City of Azle
Regular Agenda
Municipal Development District Board

505 W. Main Street
Azle, Texas 76020

November 17, 2022 **6:30 PM** **Community Room**

Pursuant to Section 551.071 of the Texas Government Code, the Board 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.

REGULAR SESSION

CALL TO ORDER

ACTION ITEMS

1. Consider any action on appointing officers to the Azle MDD Board of Directors.
   Tom Muir - Executive Director
2. Consider approving the Minutes of the September 8, 2022 Azle MDD regular meeting
   Brian Conner - Secretary
3. Consider any action on Resolution No. M2022-01 confirming the MDD Board of Directors has reviewed and approved the City's Investment Policy.
   Renita Bishop, Finance Director
4. Consider any action approving amendments to the Chapter 380 and Economic Development Performance Agreement with Gary Shelton and Azle Management Partners, LP.
   Tom Muir - Executive Director

PRESENTATIONS

5. Presentation of the Quarterly Investment Report for month ended September 30, 2022.
   Renita Bishop, Finance Director
6. Economic Development Report
   David Hawkins, Director of Planning and Development

DISCUSSION ITEMS

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on November 11, 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.

Susie Hiles

Susie Hiles, Assistant to the City Manager

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 Municipal Development

District Board agenda packet is available for review at the City Secretary's Office and on our website [www.cityofazle.org.](http://www.cityofazle.org)

Item Number: 1

Presenter:	**Tom Muir - Executive Director**
Agenda Item:	**Consider any action on appointing officers to the Azle MDD Board of Directors.**

Background and Explanation:

The Azle Municipal Development District Bylaws state:
ARTICLE II
BOARD OF DIRECTORS
Section 5. Officers and Term of Office. The Board of Directors shall choose from its members a President, Vice President, and Secretary. The term of office for each officer shall be one (1) year with the term of office expiring on October 31st of each year. Officers may be re-elected.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

None

Presenter: **Board Secretary**

Agenda Item: **Consider approving the Minutes of the September 8, 2022 Azle MDD regular meeting**

Background and Explanation:

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

1. 090822 MDD minutes

DRAFT

MINUTES
REGULAR MEETING
AZLE MUNICIPAL DEVELOPMENT DISTRICT
September 8, 2022

STATE OF TEXAS	**§**
COUNTIES OF	**§**
PARKER AND TARRANT	**§**
CITY OF AZLE	**§**

The Azle Municipal Development District of the City of Azle, Texas convened in Regular Session at 6:00 P.M. in the Community Room at City Hall, 505 W. Main Street, Azle, Texas, on the 8th day of September 2022 with the following members present:

Present

Jack Stevens	**President - Place 5**
Council Member Amy Estes	**Place 2**
Council Member Brian Conner	**Secretary**
Council Member Stacy Peek	**Director - Place 4**
Bill Jones	**Director – Place 3**
Jack Reynolds	**Director – Place 6**
Tom Muir	**Executive Director/City Manager**

Absent

Council Member Randa Goode	**Director – Place 1**

Constituting a quorum.

Staff present was:

David Hawkins	**Director of Planning & Development**
Susie Hiles	**Scribe**

REGULAR SESSION **6:00 p.m.**
CALL TO ORDER

Director Jack Stevens called the meeting to order at 6:00 pm

ACTION ITEM

1. **Consider approving the minutes of the July 12, 2022 MDD regular meeting.**
   Director Bill Jones moved to approve the minutes as discussed. Director Jack Reynolds seconded the motion, and the motion was unanimously approved.

PRESENTATION

2. **Economic Development Report.**

   Director of Planning & Development David Hawkins presented an update on current/future projects in the city.

