AGENDA ~ Special City Council Meeting

DATE: Thursday, March 26, 2020
TIME: 7:00 PM
PLACE: City Council Chambers

1. CALL SESSION TO ORDER
2. ROLL CALL
3. INVOCATION
4. PLEDGE OF ALLEGIANCE
5. PROCLAMATIONS
6. CITY COUNCIL COMMENTS
7. CITY MANAGER COMMENTS
8. CONSENT AGENDA ITEMS

   8.A. Consideration and approval for the February 06, 2020 Regular City Council Meeting minutes.

   8.B. Consideration and approval for the February 27, 2020 Special Called City Council Meeting minutes.

9. ORDINANCES
10. RESOLUTIONS

    10.A. Consideration and possible action on a resolution to accept the 2018-2019 Comprehensive Annual Financial Reports and Audit (Michel Sorrell)

    10.B. Consideration and possible action on a resolution adopting a revised investment policy. (Michel Sorrell)

11. OTHER BUSINESS
12. EXECUTIVE SESSION

    12.A. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(1) involving the Declarations of Local, State and National Disaster, Emergency Orders, and related regulatory issues concerning COVID-19 and as related to City of Hutto municipal operations.

12.B. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(1) about pending litigation, to wit: *Brushy Creek, Ltd. V. City of Hutto*, Cause No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas).

12.C. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(2) about legal issues relating to current and former development agreements.

13. ACTION RELATIVE TO EXECUTIVE SESSION

13.A. Discuss and consider the Declarations of Local, State and National Disaster, Emergency Orders, and related regulatory issues concerning COVID-19 and as related to City of Hutto municipal operations.

13.B. Discuss and consider current status of pending litigation concerning *Brushy Creek, Ltd. V. City of Hutto, Cause* No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas), and provide direction and authority relating to the same, to the City Manager and City Attorney, including, without limitation, respecting retaining counsel and witnesses.

13.C. Discuss and consider current and former development agreements and provide direction to the City Manager and City Attorney, respecting current and former development agreements including, without limitation, a certain Master Development Agreement dated September 20, 2019, between the City of Hutto and Legacy Hutto, LLC and a certain Multi-Party Development Agreement dated October 1, 2019, by and among the City of Hutto, Perfect Game Incorporated, Legacy Hutto, LLC, and Sports Facilities Development, LLC, both agreements relating to the development of a public sports and mixed-use district consisting of approximately 242 acres within the City.

14. ADJOURNMENT

15. CERTIFICATION

I certify that this notice of the March 26, 2020 Special City Council meeting was posted on the City Hall bulletin board of the City of Hutto on March 23, 2020 at 6:05 P.M.

THE CITY OF HUTTO INCORPORATED 1911

Stacy Schmitt

Stacy Schmitt, Appointed City Secretary

The City of Hutto is committed to comply with the Americans Disability Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special communications or accommodations must be made 48 hours prior to the meeting. Please contact the Appointed City Secretary at Stacy.Schmitt@huttox.gov for assistance.

CITY OF HUTTO, TEXAS
CITY COUNCIL
MEETING MINUTES
February 6, 2020

A Regular Meeting of the City Council of Hutto, Texas was held on February 6, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. **CALL SESSION TO ORDER**

With a quorum of the members present, Mayor Gaul called the meeting to order at 7:00 p.m.

2. **ROLL CALL**

Members of the City Council present were Mayor Doug Gaul, Mayor Pro Tem Tom Hines, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez, and Councilmember Tanner Rose.

Members of staff that were present were Charles W. Daniels, Interim City Manager; Byron Frankland, Assistant City Manager; Paul Hall, Chief of Police; Ashley Lumpkin, Executive Director Infrastructure & Development Services; Jessica Bullock, Director of Economic Development; Ashby Grundman, Development Services Director; Michel Sorrell, Assistant City Manager and CFO; Allison Hosgood, Executive Director of Organizational Development and Human Resources; Stacy Schmitt, Assistant to the City Manager and Appointed City Secretary; Donna Simmons, Director of Communications; Jennifer Atkinson, Communications Specialist; Tony Host, Executive Director of Community Services; Jeff White, Parks and Recreation Director; and Michael Shaunessy, City Attorney.

3. **INVOCATION**

The Invocation was given by Pastor Bernhard Suppan of the New Life Church, Hutto, Texas.

4. **PLEDGE OF ALLEGIANCE**

Mayor Gaul opened the meeting with the Pledge of Allegiance and the Texas Pledge.

5. **CITY COUNCIL COMMENTS**

There were no comments from Councilmembers.

6. **PUBLIC COMMENTS**

Comments were received from the following:

Timothy Martin commented related to holding the decorum and having candor during council meetings and in the public view.
Paul Martin commented on adhering to Robert's Rules of Order during meetings.
Jorde Matthews commented on the budget for sidewalks.
Katherine Senn commented on the removal of the city attorney and her dissatisfaction with the master park plan recently approved.
Lucas Evans commented on the Cottonwood Creek final plat and the affect of the development on his property, specifically the location of Carl Stern Road. He suggested a revision of the location of the road near his property and moving some lots.
Nicole Calderone commented on the standards of conduct and financial disclosures enacted by the City.
Robin Sutton commented on options for legal services; notice to the public when cancelling meetings or work sessions; and status of a forensic audit.

7. **EXECUTIVE SESSION**

7.A. The City Council for the City of Hutto 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 the Texas Government Code Sections 551.071 *[Litigation/Consultation with Attorney]*, 551.072 *[Deliberations regarding real property]*, 551.073 *[Deliberations regarding gifts and donations]*, 551.074 *[Deliberations regarding personnel matters]* or 551.076 *[Deliberations regarding deployment/implementation of security personnel or devices]* and 551.087 *[Deliberations regarding Economic Development negotiations]*.

The Open Meeting was recessed at 7:24 p.m. to convene in Executive Session in accordance with the authority granted by the Texas Government Code. The Executive Session convened at 7:24 p.m. and adjourned at 8:04 p.m. The Open Meeting was reconvened at 8:04 p.m.

