City of Azle
Regular Meeting Agenda
City Council

505 W. Main Street
Azle, Texas 76020

September 20, 2022 | **6:00 PM** | **Council Chambers**

Pursuant to Section 551.071 of the Texas Government Code, the Council may convene into Executive Session(s) from time to time as deemed necessary during the meeting for any posted agenda item and may receive advice from its attorney as permitted by law.

CALL TO ORDER

INVOCATION

The City of Azle is accepting volunteers from all Religions and Denominations to provide the invocation at the beginning of the City Council meeting. If you are interested in giving the invocation at a future meeting, please call the city secretary's office at 817-444-7101 or email: yforgey@cityofazle.org

Paul Collins of Son Shine Ministries

PLEDGE OF ALLEGIANCE

PUBLIC PARTICIPATION

This is an opportunity for the public to address the City Council on posted agenda items or non-agenda items. In order to address the Council, please complete a Speaker's Request Form and submit to the City Secretary prior to the start of the council meeting. All comments must be directed to the Presiding Officer, rather than an individual council member or city staff. All speakers must refrain from personal attacks toward any individual. Comments are limited to three (3) minutes and must pertain to the subject matter listed on the Speaker's Request Form. Speakers requiring the assistance of a translator shall be provided four (4) minutes. Council may not comment publicly on non-agenda items, but may direct the City Manager to resolve the matter or request the matter be placed on a future agenda. Public comments regarding non-agenda items shall not include any "deliberation" as defined by Chapter 551 of the Government Code, as now or hereafter amended. If you have a subject that may require City Council action, you may obtain a form from the City Secretary and request the item be placed on a future agenda.

PRESENTATIONS

1. Department Presentation - Streets and Stormwater.
   Jimmy Duvall, Streets Superintendent

ACTION ITEMS

2. Consider any action approving the minutes of the September 6, 2022 Regular Meeting
   Yael Forgey, City Secretary
3. Consider any action on Resolution No. 2022-16 approving the Investment Policy.
   Renita Bishop, Finance Director
4. Consider any action on Resolution No. 2022-17 denying Oncor Electric Delivery Company LLC's application to change rates within the city.
   Tom Muir, City Manager

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

EXECUTIVE SESSION

5. **SECTION 551.087 – DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**
   Discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations for property located at 1000 Boyd Rd.

EXECUTIVE SESSION ACTION

6. Consider any action authorizing the execution of a 380 agreement with Hornets Plaza, LLC.

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on September 16, 2022, at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.

Yael Forgey

Yael Forgey,
City Secretary

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101. Complete City Council agenda packet is available for review at the City Secretary's Office and on our website www.cityofazle.org.

Item Number: 1

Presenter: Jimmy Duvall, Streets Superintendent

Agenda Item: Department Presentation - Streets and Stormwater.

Background and Explanation:

Annual report/update of the functions and activities of each City Department and Boards and Commissions.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

N/A

Attachments:

None

Item Number: 2

Presenter: Yael Forgey, City Secretary

Agenda Item: Consider any action approving the minutes of the September 6, 2022 Regular Meeting

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Background and Explanation:

Procedural

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

N/A

Attachments:

1. 09-06-2022 Minutes

MINUTES
Regular Meeting
Azle City Council

505 W. Main Street
Azle, Texas 76020

September 6, 2022	6:00 PM	Council Chambers

CALL TO ORDER

Mayor Brundrett called the meeting to order at 6:06 PM.