   - Saddleback Leather LLC- new office /warehouse space – final CO was issued in July.
   - Main Street Tacos – Facade Grant for signage approved. Opening possibly September/October.
   - Starbucks – opened on Labor Day
   - Azle Retail Development – Azle City Council authorized the 380 Agreement extension as recommended by the MDD.
   - Crave, 404 W. Main St (occupied old Café 21 location) - CO has been issued.
   - Hill's Body & Repair, north of Azle High School – building permit issued in July.
   - Lake Country Avionics, 1605 SE Parkway (at Wells Burnett) – building permit issued in September.
   - Wingstop, 913 Boyd Rd – building permit issued in July.
   - LaParis Property, 1900 block FM 730 (north of Sandy Beach Rd) – office/showroom/warehouse for a

DRAFT

homebuilder. Azle City Council recently approved a zoning change to commercial. Ready to move forward on building permit and plat submittals.
- Commercial Shell Building, 111 Gipson Rd – 5,750 sq ft multi-tenant shell building. Permit under review by Staff.
- Katie's Car Wash, 1330 NW Parkway (by Russell Feed) – Permit under review by Staff.
- Texas Health Harris Hospital – remodel of kitchen. Permit under review by Staff.

Façade Grants:
- Main Street Tacos – Approved for signage and permit has been issued.

Residential Developments – Mr. Hawkins reported that 408 residential permits have been issued out of the 976 available lots for development.
Mr. Muir advised the Board there is a developer interested in finishing the final phase of Oak Harbor that was platted in 1988 (about 37 lots and two streets). Staff met with developer for a pre-construction meeting. They advised they will try to preserve as many trees as possible.

EXECUTIVE SESSION

The Board decided to discuss this item in open session.

The Board will convene into executive session pursuant to the Texas Government Code as authorized by:

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.

3. **Consider any action authorizing the negotiation and execution of a 380 agreement with Hornets Plaza, LLC.**
Mr. Muir provided information to the Board regarding the project and introduced David Pettit, David Pettit Economic Development, who provided an overview of the plan to build the project including details of the Term Sheet, which states upon completion of the Development and certification that Development meets the criteria of the agreement, the MDD will provide grant funds to the Developer equal to $219,765. Mr. Muir advised that upon approval by the MDD, the agreement will need to go to City Council for final approval.

Director Bill Jones moved to authorize President Jack Stephens to execute the 380 Agreement in accordance with the Term Sheet and attachments. Director Jack Reynolds seconded the motion, and the motion was unanimously approved.

ADJOURNMENT

President Jack Stevens adjourned the meeting at 6:38 pm.

Presented and approved this 17th day of November 2022

APPROVED

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Board Secretary

ATTEST

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Susie Hiles, Scribe

City of Azle
Community & Opportunity

Presenter: **Renita Bishop, Finance Director**

Agenda Item: **Consider any action on Resolution No. M2022-01 confirming the MDD Board of Directors has reviewed and approved the City's Investment Policy.**

Background and Explanation:

Chapter 2256 of the Texas Government Code, commonly known as the Public Funds Investment Act, requires 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 the policy and strategies be reviewed and adopted by the governing body each year. The Board last approved the City's Investment Policy on October 12, 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:

Staff Recommendation:

Attachments:

1. Investment Policy 2022 - Proposed
2. Investment Policy Resolution M2022-01

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___.

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Organization

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Signature

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Name

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Title

RESOLUTION NO. M2022-01

A RESOLUTION OF THE BOARD OF THE AZLE MUNICIPAL DEVELOPMENT DISTRICT OF AZLE, TEXAS, AMENDING, REVIEWING AND APPROVING A 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 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, Azle Crime Control Prevention District Board and the Azle Municipal Development District Board; and

WHEREAS, the attached Investment Policy and incorporated revisions complies 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 MUNICIPAL DEVELOPMENT DISTRICT BOARD OF AZLE, TEXAS:

That the Azle Municipal Development District has complied with the requirements of the Public Funds Investment Act and the Investment Policy, attached hereto as “Exhibit A” is hereby adopted as the Investment Policy of the District, effective November 17, 2022.

APPROVED this 17th day of November, 2022.