8. **ACTION RELATIVE TO EXECUTIVE SESSION**

8.A. Consideration and possible action regarding Project Electric Daisy.

Motion: Mayor Pro Tem Hines made a motion to authorize the Interim City Manager to negotiate and execute a Chapter 380 development agreement with Project Electric Daisy. Councilmember Scott Rose seconded the motion. After discussion, Mayor Pro Tem Hines withdrew the motion and restated his motion.

Mayor Pro Tem Hines made a motion to authorize the Interim City Manager to execute the agreement with Project Electric Daisy as presented to City Council, with the understanding, should there by any change, he must return to Council for approval. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez

Nay Councilmember Tanner Rose

Action: The motion carried by a vote of 6 ayes to 1 nay.

9. **CITY MANAGER COMMENTS**

9.A. Presentation announcing the company for Project Electric Daisy.
It was announced that EDC Moving Systems will be the Project Electric Daisy.

10. **CONSENT AGENDA ITEMS**

10.A. Consideration and possible action on a resolution approving the Titan Innovation Business Park Lot 5 Final Plat, 12.06 acres, more or less, of land, one commercial lot, located on Schneider Boulevard. (Ashley Lumpkin)

10.B. Consideration and possible action on a resolution approving the Titan Innovation Business Park Lot 6 and 7 Preliminary Plat, 15.164 acres, more or less, of land, two commercial lots, located on New Technology Boulevard. (Ashley Lumpkin)

10.C. Consideration and possible action on a resolution approving the Titan Innovation Business Park Lot 6 and 7 Final Plat, 15.164 acres, more or less, of land, two commercial lots, located on New Technology Boulevard. (Ashley Lumpkin)

10.D. Consideration and possible action on a resolution approving the Hutto Crossing Industrial Park Preliminary Plat, 125.95 acres, more or less, of land, six commercial lots, located at the southwest corner of SH-130 and US 79 West. (Ashley Lumpkin)

10.E. Consideration and possible action on a resolution approving the Star Ranch Section 7 Phase 7 Final Plat, 7.773 acres, more or less, of land, 45 residential lots, located within Hutto's Extraterritorial Jurisdiction (ETJ) on Finstown Street. (Ashley Lumpkin)

10.F. Consideration and possible action on a resolution approving the proposed Cottonwood Creek Phase 1 Final Plat, 45.597 acres, more or less, of land, 160 residential lots, located off of CR 199. (Ashley Lumpkin)

10.G. Consideration and possible action to approve the January 2, 2020 City Council meeting minutes. (Stacy Schmitt)

Motion: Councilmember Gordon made a motion to remove item 10.F. on the Consent Agenda. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

Motion: Mayor Pro Tem Hines made a motion to approve items 10.A, 10.B, 10.C, 10.D, 10.E, and 10.G on the Consent Agenda. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

10.F. Consideration and possible action on a resolution approving the proposed Cottonwood Creek Phase 1 Final Plat, 45.597 acres, more or less, of land, 160 residential lots, located off of CR 199. (Ashley Lumpkin)

Additional comments were made by Lucas Evans requesting that the plat be revised to relocate Carl Stern Road and move some of the lots for least effect on his property.

Motion: Mayor Pro Tem Hines made a motion to approve Resolution No. R-20-02-06-10F approving the final plat. for Cottonwood Creek Phase 1. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

11. **RESOLUTIONS**

11.A. Consideration and possible action on a resolution authorizing the Interim City Manager to negotiate and execute a Development Agreement by the City of Hutto for the development of the Wilco Ranch Project. (Ashley Lumpkin)

Motion: Mayor Pro Tem Hines made a motion to approve Resolution No. R-20-02-06-11A as presented. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

11.B. Consideration and possible action on the proposed Wilco Ranch Revised Preliminary Plat, 89.71 acres, more or less, of land, 457 residential lots, located on CR 199 at Limmer Loop. (Ashley Lumpkin)

Motion: Councilmember Scott Rose made a motion to approve Resolution No. R-20-02-06-11B as presented. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

11.C. Consideration and possible action on a resolution authorizing the City Manager to execute a professional services agreement with DCS Engineering, LLC for the design of the Lakeside Estates Lift Station Abandonment Interceptor project for an amount not to exceed $211,975.00.

Motion: Councilmember Gordon made a motion to approve Resolution No. R-20-02-06-11C as presented. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose

Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

11.D. Consideration and possible action for an Interlocal Agreement between the City of Hutto, Cottonwood Local Government Corporation, and Preston Hollow Capital LLC affirming City support and commitments under the Multi-Party Development Agreement and Master Development Agreement related to the Sports, Health, and Entertainment District project. (Jessica Geray)

Motion: Mayor Pro Tem Hines made a motion to approve the Interlocal Agreement as presented. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

12. **ORDINANCES**

12.A. Consideration and possible action on the second and final reading of an ordinance approving the proposed Planned Unit Development (PUD) for 411, 421, 431, 441 Ed Schmidt Boulevard, 4.30 acres, more or less, of land, located on Ed Schmidt Boulevard. (Ashley Lumpkin)

Motion: Councilmember Snyder made a motion to approve Ordinance No. O-20-02-06-12A as presented. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

12.B. Consideration of a public hearing and possible action on the first reading of an ordinance regarding the proposed annexation of Wilco Ranch, 89.71 acres, more or less, of land, and to establish base zoning as SF-1 (Single Family Residential), located on Ed Schmidt Blvd. (Ashley Lumpkin)

Mayor Gaul opened the Public Hearing for comments at 9:21 p.m. Hearing none, the hearing was closed at 9:21 p.m.

Motion: Mayor Pro Tem Hines made a motion to approve Ordinance No. O-20-02-06-12B as presented and to dispense with the requirement for reading this ordinance on 2 separate days. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

13. **OTHER BUSINESS**

13.A. Consideration of and possible appointments to City Boards, Commissions, and Task Force. (Stacy Schmitt)

Motion: Councilmember Scott Rose made a motion to appoint Laurie Stockman to the ADA Task Force. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

Motion: Mayor Pro Tem Hines made a motion to appoint Timothy Martin to the Communications Task Force. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon

Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by 7 ayes and 0 nay.