Members Present:

Mayor	Alan Brundrett
Mayor Pro Tem	Randa Goode
Councilmember	Derrick Nelson
Councilmember	Amy Estes
Councilmember	Stacy Peek
Councilmember	Rouel Rothenberger
Councilmember	Brian Conner

Staff Present:

Tom Muir	City Manager
Lawrence Bryant	Assistant City Manager
Yael Forgey	City Secretary
Susie Hiles	Assistant to the City Manager
Cara White	City Attorney
Cat Schlueter	Human Resources Manager
Ben Hall	Police Chief
Kevin Rogers	Police Lieutenant
Beckie Wethington	Human Resources Generalist
David Hawkins	Director of Planning and Development
Curren McLane	Library Director
Victor Gonzales	Assistant Library Director
Lee Godbold	Assistant Fire Chief

INVOCATION

Brandon Geary - Lead Pastor, Merge Community Church, gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Brundrett led the Pledge of Allegiance

PUBLIC PARTICIPATION

None

PROCLAMATIONS

1. Adult Activity Center Month

Mayor Brundrett read and presented a proclamation to Jackie Joy - Adult Center Director

PRESENTATIONS

2. Gold Star Family Memorial Monument Project

Mr. Ray Ivey presented an overview of the Gold Star Family Memorial Monument Project and asked for Council's support of the project, including possibly locating the monument on city property. Council stated they are supportive of the project. Mr. Ivey will keep City Manager Tom Muir updated on the progress of the project to determine if there is anything that needs to come back to Council for approval.

3. Police Promotions

Mayor Brundrett recognized Chief of Police Hall who introduced each officer being promoted.
Chris Javarone is being promoted to corporal. Chief Hall gave a brief review of his law enforcement career. His wife, Keshia, pinned his corporal badge.
Ty Tapp was promoted to corporal. Chief Hall gave a brief review of his law enforcement career. His wife, Mandy, pinned his corporal badge.
Thomas Gilbert was promoted to sergeant. His wife, Lynette, pinned his sergeant badge.
Chief Hall presented Dora Scudder, who was promoted to lieutenant. Dora`s parents, Alberto and Margarita Garcia, pinned her lieutenant badge and her children, Caydence and Lane, pinned the lieutenant bars on her collar. Mayor Brundrett swore in Lt. Scudder and wished her good luck.

4. Department Presentation - Human Resources

Mayor Brundrett recognized Human Resources Manager Cat Schlueter who gave a brief overview of the activities of the Human Resources Department this past year.

ACTION ITEMS

5. Consider any action approving the minutes from the following meetings; August 2, 2022 - regular meeting, August 16, 2022 - special meeting, August 23, 2022 - special meeting and - August 29, 2022 - special meeting.

Councilmember Rothenberger moved to approve the minutes from the following meetings; August 2, 2022 - regular meeting, August 16, 2022 - special meeting, August 23, 2022 - special meeting and - August 29, 2022 - special meeting as presented. Councilmember Conner seconded the motion.

Yes:	(7)	Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

6. Consider any action appointing Mr. Robert Schocke to the Zoning Board of Adjustment Place 3.

Mayor Brundrett recognized Robert Schocke and thanked him for his willingness to serve on ZBA and explained the importance of attendance.

Councilmember Conner moved to approve the appointment of Mr. Robert Schocke to the Zoning Board of Adjustment Place 3 as presented. Mayor Pro Tem Goode seconded the motion.

Yes:	(7)	Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

7. **Consider any action authorizing the City Manager to execute an agreement with Meals on Wheels of Tarrant County to operate the Senior Center.**

Mayor Brundrett recognized City Manager Tom Muir who gave an overview of the Meals on Wheels program at the Azle Senior Center. Mr. Muir noted this agreement includes a 3.04% increase from the current agreement to $21,228 annually to operate the Senior Center. In addition, the agreement is for a three-year period, ending September 30, 2025. The proposed agreement allows for an annual increase of 3%.