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Board President

ATTEST:

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Susie Hiles, Scribe

Item Number: 4

Presenter: **Tom Muir - Executive Director**

Agenda Item: **Consider any action approving amendments to the Chapter 380 and Economic Development Performance Agreement with Gary Shelton and Azle Management Partners, LP.**

Background and Explanation:

On March 10, 2020, the Board authorized the President to execute a Chapter 380 and Economic Development Performance Agreement with property owners of 6.127 acres of land on the east side of, and adjacent to FM 730N (Boyd Road) between O'Reilly Auto Parts (808 Boyd Road) and Domino's Pizza (636 Boyd Road). The land consists of several properties, of which most of the properties are owned by Gary Shelton and two (2) properties are owned by Azle Management Partners, LP. On April 21, 2020, the Council approved this agreement.

Due to the impact of the ongoing coronavirus (COVID-19) pandemic, the property owners requested an amendment to the agreement, shifting the benchmark dates in the agreement and adding Section 5.9 "Payment Reduction for Delay of Substantial Completion". Section 5.9.4 of the agreement states the project would be substantially completed by July 31, 2022. The Board approved this amendment on September 14, 2021 and the contract was executed on September 28, 2021.

On July 1, 2022, the Board approved extending the agreement to October 31, 2022 due to engineering and construction delays and to maintain the overlay district the agreement established. (Council approved the extension on July 19, 2022.) There has been significant improvement to the site but the project remains unfinished, mainly due to the screening wall needing to be reengineered. Staff spoke with the owners and they stated the wall construction should take 3-4 weeks, but they are unsure when the construction will start. Therefore, Staff again approached Council with a recommendation to consider authorizing a contract amendment extending the agreement three (3) months (January 31, 2023), which Council approved on October 18, 2022.

The amended agreement now needs to come before the MDD Board to ratify the Council's decision.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

None

Presenter: **Renita Bishop, Finance Director**

Agenda Item: **Presentation of the Quarterly Investment Report for month ended September 30, 2022.**

Background and Explanation:

Presentation of the Quarterly Investment Report for the month ended September 30, 2022.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

1. 2022 09 Azle MDD Quarterly Investment Report

Municipal Development District

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2022

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Azle Municipal Development District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

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Investment Officer

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Investment Officer

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

	September 30, 2021			September 30, 2022		
Asset Type	**Ave. Yield**	**Book Value**	**Market Value**	**Ave. Yield**	**Book Value**	**Market Value**
Bank/Pool/MMMFs	0.03%	$ 1,271,617	$ 1,271,617	2.41%	$ 1,583,240	$ 1,583,240
CDs/Securities	0.48%	1,648,332	1,648,332	1.21%	1,708,698	1,708,698
Totals		**$ 2,919,949**	**$ 2,919,949**		**$ 3,291,938**	**$ 3,291,938**

Fourth Quarter-End Yield	**0.28%**	**1.79%**

Average Quarter-End Yields ***(1)*** **:**

	2021 Fiscal Year	**2022 Fiscal Year**
Azle MDD	0.40%	0.80%
Rolling Three Month Treasury	0.06%	1.06%
Rolling Six Month Treasury	0.08%	1.01%
TexPool	0.04%	0.90%

Fiscal YTD Interest Earnings	$ 11,873 (Approximate)	$ 21,433 (Approximate)

(1) Average Quarter-End Yield calculated using quarter end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2022 Book Value	June 30, 2022 Market Value	September 30, 2022 Book Value	September 30, 2022 Market Value	Ave. Yield
Bank/Pool/MMMFs	$ 1,482,546	$ 1,482,546	$ 1,583,240	$ 1,583,240	2.41%
CDs/Securities	1,711,940	1,711,940	1,708,698	1,708,698	1.21%
Totals	**$ 3,194,486**	**$ 3,194,486**	**$ 3,291,938**	**$ 3,291,938**	1.79%

Current Quarter Portfolio Performance (1)	
Average Quarterly Yield	1.79%
Rolling Three Month Treasury	2.76%
Rolling Six Month Treasury	2.46%
TexPool	2.41%

Fiscal Year-to-Date Portfolio Performance (2)	
Average Quarter-End Yield	0.80%
Rolling Three Month Treasury	1.06%
Rolling Six Month Treasury	1.01%
Average Quarter-End TexPool Yield	0.90%

Interest Earnings (Approximate)	
Quarterly Interest Earnings	$ 11,932
Fiscal YTD Interest Earnings	$ 21,433