Motion: Councilmember Tanner Rose made a motion to appoint Jerica Lawyer to the Communications Task Force. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

13.B. Consideration and possible action on a resolution for the appointment of a City Council Member to represent the City of Hutto on the Clean Air Coalition of the Capital Area Council of Governments. (Stacy Schmitt)

Comment by Nicole Calderone, that it would be an honor to represent the City.

Motion: Mayor Pro Tem Hines made a motion to appoint Councilmember Mike Snyder to represent the City on the Clean Air Coalition. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

13.C. Consideration and possible appointments to the Tax Increment Reinvestment Zone (TIRZ) NO. 1 Board (Jessica Geray).

There were 3 seats that needed to be appointed.

Motion: Councilmember Tanner Rose made a motion to appoint Paul Martin to the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

Motion: Councilmember Gordon made a motion to appoint Rick Hudson to the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board. Mayor Pro Tem Hines seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

Motion: Councilmember Martinez made a motion to appoint Jennifer Burrington to the Tax Increment Reinvestment Zone (TIRZ) No. 1 Board. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

13.D. Presentation, consideration and possible action on the Co-Op update. (Bob Wunsch)

Presentation from Bob Wunch was given to update the Council on the status of construction projects in the Co-Op District.

The Open Meeting was recessed at 10:43 p.m. to convene in Executive Session in accordance with the authority granted by the Texas Government Code. The

Executive Session convened at 10:43 p.m. and adjourned at 11:19 p.m. The Open Meeting was reconvened at 11:19 p.m.
There was no action taken in Executive Session.

13.E. Presentation, consideration and possible action to consider possible options for legal services. (Charles Daniels and Stacy Schmitt)

Motion: Councilmember Snyder made a motion to direct staff to issue an RFP for legal services. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

14. **EXECUTIVE SESSION**

The City Council for the City of Hutto 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 the Texas Government Code Sections 551.071 *[Litigation/Consultation with Attorney]*, 551.072 *[Deliberations regarding real property]*, 551.073 *[Deliberations regarding gifts and donations]*, 551.074 *[Deliberations regarding personnel matters]* or 551.076 *[Deliberations regarding deployment/implementation of security personnel or devices]* and 551.087 *[Deliberations regarding Economic Development negotiations]*.

14.A. Executive Session as authorized by Texas Government Code, sections 551.071 and 551.074, Consultation with Attorney, regarding lawsuit brought against the City of Hutto by Star Ranch developer currently pending in State District Court in Williamson County Texas.

14.B. Executive Session as authorized by Texas Government Code, sections 551.071 and 551.074, Consultation with Attorney, regarding pending litigation between City of Hutto and the Texas Attorney General's Office regarding Public Information Act.

14.C. Executive Session as authorized by Texas Government Code, section 551.071 Consultation with Attorney, regarding attorney's fees incurred by the City and Public Information Act requests for unredacted attorney's fee bills.

Comments were received from:

Robin Sutton related to releasing public information copies and information from the attorneys fee bills.

Elizabeth Castillo related to pending litigation with the Star Ranch developer.

Ken Wohleking related to pending litigation with the Star Ranch developer and requested that the Council remember the residents of Star Ranch community as this is considered.

The Open Meeting was recessed at 11:53 p.m. to convene in Executive Session in accordance with the authority granted by the Texas Government Code, Sections 551.071 and 551.074 regarding pending litigation by Star Ranch developer. The Executive Session convened at 11:53 p.m. and adjourned at 12:22 a.m. on February 7, 2020. The Open Meeting was reconvened at 12:22 a.m. on February 7, 2020.

There was no action taken in Executive Session.

The Open Meeting was recessed at 12:26 a.m. on February 7, 2020 to convene in Executive Session in accordance with the authority granted by the Texas Government Code, Sections 551.071 and 551.074, regarding pending litigation with the Texas Attorney General's Office regarding the Public Information Act and attorney's fees for Public Information Act requests. The Executive Session convened at 12:26 a.m. on February 7, 2020 and adjourned at 1:13 a.m. on February 7, 2020. The Open Meeting was reconvened at 1:13 a.m. on February 7, 2020.

There was no action taken in Executive Session.

15. **ACTION RELATIVE TO EXECUTIVE SESSION**

15.A. Consideration and possible action regarding Star Ranch litigation.

Motion: Councilmember Scott Rose made a motion to authorize the City Attorney to bring a lawsuit against the development of Star Ranch. Councilmember Martinez seconded the motion.

Vote: Ayes
Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Councilmember Mike Snyder recused himself due to a conflict of interest.

Action: The motion carried by a vote of 6 ayes, 0 nay.

15.B. Consideration and possible action regarding PIA requests.

Comments from Nicole Calderone in regard to severance and separation agreements made available to the public and to post on website.

Motion: Councilmember Snyder made a motion to direct the release of all severance agreements and post to the website; release fee bills starting from January 1, 2017, redacted as per the Attorney General's office. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Mayor Pro Tem Tom Hines
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 7 ayes to 0 nay.

16. **ADJOURNMENT.** Mayor Gaul adjourned the meeting at 1:30 a.m. on February 7, 2020.

Respectfully submitted,

CITY OF HUTTO, TEXAS

____

Doug Gaul, Mayor

ATTEST:

____

Stacy Schmitt, Appointed City Secretary

These minutes were approved on ____________________, 2020.

CITY OF HUTTO, TEXAS
SPECIAL CALLED
CITY COUNCIL MEETING
February 27, 2020

A Special Called Meeting of the City Council of Hutto, Texas was held on February 27, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. CALL SESSION TO ORDER

With a quorum of the members present, Mayor Gaul called the meeting to order at 5:01 p.m.

2. ROLL CALL

Members of the City Council present were Mayor Doug Gaul, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez, and Councilmember Tanner Rose. It was noted that Mayor Pro Tem Tom Hines was not in attendance.

