (GFOA);

B. Texas Society of Certified Public Accountants (TSCPA);

C. American Institute of Certified Public Accountants (AICPA);

D. Texas Municipal League (TML);

E. Government Treasurer's Organization of Texas (GTOT);

F. Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CPE credits; or

G. Other sponsors approved on an individual basis by the Village Administrator or Mayor.

BOARD OF ALDERMAN
AGENDA ITEM MEMORANDUM

DEPT/DIVISION REVIEW: Kim Foutz, Village Administrator

ITEM DESCRIPTION: Consider a Resolution (R-2015-125) to award a depository account(s) and contract with Horizon Bank; authorizing the Village Investment Officer to establish account(s).

STAFF RECOMMENDATION: Staff recommends approval.

ITEM SUMMARY AND ANALYSIS: Section 105.106 of the Local Government Code requires a municipality to designate a bank, credit union, or savings association to serve as a depository for that municipality's funds. The Village entered into a depository agreement five years ago with First State Bank of Central Texas. State statute limits depository agreements to five years, therefore it was necessary at this time to issue a Request for Proposals for a new contract.

In accordance with state law, the Village posted a notice in the local newspaper, requesting proposals from all interested, qualified institutions to serve as the depository for the Village. Village staff also hand delivered proposals to three local, qualified financial institutions.

The Request for Proposal outlined the Village's cash management goals, specified required qualifications, the banking services required, the methods and terms of compensation, submission instructions, the contract award provisions, and Depository Agreement Form. The proposal was to maintain custody of selected funds for the period of October 1, 2015 and to extend through September 30, 2020.

The Village received two proposals: 1) the Village's current deposit, First State Bank of Central Texas; and 2) Horizon Bank. The selection criteria and weight assigned is outlined below. Please see the attached recommendation memorandum for contract award to Horizon Bank by our Investment Officer, Dan Nixon.

- Time deposit interest rates 30%
- Cost of service 30%
- Service availability 10%
- Safety and creditworthiness 30%

Horizon Bank meets the criteria for service as the Village's depository according to Section 105.034 of the Local Government Code. These accounts will meet the mandate of Section 105.071 of the Local Government Code, which requires bank accounts in accordance with the Village's Investment Policy.

FISCAL IMPACT: See Investment Officer memorandum.

ATTACHMENTS:

- Resolution R-2015-125 – Bank Depository
- Investment Officer Recommendation Memorandum
- Bank proposal – on file with Village Secretary Office
- Depository RFP
- Depository Agreement Form
- Depository Notice in the Newspaper

VILLAGE OF SALADO
RESOLUTION NO. R-2015-125

A RESOLUTION OF THE VILLAGE OF SALADO TO AWARD A DEPOSITORY ACCOUNT AND CONTRACT WITH HORIZON BANK; AUTHORIZING THE VILLAGE INVESTMENT OFFICER TO ESTABLISH ACCOUNTS.

WHEREAS, Section 105.106 of the Local Government Code requires a municipality to designate a bank, credit union, or savings association to serve as a depository for the municipality's funds; and

WHEREAS, Horizon Bank meets the conditions set forth in Section 105.034 of the Local Government Code for acting as a municipal depository; and

WHEREAS, Section 105.071 of the Local Government Code mandates the Village of Salado has a need to establish bank accounts in accordance with its investment policy; and

WHEREAS, it is prudent to set up separate accounts to achieve the Village's investment policy of safety and liquidity; and

WHEREAS, the Board of Aldermen has previously appointed Dan Nixon as the Village Investment Officer; and

WHEREAS, the Village Investment Officer oversaw the notice requirements, specifications, Request for Proposal development and issuance, analysis, and recommendation for the Village depository; and

WHEREAS, under Resolution R-2015-124, the Board of Aldermen authorized signatories for Village accounts; and

WHEREAS, the Proposal and related terms and conditions received from Horizon Bank is incorporated herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO:

Section 1: That the Board of Aldermen does hereby approve the opening of money market fund, certificate of deposit time deposit accounts, or other accounts as authorized under the Investment Policy at Horizon Bank.

Section 2: The Village Investment Officer is authorized to establish accounts with Horizon Bank and deposit funds of the Village therein and utilize banking services as provided in the Proposal and Banking Services Agreement.