Councilmember Rothenberger moved to authorize the City Manager to execute an agreement with Meals on Wheels of Tarrant County to operate the Azle Senior Center, as presented. Councilmember Estes seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

8. **Consider any action on Resolution No. 2022-15 approving a negotiated settlement regarding Atmos Energy Corp. – Mid-Tex Division's 2022 RRM filings.**

Councilmember Rothenberger moved to approve Resolution No. 2022-15 approving a negotiated settlement regarding Atmos Energy Corp. – Mid-Tex Division's 2022 RRM filings, as presented. Councilmember Conner seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

9. **Consider any action on Resolution No. 2022-13 authorizing an application to the State of Texas, Office of the Governor's Public Safety Office, for a grant that reimburses the police department for the purchase of two (2) rifle-rated ballistic shields designed to be used in active shooter incidents - Grant #4606101.**

The city attorney confirmed that Items 9 & 10 could be approved in one motion; therefore, Councilmember Conner moved to approve Resolution No. 2022-13 authorizing an application to the State of Texas, Office of the Governor's Public Safety Office, for a grant that reimburses the police department for the purchase of two (2) rifle-rated ballistic shields designed to be used in active shooter incidents - Grant #4606101, and Resolution 2022-14 approving an additional grant submission to the State of Texas, Office of the Governor`s Public Safety Office for reimbursement of travel expenses related to sending police officers to ALERRT (Advanced Law Enforcement Rapid Response Training) for active shooter response training course related to Grant # 4606202 as presented. Councilmember Nelson seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

10. **Consider any action on Resolution No. 2022-14 approving an additional grant submission to the State of Texas, Office of the Governor's Public Safety Office for reimbursement of travel expenses related to sending police officers to ALERRT (Advance Law Enforcement Rapid Response Training) for active shooter response training courses-relates to Grant # 4606202.**

Item 10 was approved together with Item 9 in a single motion (see item 9).

11. **Consider any action authorizing the City Manager to execute an Interlocal Agreement with the Fort Worth Transportation Authority (Trinity Metro) to provide door-to-door transportation services for elderly and disabled citizens.**

Assistant to the City Manager Susie Hiles gave an overview of the interlocal agreement and the transportation program that is provided through funding provided by this agreement. She advised that the additional “guaranteed” day of service offered to our residents through a separate grant, will expire September 30, 2022. So, Monday will again be the only “guaranteed” day of service; rides on other days are provided on a case-by-case basis as space allows.

Councilmember Rothenberger moved to authorize the City Manager to execute an Interlocal Agreement with the Fort Worth Transportation Authority (Trinity Metro) to provide door-to-door transportation services for elderly and disabled citizens, as presented. Mayor Pro Tem Goode seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

PUBLIC HEARING

12. Conduct a public hearing and consider any action on Ordinance No. 2022-23 regarding a request to rezone a 1.5-acre tract of land situated in the Joshua Cook Survey, Abstract No. 1789, City of Azle, Tarrant County, Texas, from the Estate One District (E-1) to the Commercial (C) zoning district. The subject property is generally located along the northern most edge of City of Azle city limits on the east side of FM 730 N, north of Sandy Beach Road.

Mayor Brundrett recognized Director of Planning and Development David Hawkins, who explained this request for rezoning.

Mayor Brundrett opened the public hearing at 7:39 PM.
Mayor Brundrett closed the public hearing at 7:39 PM.

Councilmember Conner moved to approve Ordinance No. 2022-23 regarding a request to rezone a 1.5-acre tract of land situated in the Joshua Cook Survey, Abstract No. 1789, City of Azle, Tarrant County, Texas, from the Estate One District (E-1) to the Commercial (C) zoning district. The subject property is generally located along the northern most edge of the City of Azle city limits on the east side of FM 730 N, north of Sandy Beach Road, as presented. Councilmember Rothenberger seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

13. Conduct a public hearing and consider any action on Ordinance No. 2022-24 regarding amendments to Chapter 14 “Zoning” of the City of Azle Zoning Ordinance pertaining to zoning change application procedures.

Mayor Brundrett recognized Director of Planning and Development David Hawkins, who explained the suggested amendments to the zoning ordinance regarding zoning change reapplication procedures as requested by Council.

Mayor Brundrett opened the public hearing at 7:45 PM.
Mayor Brundrett closed the public hearing at 7:45 PM.

After a short discussion, the Council agreed to change the waiting period that an applicant can reapply for a zoning change request to 180 days instead of 30 as suggested by the Planning and Zoning Committee.