Members of staff that were present were Charles W. Daniels, Interim City Manager; Byron Frankland, Assistant City Manager; Paul Hall, Chief of Police; Ashley Lumpkin, Executive Director Infrastructure & Development Services; Jessica Bullock, Director of Economic Development; Ashby Grundman, Development Services Director; Michel Sorrell, Assistant City Manager and CFO; Allison Hosgood, Executive Director of Organizational Development and Human Resources; Stacy Schmitt, Assistant to the City Manager and Appointed City Secretary; Donna Simmons, Director of Communications; Jennifer Atkinson, Communications Specialist; Tony Host, Executive Director of Community Services; Jeff White, Parks and Recreation Director; and Michael Shaunessy, City Attorney.

3. PLEDGE OF ALLEGIANCE

Mayor Gaul opened the meeting with the Pledge of Allegiance and the Texas Pledge.

4. WORK SESSION

A work session is conducted for information and education purposes. No action is taken by Council on items listed.

4.A. Work Session regarding current tax revenues, exemptions, and potential legislative impact to the definition of a digital tax. Speakers include Larry Gaddes, Williamson County Tax Assessor/Collector; Michel Sorrell, City of

Hutto CFO/ACM; Jennifer Burrington, City of Hutto Economic Development Specialist; Larry Gonzales, Consultant and former State Representative.

There was discussion with no action being taken.

5. CITY COUNCIL COMMENTS

5.A. General Comments from City Council. Councilmember Gordon requested that on a future meeting date to discuss setting a policy on consulting agreements.

6. PROCLAMATIONS

There were no Proclamations presented.

7. PUBLIC COMMENT

Comments were received from:
Robin Sutton spoke in support of property tax relief for seniors 65 and over.
David Roark spoke in support of property tax relief for seniors 65 and over and exemptions for veterans with disabilities.
James Weaver spoke in support of tax relief for seniors.
Catherine Breley commented on transparency of council and the role of the executive sessions.
Jean Little spoke that many have limited finances and ask that the council vote to give property tax relief to seniors.
Louise Howell stated she is in favor of tax relief from increasing property rates for seniors.
Paul Martin thanked Council for the job that they do, pointed to the seniors in attendance and encouraged them to support this Council.

8. CITY MANAGER COMMENTS

There were no comments from the City Manager's office.

9. CONSENT AGENDA ITEMS

9.A. Consideration and possible action to approve the January 16 and January 23, 2020 Regular City Council minutes. (Stacy Schmitt)

Motion: Councilmember Tanner Rose made a motion to approve item 9.A. on the Consent Agenda. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

10. RESOLUTIONS

10.A. Consideration and possible action on a resolution approving the 2019 Co-Op District Tax Increment Reinvestment Zone (TIRZ) Annual Project and Financing Report (Michel Sorrell).

Motion: Councilmember Scott Rose made a motion to approve Resolution No. R-20-02-27-10A as presented. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes and 0 nay.

11. OTHER BUSINESS

11.A. Update, discussion and possible action on City Legal Services and City Attorney (Charles Daniels, Stacy Schmitt)

Original Motion: Councilmember Snyder made a motion to phase out the agreement with McGinnis and Lochridge and authorize the Interim City Manager to begin working with the Bojorquez Law Firm. Councilmember Tanner Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

Amended Motion: Councilmember Gordon made a motion to amend the previous motion to appoint the Bojorquez Law Firm as City Attorney effective immediately. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

11.B. Consideration and possible appointments to City Boards and Commissions, City Council Liaisons, and Wilco Health District. (Stacy Schmitt)

Motion: Councilmember Gordon made a motion to appoint Laurie Pruser Stockman to the Communications Task Force. Councilmember Snyder seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

Motion: Mayor Gaul made a motion to appoint Brian Thompson to the Library Advisory Board. Councilmember Scott Rose seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

Motion: Mayor Gaul made a motion to appoint Terrence Owens to the Wilco Health District. Councilmember Gordon seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

There was discussion of the Council liaisons for the various boards and commissions. The following assignments were made by agreement:

Mayor Doug Gaul – Zoning Board of Adjustment
Councilmember Scott Rose – Library Advisory Board
Councilmember Mike Snyder – Economic Development/CDC
Councilmember Peter Gordon – Planning & Zoning and Communications/IT Task Force
Councilmember Patti Martinez – Parks Advisory Board
Councilmember Tanner Rose – Historic Preservation Commission

11.C. Interviews for City Manager search firms and selection of a firm to engage in conducting the search. (Allison Hosgood)

Motion: Councilmember Gordon made a motion to engage SGR to conduct the search for a City Manager. Councilmember Martinez seconded the motion.

Vote: Ayes Mayor Doug Gaul
Councilmember Scott Rose
Councilmember Mike Snyder
Councilmember Peter Gordon
Councilmember Patti Martinez
Councilmember Tanner Rose

Action: The motion carried unanimously by a vote of 6 ayes to 0 nay.

12. EXECUTIVE SESSION

The City Council for the City of Hutto 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 the Texas Government Code Sections 551.071 [litigation/Consultation with Attorney], 551.072 [Deliberations regarding real property], 551.073 [Deliberations regarding gifts and donations], 551.074 [Deliberations regarding personnel matters] or 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and 551.087 [Deliberations regarding Economic Development negotiations].

12.A. Consideration and Possible Action from Executive Session.

There was no Executive Session held.

13. ADJOURNMENT. Mayor Gaul adjourned the meeting at 9:56 p.m.

Respectfully submitted,

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, Interim City Secretary

These minutes were approved on ____________________, 2020.

Special City Council

AGENDA ITEM REPORT

To:	Special City Council
Subject:	Consideration and possible action on a resolution to accept the 2018-2019 Comprehensive Annual Financial Reports and Audit (Michel Sorrell)
Meeting:	Special City Council - 26 Mar 2020
Department:	Finance
Staff Contact:	Michel Sorrell

BACKGROUND INFORMATION:

Section 8.14 of the City of Hutto Charter requires the City Council to have a a Certified Public Accountant conduct an independent audit of all accounts of the City at the close of the fiscal year, or as necessary. The City Council approved a resolution on August 2, 2018, to engage Whitley Penn, LLP for the City's independent financial audit for the fiscal year September 30, 2018. A renewal engagement letter was signed on July 18, 2019 for the City's independent financial audit for the fiscal year ending September 30, 2019.