Section 3: Pursuant to Resolution R-2015-124, the following individuals shall have authority to endorse and make deposits, sign checks, withdraw funds, wire funds, and otherwise operate the account on the behalf of the Village:

Skip Blancett	Mayor
Fred Brown	Mayor Pro Tempore
Dan Nixon	Investment Officer
Kim Foutz	Village Administrator

APPROVED AND PASSED this the 1st day of October, 2015, by a vote of ____ (ayes), ____ (nays), and ____ (abstentions).

_____
Skip Blancett, Mayor

ATTEST:

_____
Mary Ann Ray, Village Secretary

Village of Salado

September 25, 2015

Kim Foutz
Village Administrator
P.O. Box 219
Salado, TX 76571

Dear Kim:

The Village posted a Request for Proposals from local banks to serve as the depository for the Village of Salado. Two proposals have been received from banks with branch offices in the Village: (1) our current depository, First State Bank of Central Texas; and, (2) Horizon Bank. Our stated Selection Criteria and the weight we assigned to each were:

- Time Deposit Interest Rates 30%
- Cost of Service 30%
- Service Availability 10%
- Safety and creditworthiness of bank 30%.

Comparison of Proposals

Criteria	1st State Bank CTx	Horizon Bank
Time Deposit Interest Rates		
- Certificates of Deposit	Negotiable; 0.55% Historical	Negotiable
- Money Market Savings	.25%	0.50%
- Cash (Demand Deposit)	.20%	1.00%
Cost of Service	Check Printing at Cost; No Other Fees	No Fees
Service Availability	Location Near Village Office	Location Near Village Office
Safety & Creditworthiness of Bank	Favorable	Favorable

The two distinguishing criteria are Interest Rates and Cost of Service.

Horizon presented an interesting proposal involving placing the Sewer Bond funds in a Money Market account earning 0.50% per annum. Transfers from this Money Market account to the Village operating account can be made up to 6 times per month. First State Bank has historically offered the Village 0.55% per annum on Certificates of Deposit, which would be the type of account used for the Sewer Bond funds in their proposal. Use of the Horizon Money Market account will allow Sewer Funds to draw the .50% interest until needed for disbursement, while the First State CDs would be scheduled for withdrawal at planned intervals.

Operating cash at Horizon would earn a full 1.00%. This would include the cash we now have in CDs at First State Bank, earning 0.55%. Overall, for the convenience of the Money Market account, and the overall Interest Rates, I favor the Horizon proposal.

Regarding cost of service, the difference is check-printing costs. Horizon proposes to bear this cost, while First State offers it at their cost. Other fees at either institution are waived. Horizon is favored in this category.

I recommend that the Salado Board of Aldermen approve Horizon Bank as the depository for the Village of Salado.

Respectfully submitted,

J. Dan Nixon,
Investment Officer

VILLAGE OF SALADO

REQUEST FOR PROPOSAL
FOR BANKING SERVICES

I. INTRODUCTION

The Village Of Salado is requesting proposals for a banking services contract to be awarded October 1, 2015, with service to begin October 1, 2015. Through this contract, the Village intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Proposal (RFP) represents the cash management goals, specifies all banks' required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions, and the contract award provisions.

II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS

A. MINIMUM QUALIFICATIONS

To assure a close working relationship, to facilitate available services, and to support local businesses, the entity may give priority to those banks with full-service capabilities within the Village. Any required statement regarding equal opportunity and affirmative action should be included if required/desired. The proposal submitted will become part of the final contract.

B. PROPOSAL SUBMISSION INSTRUCTIONS

1. Proposal Format

In order to fully equitably evaluate each bank's ability to meet the banking services needs of the Village, a standard reply format is required. Each proposal must include a response to each item in the RFP in the order given. Only proposals submitted in the prescribed format and using the exhibit forms provided will be evaluated for contract award.

2. Submission Requirements

All submissions must address all subsections of Section IV of this RFP, in the order in which they are listed, as well as completion of ***Attachment A.***

3. RFP Questions

Questions regarding this RFP or the service requested will be accepted in written form at the address below on or before 5:00 pm September 25, 2015. Responses to all material questions submitted will be communicated to each prospective bidder.

Attn: Village of Salado Investment Officer
301 North Stagecoach Road
Salado, Texas 76571

4. Request for Proposal Amendments

Modifications or additions may be made as a result of questions submitted. Written notification of such any change will be made in writing to known bidders.