Councilmember Estes moved to approve Ordinance No. 2022-24 regarding amendments to Chapter 14 “Zoning” of the City of Azle Zoning Ordinance pertaining to zoning change application procedures, to 180 days. Councilmember Nelson seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

None.

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

- The Central Splash Pad is now open
- 09-10-2022 Sting Fling on Main Street
- 09-17-2022 City-wide clean up

EXECUTIVE SESSION

Mayor Brundrett convened to Executive Session at 8:00 PM

14. 551.074 PERSONNEL MATTERS

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the City Manager.

Mayor Brundrett reconvened to open session at 8:58 PM.

ADJOURNMENT

Mayor Brundrett adjourned at 8:59 PM.

Presented and approved on 09-20-2022

____

Alan Brundrett, Mayor

Attest:

____

Yael Forgey, TRMC, CMC
City Secretary

Item Number: 3

Presenter: **Renita Bishop, Finance Director**

Agenda Item: **Consider any action on Resolution No. 2022-16 approving the Investment Policy.**

Background and Explanation:

Chapter 2256 of the Texas Government Code, commonly known as the Public Funds Investment Act, requires that the governing body of an investing entity adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy and investment strategies regarding the investment of its funds and funds under its control. The law also requires that the policy and strategies be reviewed and adopted by the governing body each year. The City Council last approved the City's Investment Policy on September 7, 2021.

The City's investment advisor, Valley View Consulting, L.L.C., and the Investment Committee (City Manager, Assistant City Manager, Finance Director and Assistant Finance Director) have reviewed the Policy. This year, the only recommended changes are to update the Investment Committee members to reflect the title change of the Controller to Assistant Finance Director and add the Assistant Finance Director as an investment officer.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

During our Investment Committee meeting on August 23, Staff reviewed the policy with Valley View Consulting, L.L.C. and approved forwarding the updated policy to the City Council for their consideration.

Attachments:

1. Resolution 2022-16

RESOLUTION NO. 2022-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS, AMENDING, REVIEWING AND APPROVING THE WRITTEN INVESTMENT POLICY.

WHEREAS, , Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act” requires the City to adopt an investment policy by rule, order, ordinance or resolution annually; and

WHEREAS, the Public Funds Investment Act requires the chief financial officer and investment officers of the City to attend investment training; and

WHEREAS, , the chief financial officer, investment officers and any official participating in the investment process have attended an investment training course approved by the Investment Committee as provided in the Investment Policy; and

WHEREAS, , the City of Azle Investment Policy also includes the Azle Crime Control & Prevention District and Azle Municipal Development District to allow for the prudent investment of funds, as authorized by the Azle City Council, the Azle Crime Control & Prevention District Board and Azle Municipal Development District Board; and

WHEREAS, , the attached Investment Policy and incorporated revisions comply with the Public Funds Investment Act, as amended, and authorize the investment of funds in safe and prudent investments.

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

SECTION 1

The City of Azle has complied with the requirements of the Public Funds Investment Act and the Investment Policy, as amended, attached hereto as “Exhibit A” is hereby adopted as the Investment Policy of the City, effective September 20, 2022.

SECTION 2

This resolution shall become effective immediately upon passage.

PASSED AND APPROVED on September 20, 2022 by a vote ___ of ayes, ____nays, and abstentions at a regular meeting of the City Council of the City of Azle, Texas.

Alan Brundrett, Mayor

ATTEST:

Yael Forgey, City Secretary

Exhibit A

CITY OF AZLE, AZLE CRIME CONTROL & PREVENTION DISTRICT, and AZLE MUNICIPAL DEVELOPMENT DISTRICT

INVESTMENT POLICY

PURPOSE: To establish policies for the investment of funds of the City of Azle, the Azle Crime Control and Prevention District and the Azle Municipal Development District, collectively referred to as (the "CITY").