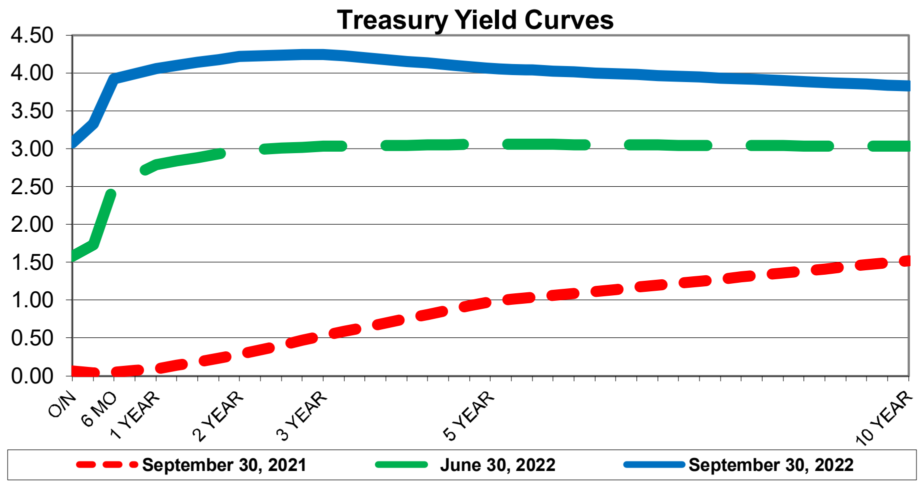
(1) **Current Quarter Weighted Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

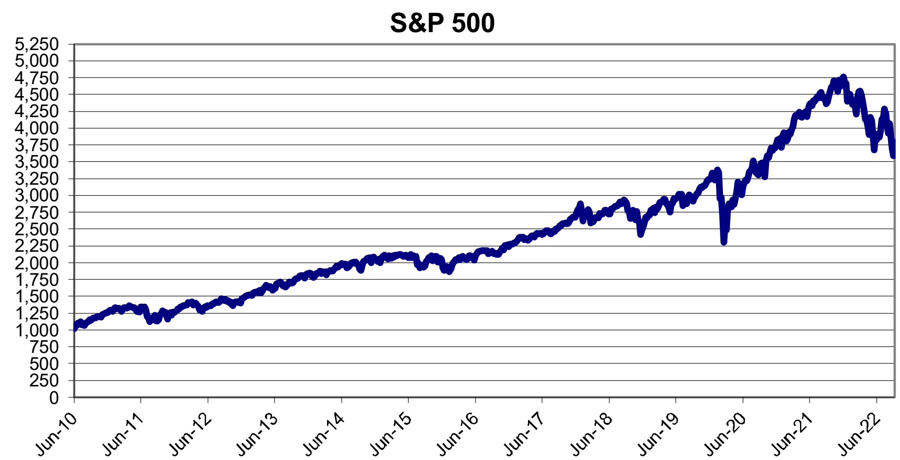
(2) **Fiscal Year-to-Date Weighted Average Yields -** calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