5. Selection Criteria

Evaluation of proposals will be made on the basis of the following objectives:

Time deposit interest rates	30%
Cost of service	30%
Service availability	10%
Safety and creditworthiness of bank	30%

6. Award of Bid and service Initiation

The contract is to be awarded by Village Board of Alderman at its meeting October 1, 2015.

III. REQUIRED FINANCIAL INSTITUTION INFORMATION

All banks must provide, as part of the proposal:

- audited financial statements for the most recent fiscal year,
- a copy of the current call report, and
- a statement regarding any recent or foreseen merger or acquisition

IV. REQUIRED BANKING SERVICES

This section lists all the services to be provided by the bank under this agreement. *Attachment A* lists each of these services. The bank should use this Attachment to provide the specific price for each service.

A. Wire Transfer Services

The Village generates approximately five wires each month. A standard wire transfer agreement will be executed with the bank. This proposal should include a copy of your standard transfer procedures and wire transfer agreement. The Village adequate security provisions and procedures. If the wire transfer requests are available on line, full information should be submitted detailing the use.

B. Automated Daily Balance Reporting

The Village requires an automated PC-based reporting system for access to the closing ledger and available balances. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and detail reporting. Samples of the reports are to be included in the proposal.

C. Investment of Idle Funds and Safekeeping of City Securities

All certificates of deposit bought by the Village will be bought on a competitive basis. The Village has no obligation to invest its funds with or through the bank. If the bank is proposing overnight repurchase agreements, an executed Master Repurchase Agreement is required. In order to fulfill GASB III requirements for reporting, if a repurchase agreement is executed with the bank itself, the collateral must be held in the trust department of the bank in a separate account.

All securities will be handled on a delivery versus payment (DVP) basis as they are cleared into and out of the account. There will be approximately ten securities in safekeeping at any time.

All clearing and safekeeping will be in the bank or its correspondent. All correspondent and safekeeping arrangement will be stipulated in the proposal.

D. Standard Disbursing Services

Standard disbursing services for all accounts are required to include the payment of all checks upon presentation.

E. Standard Deposit Services

The bank must guarantee immediate credit on all incoming wire transfers and U.S. Treasury checks upon receipt and all other checks based on the bank's published availability schedule. The bank should specify in its proposal its deposit requirements and commercial and retail deposit locations, including night deposit services and procedures.

F. Reporting and Account Analysis

Monthly account analysis reports must be provided by the bank on a timely basis for each account and on a total account basis. A sample account analysis format must be provided as part of the proposal. Samples of monthly statements also should be provided. The monthly statements are to be received within ten business days of the next month.

G. Account Executive

An account executive must be assigned to the account to coordinate the account services and expedite the solution of any problem. A trained and competent backup for the account executive, familiar with the account, should be assigned in the proposal. Stipulate the name and a brief biography of the account executive to be assigned to the Village's account.

H. Direct Deposit

Describe the requirements and deadlines for computer tap for ACH transactions. The proposal should indicate when funds will be available in participating banks.

I. Daylight Overdraft Provisions

Every effort will be made to eliminate daylight overdraft situations on the account. However, in case this situation does arise, the proposal should include any and all bank policies regarding daylight overdrafts charges or handling procedures.

J. Stop Payments

The proposal must include a statement on the proposed stop payment process on an automated or manual basis.

K. Collateralization of Deposits

The bank must agree to obtain and maintain acceptable collateral sufficient to cover all anticipated time and demand deposits, above the FDIC insured limit of $250,000 in an amount of $10,000,000, and comply with requirements to provide and maintain security at the level required by the provisions of Chapter 2257 of the Texas Government Code. Securities[LH1] used to pledge against time and demand deposits must be held in an independent third-party safekeeping institution outside the bank's holding company. The bank will execute a tri-party safekeeping agreement with the Village and the Safekeeping bank of these securities. Collateral will be maintained at a minimum of 102% and marked to market at least one month. Control will be shared jointly between the bank and the entity. Substitution will be approved by the Village and not unduly withheld. Substitutions of collateral will be requested in writing and new

collateral will be received before the existing collateral is released. The proposal will name the safekeeping bank for collateral.

L. Additional Services

If new services become available and are provided during the period of this contract, they will be charged at the bank's then-published rate.

V. OTHER SERVICES

The Village is interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not required but will be evaluated in terms of availability, feasibility, service levels, service providers, and cost. The Village will make its determination after receipt of proposals as to whether a service will be used. If the service is accepted later in the contract period, the services and charges stipulated in the proposal will be applied.