POLICY: Scope

This Investment Policy applies to the investment activities of the CITY. All financial assets of the CITY, including the following fund-types, shall be administered in accordance with the provisions of these policies.

General Funds
Special Revenue Funds
Debt Service Funds
Capital Project Funds
Enterprise Funds
Internal Service Funds
Sinking Funds

Objectives:

The CITY shall manage and invest its cash with three objectives, listed in order of priority: *safety, liquidity, public trust, and risk-appropriate yield*. The safety of the principal invested will always remain the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and local law.

The CITY shall maintain a comprehensive cash management program that includes collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and optimum yield on short term investments of pooled idle cash.

1. Safety - The primary objective of the CITY's investment activity is the preservation and safety of principal. Each investment transaction shall seek to first avoid capital losses, whether they arise from issuer defaults or erosion of market value.

2. Liquidity - The CITY's investment portfolio will remain sufficiently liquid to meet operating requirements. Liquidity shall be achieved by matching investment maturities with estimated cash flow requirements, maintaining liquid reserves and by investing in instruments with active secondary markets.

3. Public Trust – Investment Officers shall act responsibly as public trust custodians and shall avoid transactions which might impair public confidence in the CITY's ability to govern effectively.

4. Risk–Appropriate Yield – The investment portfolio shall be designed with the objective of attaining a risk-appropriate yield throughout budgetary and economic cycles, taking into account risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Responsibility and Control

The City Council, Crime Control and Prevention District and Municipal Development District Boards of Directors shall designate the Assistant City Manager, Finance Director and Assistant Finance Director as the Investment Officers. The Investment Officers shall establish procedures for the operation of the investment program consistent with this Investment Policy. The Investment Officers shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinates. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Investment Officers.

The Investment Committee, consisting of the City Manager, Assistant City Manager, Finance Director, and Assistant Finance Director, shall meet at least quarterly to determine appropriate strategies and to monitor results. The Committee shall monitor the investment activities; assist in the development of investment policies, strategies and procedures; and annually review and approve the CITY's broker/dealers and independent training sources.

In order to ensure the quality and capability of investment management, all Investment Committee members and Investment Officers shall attend investment training no less often than once every two years, aligned with the fiscal year end, and shall receive not less than 8 hours of total instruction relating to investment responsibilities.

A newly appointed Investment Officer or Investment Committee member must attend investment training consisting of at least 10 hours of total instruction within twelve months of the date that he or she took office or assumed the Officer’s duties.

The investment training shall be provided by an independent training source approved by the Investment Committee and comply with the investment training requirements of State law. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolios, and compliance with State law.

The City Council and Boards of Directors shall annually review and adopt the Investment Policy and included investment strategies.

Prudence

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.

The CITY recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's return and that an Investment Officer acting in accordance with this Policy, written procedures, and exercising prudence shall be relieved of personal responsibility for an individual investment’s performance.

Ethics

Investment Officers 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. Investment Officers shall disclose to the City Council and the Boards of Directors any material financial interests in financial institutions that conduct business with the CITY and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Investment Officers shall subordinate their personal investment transactions to those of the CITY.

If an Investment Officer has a personal business relationship with an entity seeking to sell an investment to the CITY, or is related within the second degree by affinity or consanguinity, to an individual seeking to sell an investment to the CITY, the Investment Officer shall file a statement of disclosure with the City Council, the Boards of Directors, and the Texas Ethics Commission.

Reporting

Within a reasonable time of each quarter's end, the Investment Officers shall submit to the City Council, City Manager, and the Boards of Directors an investment report that contains the information required by State law. Said information shall include, but not be limited to:

1. Detailed description of the CITY's investment position,
2. Summary statement of each pooled fund group (if applicable),
3. Ending book and market value of each separately invested asset by fund and asset type,
4. Maturity date of each asset, and
5. Signatures of each Investment Officer attesting to the portfolio's compliance with the Investment Policy and State law.