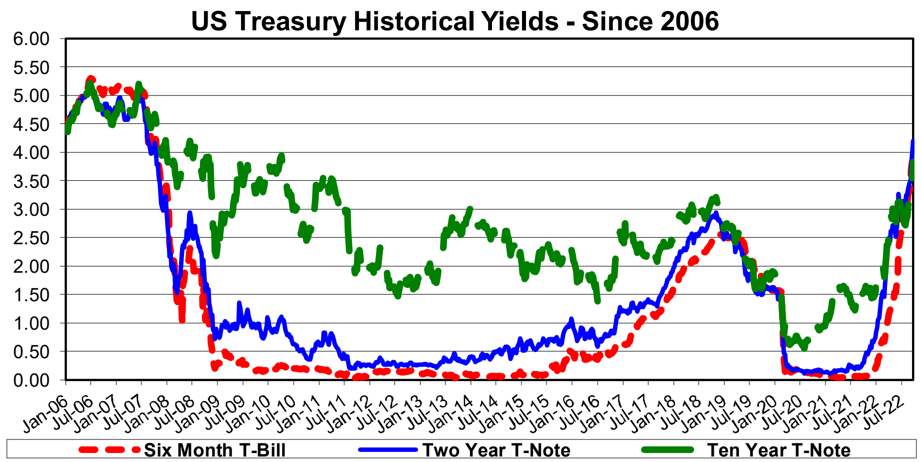
Economic Overview

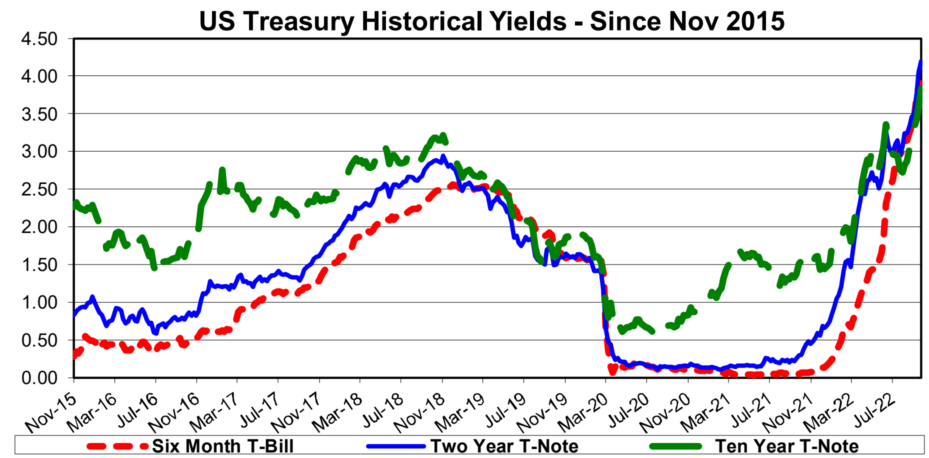
9/30/2022

The Federal Open Market Committee (FOMC) raised the Fed Funds target range 0.75% to 3.00% - 3.25% September 21st (Effective Fed Funds are trading +/-3.10%). The FOMC continued actively reducing their balance sheet. An additional 0.50% - 0.75% increase is currently anticipated November 2nd. Second Quarter GDP was confirmed at -0.6%. Domestic and international economies are slowing. September Non-Farm Payroll added 263k new jobs with a Three Month Average of 372k. Crude oil fell below $80 per barrel, but OPEC+ announced a target production reduction of 2 million barrels/day. The Stock Markets continued bouncing down and are +/-20% below the 2021 peak. The negatively sloped yield curve (6 months to 10 years, with peak yield at 3 years) may indicate lower future interest rates. Inflation remained well over the FOMC 2% target (Core PCE +/-4.9% and CPI exceeding 8%).