A. Lockbox Services

The Village may choose to utilize lockbox services for certain revenue collections. Describe the service, including the lockbox location and a full description of the service.

VI. BANK COMPENSATION

Any net settlement on compensating balances will be made annually. If fees are chosen as the payment methodology, fees will be paid monthly after receipt of the account analysis.

ATTACHMENT A – BANKING SERVICES CHARGES

Any and all anticipated service charges must be shown on this form to be applicable under the agreement. Add additional lines as required.

Service Unit	Unit Charge	Cost Of Service
Account Maintenance	Per month	
Daily Balance Reporting	Per month	
Zero Balanced Accounts		
Master Account	Per month	
Subsidiary Accounts	Per month	
Credits Posted	Per transaction	
Debits Posted	Per transaction	
Encoding Charge	Per transaction	
ACH Processing	Per transaction	
Origination Of File	Per tape	
ACH Deletions	Per transactions	
ACH Entries	Per transactions	
Returned Checks	Per transactions	
Controlled Disbursement	Per account/per month	
Reconciliation	Per month	
Sort List Tape	Per transaction	
Sort and List	Per Transaction	
Items Deposited		
Deposits	Per transaction	
Commercial Deposits	Per transaction	
Group I Items	Per transaction	
Group II Items	Per transaction	
Group III Items	Per transaction	
Group IV Items	Per transaction	
Stop Payments	Per transaction	
Wire Transfers		
Incoming	Per transaction	
Outgoing	Per transaction	
Investment Safekeeping		
S/keeping interest/credit	Per transaction	
S/keeping receipt deposit	Per transaction	
S/keeping outgoing	Per transaction	
Securities DVP FRB	Per transaction	
Securities DVP NY	Per transaction	
Check Printing	Per transaction	
Extra Statements	Per transaction	
Disposable Bank Bags	Per Item	
Lockbox	Per month	
Cutbacks	Per transaction	
Special Handling		

THIS DRAFT AGREEMENT IS IN THE FORM ANTICIPATED FOR THE AWARD. ADDITIONAL PROVISIONS AND EXHIBITS MAY BE ADDED TO ADDRESS SERVICES AWARDED

BANK DEPOSITORY AGREEMENT

This Bank Depository Agreement (the "Agreement") is made and entered into this 1st day of October, 2015 by and between the Village of Salado (the "Village") and _____ the ("Bank") a bank chartered by the State of Texas.

SECTION I - Designation as Depository

The Village, through action of its Governing Body, hereby designates the Bank as its depository for banking services for a three (3) year period commencing October 1, 2015 through September 30, 2018. The Village may extend this agreement annually for an additional two (2) years commencing on October 1, 2018.

SECTION 2 – The Village and Bank hereby designate the _____ (the "Custodian") to hold in trust, according to the terms and conditions of the Village Request for Proposal dated September 3, 2015 (the "RFP") and pursuant to a separate Safekeeping Agreement, attached as ***Exhibit ___***, all securities pledged as depository collateral in accordance with the Village's Investment Policy.

SECTION 3 – Collateralization of Deposits

The Village time and demand deposits, inclusive of interest, in excess of Federal Deposit Insurance Corporation insurance shall be secured by collateral acceptable to the Village and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held by a designated custodian. The maximum collateralization required is estimated to be $10,000,000.The Bank shall have the right, with the prior consent of the Village, to substitute or replace any or all of the pledged securities with collateral acceptable to the Village.

SECTION 4 – Financial Position

The Bank will provide a statement of its financial position on at least a quarterly basis. The Bank will provide an annual statement audited by its independent auditors including a letter as to its "fair representation."

SECTION 3 – Authorized Village Representatives

For the term of this contract, the individuals authorized to represent and act for the Village in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds will be: **Mayor; Mayor Pro-Tem; Village Treasurer**.

SECTION 4 – Scope of Services

The Bank's response to the Village's RFP, dated September ___ , 2015, (the "Response") is incorporated into this Agreement for all purposes, including service charges, time deposit, demand deposit and loan rates, and is attached as ***Exhibit A***. If any provisions of the Response and this Agreement are in conflict, this Agreement will control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement turn over to its successor all funds, Village owned securities, property and things of value held as depository.

The Village shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The Village may arrange for time deposits and the Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

SECTION 5 – Bank Compensation
Bank will be compensated for any and all services rendered to the Village under this Agreement according to the Bank Response.