FINANCIAL IMPACT:

The year-end audit and resulting financial statements provide timely information about the City's net position. The Comprehensive Annual Financial Report is provided to the City's creditors and rating agencies in order to maintain the City's good credit rating.

RECOMMENDATION:

Staff recommends consideration and possible action on a resolution concerning the 2018-2019 Comprehensive Annual Financial Report and Audit.

RESOLUTION NO. R-___________

A RESOLUTION ACCEPTING AND APPROVING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2019.

WHEREAS, the City of Hutto's Comprehensive Annual Financial Report for the Fiscal Year Ending September 2019 are hereby submitted as audited by the independent auditing firm Whitley Penn, LLP ; and

WHEREAS, the City Council and City Administration have reviewed the document.

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

That the City Council hereby accepts and approves the Comprehensive Annual Report for the Fiscal Year ending September 2019.

RESOLVED on this the **19th** day of the month **March 2020**.

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, City Secretary

Special City Council

AGENDA ITEM REPORT

To:	Special City Council
Subject:	Consideration and possible action on a resolution adopting a revised investment policy. (Michel Sorrell)
Meeting:	Special City Council - 26 Mar 2020
Department:	Finance
Staff Contact:	Michel Sorrell

BACKGROUND INFORMATION:

Chapter 2256 of the Government Code requires that municipal governments adopt an investment policy and reviews the policy annually. The investment policy was last reviewed and adopted on March 21, 2019. The proposed changes to the policy are based on changes in the Public Funds Investment Act (PFIA) and to provide clarification on various items. The City's investment advisors have also reviewed the policy to ensure compliance with the Public Funds Investment Act.

Summary of changes:

- Dates throughout the document.
- Updated terminology.
- Grammar and sentence structure.

FINANCIAL IMPACT:

The investment policy is required by the Public Funds Investment Act. The policy guides the types of investments the City can utilize for safety, liquidity, and yield.

RECOMMENDATION:

Staff recommends the City Council adopt the resolution amending the Investment Policy.

INVESTMENT POLICY
THE CITY OF HUTTO TEXAS

March 19, 2020

INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

March 19, 2020

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INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS
March 19, 2020

I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto, on March 19, 2020 will replace the adopted Investment Policy dated the 21st of March, 2019. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code) (the "Act").

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, *excluding the Employee Retirement Trust and the deferred compensation plan.* Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal law.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they are from defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements, investing in securities with active secondary markets, and maintaining appropriate portfolio diversification.

C. Diversification

The City of Hutto will always seek to diversify its portfolio, except in the case of depository bank balances. This will be done to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected to provide for safety of principal and reasonable liquidity.

D. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity.

E. Maturity

Portfolio maturities will be staggered, if market conditions are favorable, in a way to achieve an optimal rate of return, while at the same time to provide for the necessary liquidity to meet the City's cash needs. The maximum allowable stated final maturity of any individual investment owned by the City will be five years. [Sec. 2256.005 (b) (4) (B)]

F. Liquidation or Redemption before Maturity

The City Investment Officer may liquidate or redeem an investment before maturity if:

- Market conditions present an opportunity for the City to benefit from the sale;
- Funds are urgently needed to meet unforeseen expenses, even if there is a loss of interest and/or principal due to the sale; or
- A security has lost its minimum required rating as an authorized investment.

[Sec. 2256.021]

G. Quality and Capability of Investment Management

It is the City's policy to provide training required by the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City's Investment Officer in making investment decisions.

III. INVESTMENT STRATEGY

A. General

In conjunction with the annual Policy review, the City Council shall review the investment strategy for each of the City's funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

- investment suitability,
- preservation and safety of principal,
- liquidity,
- marketability prior to maturity of each investment,
- diversification, and
- yield

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds.

B. Investment Strategies and Guidelines by Fund Type

Investment guidelines by fund-type are as follows:

1. Current Operating Funds

Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Financial institution deposits, short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investment. Additionally, securities should have active and efficient secondary markets in the event of an unanticipated cash requirement.

According to City Policy, the weighted average days to maturity for the current operating fund portfolio shall not exceed 270 days and the maximum allowable maturity shall be two years. The Investment Officer will monitor average days to maturity and make changes as appropriate.

2. Bond Proceeds

Bond proceeds used for construction programs have reasonably predictable drawdown schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated drawdown schedule and actual expenditures, securities shall have active and efficient secondary markets. Financial institution deposits, investment pools and money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be met or exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. Repair and Replacement Funds

The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investments shall be diversified as to maturity and type with a portion being highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual investments to two years and the maximum weighted average days to maturity of the fund to one year.

4. Debt Service Funds

Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. Bond Reserve Funds

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual mark-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. Operating Reserve Funds

The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual investments to five years and the weighted average days to maturity to three years.

7. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government's own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum maturity on individual investments of five years.

IV. INVESTMENT POLICIES

A. Eligible Investments

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officer. City funds governed by this Policy may be invested in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less that "A" or its equivalent.

4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-3, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement, or similar agreement, as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit, and other forms of deposit, issued by State and national banks that have their main office or a branch in Texas that are:

a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-3 above, which are intended to include all direct Federal agency or instrumentality issued mortgage backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal plus accrued interest of the certificates, or in any other manner and amount provided by law and this Policy for deposits of the City;

b. governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and,

c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, that adheres to Securities & Exchange Commission Regulation 2a-7, that fully invests dollar-for-dollar all City funds without sales commissions or loads, and whose investment objectives include seeking to maintain a stable net asset value of $1.0000 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund. [Sec. 2256.014(c)]

7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Council; (b) the pool shall have furnished the Investment Officer or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officer or other authorized representatives of the City investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officer or other authorized representatives of the City monthly reports that contain the information required by Section 2256.016(c) of the Government Code; (e) the pool shall mark its portfolio to market daily and stabilize at a $1.00 net asset value; (f) the pool's assets shall consist exclusively of the obligations allowed by the Act; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

B. Protection of Principal

The City shall seek to control the risk of loss due to the failure of an investment issuer or grantor. Such risk shall be controlled by investing only in the safest types of investments as defined in the

Policy, by qualifying the broker/dealers and financial institutions with whom the City will transact business, by collateralization as required by law, and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. Collateralization

Consistent with the requirements of State law, the City requires all financial institution deposits to be federally insured or collateralized with eligible securities, letter of credit or FDIC insurance. Financial institutions serving as City depositories will be required to sign a depository or collateral agreement with the City. The custodial 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 the loan 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.