The market value of the portfolio will be calculated, and investment credit ratings will be confirmed on a quarterly basis in compliance with the reporting requirements. In determining market value and credit ratings, sources independent of the investment provider will be pursued.

"Weighted average yield to maturity" shall be the standard on which investment performance is calculated.

The CITY shall, in conjunction with its annual financial audit, perform a compliance audit of management controls on investments and adherence to the CITY's Investment Policy, as well as formal review of the CITY's quarterly reports. The CITY's independent auditor shall report to the City Council and the Boards of Directors the results of this audit.

Investments

1. Authorized Investment Instruments – Financial assets of the CITY may be invested in:

   a. Obligations, including letters of credit, of the United States or its agencies or instrumentalities, including the Federal Home Loan Banks; and other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

   b. Certificates of deposit and other evidences of deposit at a financial institution that, a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, b) is secured by obligations in a manner and amount provided by law for deposits of the CITY, or c) is placed through a depository institution or broker that has its main office or a branch office in Texas and meets the requirements of State law.

c. SEC registered, no load money market mutual funds that comply with the requirements of State law, that seek to maintain a stable $1.0000 net asset value, and would be described as “government” portfolios;

d. Texas local government investment pools that seek to maintain a stable dollar net asset value, would be described as “government” portfolios, are specifically authorized by the City Council or applicable Board of Directors, and that comply with the requirements of State law;

e. Investment pools that provide fixed maturity, fixed yield investments, are specifically authorized by the City Council or applicable Board of Directors, and that comply with the requirements of State law; and

f. Repurchase agreements (direct security repurchase agreements) executed under the terms of a master repurchase agreement or similar agreement, collateralized by obligations of the United States or its agencies or instrumentalities and that comply with the requirements of State law.

2. Not Authorized – Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, or collateralized mortgage obligations with an inverse floating interest rate coupon or a maturity date of over 10 years are strictly prohibited.

   With respect to authorized investments, this Policy is more restrictive than the Public Funds Investment Act.

3. Maximum Investment Maturity - The maximum maturity for each fund-type group is set forth in the investment strategies.

4. All security transactions shall be executed using the delivery versus payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the CITY’s safekeeping agent. All securities shall be held in safekeeping at a third-party institution approved by the Investment

Committee.

5. It is the policy of the CITY to provide a competitive environment for individual investment transactions, and financial institution, money market mutual fund, and local government investment pool selections.

6. In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the CITY is not required to liquidate investments that were authorized at the time of purchase.

7. Investment Officers may not purchase any investments from business organizations (defined by the State law as a local government investment pool or discretionary investment management firm) that have not delivered a written certification to the CITY as required by State law and that have not been authorized by the Investment Committee.

Financial Institution Deposits

Primary depositories shall be selected through the CITY's banking services procurement process, which shall include a formal Request for Applications (RFA) issued in compliance with applicable State law. This contract can be extended as per the RFA specifications. In selecting depositories, the credit worthiness of institutions shall be considered, and the CITY shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

All depository deposits shall be insured or collateralized in compliance with applicable State law. The CITY reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as CITY depositories will be required to sign a depository agreement with the CITY. The collateralized deposit portion of the agreement shall define the CITY's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;

- The agreement has to be executed by the Depository and the CITY contemporaneously with the acquisition of the asset;

- The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the CITY; and

- The agreement must be part of the Depository's "official record" continuously since its execution.

With the exception of deposits secured with irrevocable letters of credit at 100%, the market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held by an independent third-party approved by an Investment Officer and held in an account in the CITY's name as evidenced by pledge receipts. The custodial agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities.

STRATEGIES:

General

The CITY's basic investment strategy for all financial assets is to preserve principal. In order to achieve that objective, the CITY shall invest in instruments with limited credit risk and invest in maturities that do not exceed anticipated cash flow requirements.

The objective of liquidity stems from the need of the CITY to maintain available cash balances sufficient to cover financial outlays. Since the timing and amount of some financial disbursements are not predictable, fund-type strategies shall adjust for the certainty of projected cash flows.