SECTION 6 – Default
The Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the Village shall e deemed to have vested full title to all securities pledged under this Agreement. The Village is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the Village may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the Village under this Agreement.

SECTION 7 – Non-Assignability
This Agreement is not assignable in whole or in part, but is binding on the parties, their successors and assigns.

SECTION 8 – Termination
This Agreement may be terminated by either the Village or the Bank by giving sixty (60) days prior written notice to the parties.

SECTION 9 – Law Governing
All applicable provisions and requirements of the laws of the State of Texas governing depositories for the Village shall be a part of this Agreement.

SECTION 10 – Bank Authorization
The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

VILLAGE OF SALADO

_____

_____
Mayor Skip Blancett

_____
Authorized Representative

_____
Title

THIS DRAFT AGREEMENT IS IN THE FORM ANTICIPATED FOR THE AWARD. ADDITIONAL PROVISIONS AND EXHIBITS MAY BE ADDED TO ADDRESS SERVICES AWARDED

ATTEST:

_____

ATTEST:

_____

VILLAGE OF SALADO
NOTICE TO FINANCIAL INSTITUTIONS
Proposal for Depository Contract

Notice is hereby given that the Village of Salado, subject to the provisions of Chapter 105 of Local Government Code, is requesting proposals from all interested, qualified institutions to serve as the depository of the Village of Salado and maintain custody of selected funds for the period of October 1, 2015 and extend through September 30, 2020. This Request for Proposal represents the cash management goals, specifies all banks' required qualifications, the banking services required, the methods and terms of compensation, submission instructions, the contract award provisions, and Depository Agreement.

Depository Proposal forms are available at the office of the Municipal Clerk of the Village of Salado at 301 North Stagecoach, Salado, Texas 76571. All forms and other information pertinent to submission of a Depository Proposal will be available at the above address between the hours of 8:00 A.M. and 5:00 P.M., Monday through Friday.
Deadline for submission will be 12:00 P.M. Friday, September 25, 2015, to the Village of Salado, Office of the Municipal Clerk, 301 North Stagecoach, Salado, Texas 76571. All sealed proposals must be addressed to the Village of Salado Investment Officer, and bear the title "Village of Salado – Bank Depository Services" along with vendor's name and address. Submit two (2) completed copies. Facsimile copies will not be accepted. Late proposals will not be considered.

The Board of Aldermen will consider selection of the depository on Thursday, October 1, at 6:30 p.m. at City Hall, 301 N. Stagecoach, Salado Tx 76571.

NEWSPAPER SUBMITTED TO: ____Salado Village Voice_____

DATE SUBMITTED BY EMAIL: _____8/28/15/2015_____

RECEIVED BY: _____

PUBLISH DATES: _____09/03/2015_____

PLEASE SIGN & FAX BACK TO 254-947-5061
TO CONFIRM RECEIPT

BOARD OF ALDERMAN
AGENDA ITEM MEMORANDUM

DEPT/DIVISION REVIEW: Kim Foutz, Village Administrator

ITEM DESCRIPTION: Hold a public hearing and consider adopting an ordinance (Ordinance 2015.12) establishing policies, procedures, administration and charges for operating a Village owned wastewater treatment plant and system; including establishing wastewater service rates, connection fees, deposit fees, interest penalties re-connection charges, transfer fees, and returned check fees; and adopting general policies and procedures including application, implementation, billing, and collections of established fees.

STAFF RECOMMENDATION: Staff recommends approval.

ITEM SUMMARY AND ANALYSIS: The Village must set rates, fees, and other considerations for the Stagecoach Wastewater Treatment Plant. This item was reviewed by the Wastewater Committee on September 14, 2015, the Ordinance Committee on September 23, 2015, and the BOA on September 24, 2015.

The attorney has reviewed the fees and billing structure and is in concurrence with both. She did have several definitions she wanted to add, as well as a clause for grease traps. Additionally, the fee chart has added use categories per BOA instruction. Once these are added, the BOA will be sent the final Ordinance and fee chart by close of business on Monday, September 28, 2015.

This item was posted in the Village Voice for previous consideration on September 24, 2015. As no action was taken, it was re-posted for consideration on October 1, 2015.

FISCAL IMPACT: As yet undetermined.

ATTACHMENTS:

- Ordinance 2015.12
- User category fee chart