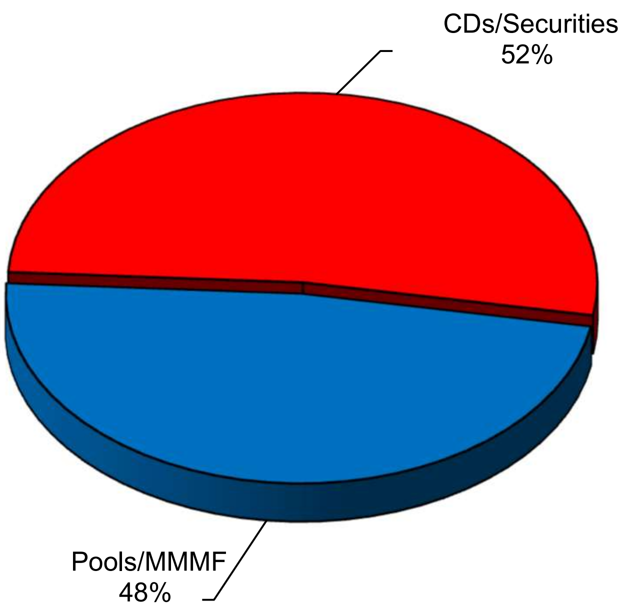
Investment Holdings
September 30, 2022

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Original Face\ Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
TexPool	AAAm	2.41%	10/01/22	09/30/22	$ 1,583,240	$ 1,583,240	1.00	$ 1,583,240	1	2.41%
National Bank of TX CD		0.35%	11/22/22	11/22/21	501,310	501,310	100.00	501,310	53	0.35%
Citizen's State Bank CD		0.80%	03/30/23	03/31/22	203,124	203,124	100.00	203,124	181	0.80%
National Bank of TX CD		0.40%	08/04/23	08/04/21	502,003	502,003	100.00	502,003	308	0.40%
East West Bank CD		3.05%	08/08/23	08/08/22	502,261	502,261	100.00	502,261	312	3.05%
					$ 3,291,938	**$ 3,291,938**		**$ 3,291,938**	**114**	**1.79%**
									(1)	**(2)**

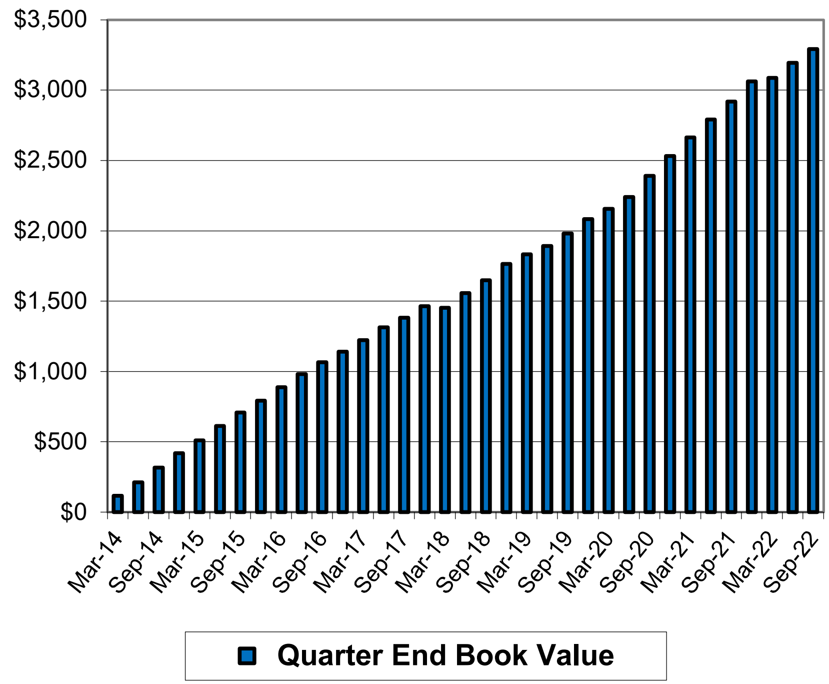
(1) Weighted average life - Pools, Money Market Funds, and Bank Deposits are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on Book Value, adviser fees and realized and unrealized gains/losses are not considered. The pool and mutual fund yields are the average for the last month of the quarter.

Portfolio Composition



Total Portfolio (000's)



Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/22	Increases	Decreases	Book Value 09/30/22	Market Value 06/30/22	Change in Market Value	Market Value 09/30/22
TexPool	2.41%	10/01/22	$ 1,482,546	$ 100,694	$ –	$ 1,583,240	$ 1,482,546	$ 100,694	$ 1,583,240
Prosperity Bank CD	0.70%	08/04/22	506,451	–	(506,451)	–	506,451	(506,451)	–
National Bank of TX CD	0.35%	11/22/22	500,868	442	–	501,310	500,868	442	501,310
Citizen's State Bank CD	0.80%	03/30/23	203,124	–	–	203,124	203,124	–	203,124
National Bank of TX CD	0.40%	08/04/23	501,497	506	–	502,003	501,497	506	502,003
East West Bank CD	3.05%	08/08/23	–	502,261	–	502,261	–	502,261	502,261
TOTAL			**$ 3,194,486**	**$ 603,902**	**$ (506,451)**	**$ 3,291,938**	**$ 3,194,486**	**$ 97,452**	**$ 3,291,938**

Item Number: 6

Presenter: David Hawkins, Director of Planning and Development

Agenda Item: Economic Development Report

Background and Explanation:

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

None