It is also the policy of the CITY to diversify its investment portfolios. Whenever practical and appropriate, assets held in the investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

CITY funds shall seek to achieve a competitive yield appropriate for each fund-type. A comparably structured treasury security portfolio shall represent the minimum yield objective. Yield objectives shall at all times be subordinate to the objectives of safety and liquidity. Tax exempt debt proceeds shall be invested to maximize the interest earnings retained by the CITY, while at the same time, fully complying will all applicable State laws and federal regulations.

The Investment Officer will ensure that marketability maintained in the fund-type portfolios is sufficient to reasonably assure that investments could be liquidated if cash needs occur prior to the maturity date of the investments.

The CITY will group investment instruments into a number of “fund-type investment groups". These groups will reflect similar needs as to maturity limits, diversity, and liquidity.

All investment-specific restrictions shall be measured at the time of purchase and based on portfolio book value.

<u>Fund-Types:</u>

Short Term/Operating – Most of the CITY's functional accounts maintain fund balances to perform normal operations. Cash flow projections are reasonably accurate, but occasional circumstances may create unpredicted requirements. To reduce market risk and assure liquidity, anticipated cash flows shall be matched with investment maturities. The dollar weighted average maturity of operating funds may not exceed nine months. The maximum maturity of an individual investment shall not exceed two years. To further offset the risk of unpredictable events and to anticipate market movements, additional fund balances shall be invested in short-term deposits, investment pools or money market mutual funds.

Capital Project Funds – Fund balances designated for capital projects may be scheduled for expenditure separate from the flow of operating funds. Bond proceeds (which may be subject to the arbitrage rebate regulations) are a main source of capital project funds. As with operating funds, a key strategy is to assure that anticipated cash flows are matched with investment maturities. The maximum weighted average maturity of capital project funds shall not exceed two years. The maximum maturity of an individual investment shall not exceed three years. To further offset the risk of unpredictable events and to anticipate market movements, additional fund balances shall be invested in short-term deposits, investment pools or money market mutual funds.

Bond Proceeds subject to the arbitrage regulations may necessitate an altered investment strategy under some market conditions. Investment selection for these funds may be dependent on market conditions, cash flow needs, and State law and federal regulation compliance.

Debt Service Reserve Funds – These reserves are usually specifically defined in terms of amount and size. Bond document covenants may require that reserve balances be maintained with a third-party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of an investment advisor. These relationships will be approved by the City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of fund and the applicable bond documents.

A primary investment strategy for debt service reserve funds is to provide emergency funds to meet debt service requirements. Since the investments may be subject to the arbitrage regulations, the secondary investment strategy is to attempt to maximize the amount of retained interest earnings. The maximum maturity of an individual investment shall not exceed the lesser of ten years, the call date of the bonds, the maturity date of the bonds, or any applicable restriction in the bond documents. In the unlikely event Debt Service Reserve Funds would be required to fund a debt service payment, only instruments with historical bid/offer price spreads of 10 basis points or less shall be considered for investment.

Debt Service Funds – These funds are specifically defined in terms of amount, size and cash flow need. Bond document covenants may require that these funds be maintained with a third-party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of an investment advisor. These relationships will be approved by the City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of fund and the applicable bond documents.

The primary investment strategy for debt service funds is to match investment maturities with debt service payment requirements. The instruments need not have an active secondary market. The maximum maturity of an individual investment shall be the next unfunded debt service date.

Sinking Funds – These funds are usually defined in terms of amount, size and cash flow need. Sinking Fund document covenants may require that these funds be maintained with a third-party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of an investment advisor. These relationships will be approved by the City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of fund and the applicable documents.

The primary investment strategy for sinking funds is to match investment maturities with payment requirements. The instruments need not have an active secondary market. The maximum maturity of an individual investment shall be the next unfunded payment date.