Repurchase agreements must also be secured in accordance with State law. Each counter - party to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement, or similar agreement, as approved by the City. An executed copy of this agreement must be on file before the City will enter into any counterparty transaction.

a. Allowable Collateral

Acceptable forms of collateral are limited to those authorized by the Act and the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended, and meet the constraints of this Policy.

b. Collateral Levels

For pledged securities, the market value of the principal portion of collateral pledged for deposits must at all times be equal to or greater than 102% of the total amount of deposits plus any accrued interest, less the applicable level of FDIC insurance. For deposits, the City may accept a letter of credit issued by a U.S. Agency or Instrumentality. The value of the letter of credit must be equal to or greater than 100% of the total amount of deposits plus any anticipated interest, less the insurance provided by the FDIC.

c. Monitoring Collateral Adequacy

The City shall require monthly reports with market values of pledged securities from the independent third party custodians. The Investment Officer will monitor adequacy of collateralization levels to verify market values and total collateral positions.

d. Additional Collateral and Securities

If the value of the securities pledged falls below the required collateral level, the financial institution must pledge additional securities no later than the end of the next succeeding business day.

e. Collateral Substitution and Release

Collateralized deposits and repurchase agreements often require substitution of collateral. Substitution is allowable if the substituted security's value is equal to or greater than the required security level, but should be limited, if possible, to minimize potential administrative problems. The City's Investment Officer must approve the release of collateral prior to its removal from the custodial account in accordance with the terms of the depository or collateral agreement.

2. Safekeeping

a. Safekeeping Agreement

The City shall contract with a bank or banks for the safekeeping of securities owned by the City as a part of its investment portfolio. The securities will be held in an account in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited.

C. Investment Advisors and Broker/Dealers

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to optimize investment earnings within policy guidelines.

All investments made by the City will be made through either the City's depository bank, an approved broker/dealer or a financial institution with a main office or branch in the state of Texas. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City's request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City's objectives.

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

City Council shall, at least annually, review, revise and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City. Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy.

Additionally, the registered principal of any investment pool or discretionary investment manager seeking to transact investment business with the City shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City in accordance with the Act.

The City shall not enter into an investment transaction with a pool or investment manager prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

Appointment of an Investment Advisor shall otherwise be according to the City's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Chief Financial Officer the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

D. Responsibility and Controls

1. Authority to Invest

The Chief Financial Officer is the "Investment Officer" of the City. As Investment Officer, he/she is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his/her absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his/her place and are subject to the same training requirements and must adhere to the policies set for in this Policy.

2. Investment Officer Required Training

The City's Investment Officer shall:

a. attend at least one training session from an independent source approved by City Council as provided for in this Policy and accumulating at least 10 hours of instruction relating to the

Investment Officer's responsibilities within 12 months after taking office or assuming duties; and

b. attend at least one investment training session not less than once in a two-year period, that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date, and accumulate not less than 8 hours of instruction relating to investment responsibilities from an independent source approved by City Council as provided for in this Policy.

3. Prudent Investment Management

The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the City shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

"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."

5. Liability of City Investment Officer

The City Investment Officer are not responsible for any loss of City funds through the failure or negligence of a depository. Sec. 113.005 Local Government Code does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including misappropriation of funds, or from responsibility for funds until a depository is selected and the funds are deposited.

6. Personnel Authorized to Transact Fiscal Affairs

All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of any two of the following (except that at least one of the signatures must be that of either the City Manager, Assistant City Manager or the Chief Financial Officer):

a. Mayor,
b. City Manager,
c. Assistant City Manager, and
d. Chief Financial Officer

7. Standards of Ethics

The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

8. Establishment of Internal Controls

The Chief Financial Officer will oversee the maintenance of a system of internal controls over the investment activities of the City.

9. Reporting

a. Quarterly Report

Investment performance will be monitored and evaluated by the Investment Officer. The Investment Officer will provide either quarterly or at more frequent intervals a comprehensive report that shall be certified by the Investment Officer and submitted to the City Council along with a periodic Financial Report. "Weighted average yield to maturity" shall be the portfolio performance standard presented in the report. Market price of the City investments in the report shall be valued by a source independent from the transaction. The investment report shall:

1. describe in detail the investment position of the City;

2. contain a summary statement of each pooled fund group that states the:

- ✓ ending book and market value for the period; and
- ✓ fully accrued interest for the reporting period;

3. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

4. state the maturity date of each investment security;

5. state the fund for which each investment security was purchased; and

6. state the compliance of the investment portfolio with the City's Investment Policy and the Texas Public Funds Investment Act.

b. Annual Report and Audit

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy and strategies. The quarterly reports shall also be formally reviewed by an independent auditor with the results of the review provided to the City Council by that auditor.

V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any significant changes proposed in investment methods or procedures prior to their implementation. The Investment Policy, including a section on Investment Strategies shall be adopted annually by the City Council.

APPROVED this 19th Day of March 2020.

Doug Gaul, Mayor

ATTEST:

Stacy Schmitt, City Secretary

INVESTMENT POLICY
THE CITY OF HUTTO TEXAS

March ~~21~~19, 20~~19~~20

INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

March ~~21~~19, 20~~19~~20

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INVESTMENT POLICY OF THE CITY OF HUTTO TEXAS

March ~~21~~19, 20~~19~~20

I. PURPOSE

A. Formal Adoption

This investment policy, when reviewed and adopted by the City Council of Hutto, on March ~~21~~19, 20~~19~~20 will replace the adopted Investment Policy dated the 21st of ~~February~~March, 201~~8~~9. This investment policy satisfies the statutory requirements of the Public Funds investment Act (Chapter 2256, Texas Government Code) (the "Act").