SAMPLE

CERTIFICATE OF INVESTMENT PROVIDER

1. The City of Azle, the Azle Crime Control and Prevention District and Azle Municipal Development District collectively referred to as (the "CITY") have presented a copy of its Investment Policy to the undersigned.

2. The undersigned has received the Investment Policy and reviewed it.

3. The undersigned has implemented reasonable procedures and controls in an effort to preclude imprudent investment transactions conducted between the CITY and the undersigned that are not authorized by the CITY's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the CITY's portfolio or requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

Signed this ___ day of _______________, 20___.

____
Organization

____
Signature

____
Name

____
Title

Item Number: 4

Presenter: **Tom Muir, City Manager**

Agenda Item: **Consider any action on Resolution No. 2022-17 denying Oncor Electric Delivery Company LLC's application to change rates within the city.**

Background and Explanation:

On May 13, 2022, Oncor Electric Delivery Company LLC (Oncor) filed an application with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about $251 million or approximately 4.5% over present revenues. The Company asks the City to approve an 11.2% increase in residential rates and a 1.6% increase in street lighting rates. The impact of this requested increase on an average residential customer using 1,300 kWh/month would be about $6.02 per month.

On June 7, 2022, the Council approved Resoluition 2022-09 suspending Oncor's rate increase. During the suspension period, the City, through its participation with the Steering Committee of Cities Served by Oncor (Steering Committee), to determine that the proposed rate increase is unreasonable. Consistent with the recommendations of the experts engaged by the Steering Committee, Oncor's request for a rate increase should be denied.

Therefore, Resolution No. 2022-17 is submitted for Council consideration to deny the rate change application proposed by Oncor. Once the Resolution is adopted, Oncor will have thirty (30) days to appeal the decision to the Public Utility Commission of Texas where the appeal will be consolidated with Oncor's filing (i.e. PUC Docket No. 53601) currently pending at the Commission.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

Approval of Resolution No. 2022-17

Attachments:

1. Resolution 2022-17

RESOLUTION NO. 2022-17

A RESOLUTION OF THE CITY OF AZLE, TEXAS FINDING THAT ONCOR ELECTRIC DELIVERY COMPANY LLC'S (ONCOR) APPLICATION TO CHANGE RATES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Azle, Texas (City) is an electric utility customer of Oncor Electric Delivery Company LLC (Oncor), and a regulatory authority with an interest in the rates and charges of Oncor; and

WHEREAS, the City is a member of the Steering Committee of Cities Served by Oncor ("Steering Committee"), a coalition of similarly situated cities served by Oncor that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in Oncor's service area; and

WHEREAS, on or about May 13, 2022, Oncor filed with the City an application to increase system-wide transmission and distribution rates by $251 million or approximately 4.5% over present revenues. The Company asks the City to approve an 11.2% increase in residential rates and a 1.6% increase in street lighting rates; and

WHEREAS, the Steering Committee is coordinating its review of Oncor's application and working with the designated attorneys and consultants to resolve issues in the Company's filing; and

WHEREAS, through review of the application, the Steering Committee's consultants determined that Oncor's proposed rates are excessive; and

WHEREAS, the Steering Committee's members and attorneys recommend that members deny the Application; and

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

SECTION 1

That the rates proposed by Oncor to be recovered through its electric rates charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

SECTION 2

That the Company shall continue to charge its existing rates to customers within the City.

SECTION 3

That the City's reasonable rate case expenses shall be reimbursed in full by Oncor within 30 days of the adoption of this Resolution.

SECTION 4

That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

SECTION 5

That a copy of this Resolution shall be sent to Oncor, Care of Howard Fisher, Oncor Electric Delivery Company, LLC, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202 and to Thomas Brocato, Counsel to the Steering Committee, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Ave., Suite 1900, Austin, TX 78701.

PASSED AND APPROVED on September 20, 2022 by a vote of ayes ____, nays ____, and ____abstentions at a regular meeting of the City Council of the City of Azle, Texas.

____

Alan Brundrett, Mayor

ATTEST:

____

Yael Forgey, City Secretary