B. Scope

This Investment Policy applies to all investment activities of the City and to all assets of all funds of the City of Hutto at the present time and any funds received in the future, *excluding the Employee Retirement Trust and the deferred compensation plan.* Any funds held in custody by the City of Hutto shall be administered in accordance with the provisions of these policies unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and depository bank. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal law.

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- A security has lost its minimum required rating as an authorized investment.
  [Sec. 2256.021]

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According to City Policy, the weighted average days to maturity for the current operating fund portfolio shall not exceed 270 days and the maximum allowable maturity shall be two years. The Investment Officer will monitor average days to maturity and make changes as appropriate.

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Market conditions and the arbitrage regulations may influence the attractiveness of locking in fixed-rate investments for bond proceeds. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be met or exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

3. Repair and Replacement Funds

The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to any budgeted project schedule. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investments shall be diversified as to maturity and type with a portion being highly marketable or liquid to cover the unpredictability of emergency repairs. The Investment Policy restricts the maximum maturity of individual investments to two years and the maximum weighted average days to maturity of the fund to one year.

4. Debt Service Funds

Debt service funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "un-funded" debt service date with the maturity of any investment security. The predictability of each payment reduces the need for security diversification, marketability and fund liquidity. Therefore, market conditions shall determine the attractiveness of the eligible investments.

5. Bond Reserve Funds

Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the City's bondholders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and maturity selection. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the City is best served by locking in most investments. If the arbitrage yield cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Maturities shall generally not exceed the call provisions of the bond issue.

Bond resolution constraints and insurance company restrictions may create issue-specific considerations in addition to the Investment Policy. Annual mark-to-market requirements or specific maturity and average life limitations will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

6. Operating Reserve Funds

The operating reserve funds are essentially City savings. Reductions are generally not anticipated. Therefore, the predictability of the cash requirements of other City funds will govern the appropriate maturity mix. Market conditions, City financial condition and risk/return analysis may extend the maximum maturity on individual investments to five years and the weighted average days to maturity to three years.

7. Fiduciary -Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The funds principal therefore cannot be used to support the government's own programs. Since the purpose of these funds is for investment purposes only, market conditions and risk/return analysis allow for a maximum maturity on individual investments of five years.

IV. INVESTMENT POLICIES

A. Eligible Investments

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. The purchase of specific issues may at times be restricted or prohibited by the Investment Officer. City funds governed by this Policy may be invested in:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations and real estate mortgage investment conduits.

2. Direct obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including any security insured by the Federal Deposit Insurance Corporation (FDIC).

3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less that "A" or its equivalent.

4. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas, and secured by obligations described by 1-3, above which are eligible investments under the Public Funds Investment Act, pledged with a third party selected or approved by the City, and having a market value of not less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements entered into by the City and reverse repurchase agreements only obtained in connection with investment by the City in an Eligible Investment Pool or Money Market Mutual Fund. A signed Master Repurchase Agreement, or similar agreement, as described in B.4 shall govern all City repurchase agreement transactions of this section.

5. Certificates of deposit, and other forms of deposit, issued by State and national banks that have their main office or a branch in Texas that are:

a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or, secured by obligations that are described by 1-3 above, which are intended to include all direct Federal agency or instrumentality issued mortgage backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal plus accrued interest ~~amount~~ of the certificates, or in any other manner and amount provided by law and this Policy for deposits of the City;

b. governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and State regulation to properly secure a pledged security interest, and,

c. solicited for bid verbally, in writing, electronically, or any combination of those methods.

6. Money market mutual funds registered with the Securities & Exchange Commission, that adheres to Securities & Exchange Commission Regulation 2a-7, that fully invests dollar-for-dollar all City funds without sales commissions or loads, and whose investment objectives include seeking to maintain a stable net asset value of $1.0000 per share. The City may not invest funds under its control in an amount that exceeds 10% of the total assets of individual money market mutual fund. [~~Government Code~~Sec. 2256.014(c)]~~.~~

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7. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the City Council; (b) the pool shall have furnished the Investment Officer or other authorized representatives of the City an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officer or other authorized representatives of the City investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officer or other authorized representatives of the City monthly reports that contain the information required by Section 2256.016~~-~~(c) of the Government Code; (e) the pool shall mark its portfolio to market daily and stabilize at a $1.00 net asset value; (f) the pool's assets shall consist exclusively of the obligations allowed by the Act; (g) and whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy.

B. Protection of Principal

The City shall seek to control the risk of loss due to the failure of an investment issuer or grantor. Such risk shall be controlled by investing only in the safest types of investments as defined in the

Policy, by qualifying the broker/dealers and financial institutions with whom the City will transact business, by collateralization as required by law, and through portfolio diversification by maturity and type.

The purchase of individual securities shall be executed "delivery-versus-payment" through the City's Safekeeping Agent. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased.

1. Collateralization

Consistent with the requirements of State law, the City requires all financial institution deposits to be federally insured or collateralized with eligible securities, letter of credit or FDIC insurance. Financial institutions serving as City depositories will be required to sign a depository or collateral agreement with the City. The custodial 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 the loan 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.

Repurchase agreements must also be secured in accordance with State law. Each counter - party to a repurchase transaction is required to sign a copy of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement, or similar agreement, as approved by the City. An executed copy of this agreement must be on file before the City will enter into any counterparty transaction.

a. Allowable Collateral

Acceptable forms of collateral are limited to those authorized by the Act and the Public Funds Collateral Act (Section 2257, Texas Government Code), as amended, and meet the constraints of this Policy.

b. Collateral Levels

For pledged securities, the market value of the principal portion of collateral pledged for deposits must at all times be equal to or greater than 102% of the total amount of deposits plus any accrued interest, less the applicable level of FDIC insurance. For deposits, the City may accept a letter of credit issued by a U.S. Agency or Instrumentality. The value of the letter of credit must be equal to or greater than 100% of the total amount of deposits plus any ~~accrued~~ anticipated interest, less the insurance provided by the FDIC.

c. Monitoring Collateral Adequacy

The City shall require monthly reports with market values of pledged securities from the independent third party custodians. The Investment Officer will monitor adequacy of collateralization levels to verify market values and total collateral positions.

d. Additional Collateral and Securities

If the value of the securities pledged falls below the required collateral level, the financial institution must pledge additional securities no later than the end of the next succeeding business day.

e. Collateral Substitution and Release

Collateralized deposits and repurchase agreements often require substitution of collateral. Substitution is allowable if the substituted security's value is equal to or greater than the required security level, but should be limited, if possible, to minimize potential administrative problems. The City's Investment Officer must approve the release of collateral prior to its removal from the custodial account in accordance with the terms of the depository or collateral agreement.

~~5~~2. Safekeeping

a. Safekeeping Agreement

The City shall contract with a bank or banks for the safekeeping of securities owned by the City as a part of its investment portfolio. The securities will be held in an account in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited.

C. Investment Advisors and Broker/Dealers

Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations. All City investment portfolios shall be actively managed by attempting to optimize investment earnings within policy guidelines.

All investments made by the City will be made through either the City's depository bank, an approved broker/dealer or a financial institution with a main office or branch in the state of Texas. A list of at least three broker/dealers will be maintained in order to assure competitive bidding. The Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's policies and strategies;
2. Investment performance and transaction pricing within accepted risk constraints;
3. Responsiveness to the City's request for services, information and open communication;
4. Understanding of the inherent fiduciary responsibility of investing public funds;
5. Similarity in philosophy and strategy with the City's objectives.

Selected Investment Advisors and Broker/Dealers shall provide timely transaction confirmations and monthly portfolio reports.

City Council shall, at least annually, review, revise and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City. Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy.

Additionally, the registered principal of any investment pool or discretionary investment manager seeking to transact investment business with the City shall execute a written instrument substantially to the effect that the registered principal has:

- received and reviewed this Investment Policy, and
- acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City in accordance with the Act.

The City shall not enter into an investment transaction with a pool or investment manager prior to receiving the written instrument described above.

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

Appointment of an Investment Advisor shall otherwise be according to the City's normal purchasing procedures for selecting professional services. Any approved investment advisor may be terminated with the approval of the City Manager, if in the opinion of the Chief Financial Officer the advisor has not performed adequately. The term of any Investment Advisor contract may not exceed two years. Any renewal or extension of the Investment Advisor contract must be made by the City Council by resolution.

D. Responsibility and Controls

1. Authority to Invest

The Chief Financial Officer is the "Investment Officer" of the City. As Investment Officer, he/she is authorized to deposit, withdraw (by check executed over two signatures as outlined in this Policy), invest, transfer, execute documentation, and otherwise manage City funds according to the rules governing the investment of City funds provided in this Policy. In his/her absence, the City Manager and/or Assistant City Manager may serve as Investment Officer in his/her place and are subject to the same training requirements and must adhere to the policies set for in this Policy.

2. Investment Officer Required Training

The City's Investment Officer shall:

a. attend at least one training session from an independent source approved by City Council as provided for in this Policy and accumulating at least 10 hours of instruction relating to the

Investment Officer's responsibilities within 12 months after taking office or assuming duties; and

b. attend at least one investment training session not less than once in a two-year period, that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date, and accumulate not less than 8 hours of instruction relating to investment responsibilities from an independent source approved by City Council as provided for in this Policy.

3. Prudent Investment Management

The designated Investment Officer shall perform their duties in accordance with the adopted Investment Policy and internal procedures. The Investment Officer acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the City shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states:

"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."

5. Liability of City Investment Officer

The City Investment Officer are not responsible for any loss of City funds through the failure or negligence of a depository. Sec. 113.005 Local Government Code does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including misappropriation of funds, or from responsibility for funds until a depository is selected and the funds are deposited.

6. Personnel Authorized to Transact Fiscal Affairs

All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of any two of the following (except that at least one of the signatures must be that of either the City Manager, Assistant City Manager or the Chief Financial Officer):

a. Mayor,
b. City Manager,
c. Assistant City Manager, and
d. Chief Financial Officer~~, and~~

7. Standards of Ethics

The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

8. Establishment of Internal Controls

The Chief Financial Officer will oversee the maintenance of a system of internal controls over the investment activities of the City.

9. Reporting

a. Quarterly Report

Investment performance will be monitored and evaluated by the Investment Officer. The Investment Officer will provide either quarterly or at more frequent intervals a comprehensive report that shall be certified by the Investment Officer and submitted to the City Council along with a periodic Financial Report. "Weighted average yield to maturity" shall be the portfolio performance standard presented in the report. Market price of the City investments in the report shall be valued by a source independent from the transaction. The investment report shall:

1. describe in detail the investment position of the City;

2. contain a summary statement of each pooled fund group that states the:

- ✓ ending book and market value for the period; and
- ✓ fully accrued interest for the reporting period;

3. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

4. state the maturity date of each investment security;

5. state the fund for which each investment security was purchased; and

6. state the compliance of the investment portfolio with the City's Investment Policy and the Texas Public Funds Investment Act.

b. Annual- Report and Audit

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy and strategies. The quarterly reports shall also be formally reviewed by an independent auditor with the results of the review provided to the City Council by that auditor.

V. REVIEW AND AMENDMENT

The City of Hutto City Council shall review its investments policy and investment strategies on an annual basis. It shall be the duty of the Investment Officer to notify the City Council of any significant changes proposed in investment methods or procedures prior to their implementation. The Investment Policy, including a section on Investment Strategies shall be adopted annually by the City Council.

APPROVED this ~~21st~~ 19th Day of March 20~~19~~20.

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Doug Gaul, Mayor

ATTEST:

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~~Lisa Brown~~ Stacy Schmitt, City Secretary