

City of OVILLA City Council

Ralph G. Hall, Place One
Larry Stevenson, Place Two
David Griffin, Place Three

Richard Dormier, Mayor

Doug Hunt, Place Four
Dean Oberg, Place Five
Cyndy Powell, City Administrator

Monday, April 14, 2014

105 S. Cockrell Hill Road, Ovilla, TX 75154
7:00 P.M.

Council Chamber Room

Pursuant to the provisions of Chapter 551 VTCA Government Code, NOTICE is hereby given of a Regular Meeting of the City Council of the City of Ovilla, to be held on Monday, April 14, 2014 at 7:00 P.M. in the City Hall Council Chamber Room, 105 S. Cockrell Hill Road, Ovilla, Texas, 75154, for the purpose of considering the following items.

I. CALL TO ORDER

- Invocation
- Pledge of Allegiance

II. COMMENTS, PRESENTATIONS, ANNOUNCEMENTS & REPORTS

Mayor Dormier to present Motorcycle Awareness Proclamation

▪ Citizen Comments

The City Council welcomes comments from Citizens. Those wishing to speak must sign in before the meeting begins. Speakers may speak on any topic, whether on the agenda or not. The City Council cannot act upon, discuss issues raised, or make any decisions at this time. Speakers under citizen's comments must observe a three-minute time limit. Inquiries regarding matters not listed on the Agenda may be referred to Staff for research and possible future action.

▪ Department Activity Reports / Discussion

- | | |
|-----------------------------------|---------------------------------|
| • Police Department | Police Chief M. Moon |
| ○ Monthly Report | |
| • Fire Department | Fire Chief P. Brancato |
| ○ Monthly Report | |
| • Public Works | Public Works Director B. Piland |
| ○ Monthly Report | |
| • Administration | City Administrator C. Powell |
| ○ Weekly activity report(s) | |
| ○ Monthly Municipal Court Report | City Secretary P. Woodall |
| • Code Enforcement/Animal Control | Code/A/C Officer M. Dooly |
| ○ Monthly Reports | |
| ○ Report auction results | |

III. CONSENT AGENDA

The following items may be acted upon in one motion. No separate discussion or action is necessary unless requested by a Council Member, in which event those items will be pulled from the consent agenda for individual consideration.

- A. Financial Transactions
- B. Minutes of the March 24, 2014 Town Hall Meeting
- C. Minutes of the March 24, 2014 Regular Council Meeting
- D. Interlocal Lease Agreement for AutoMark ADA Voting Device with Ellis County Elections Office

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IV. REGULAR AGENDA

- ITEM 1. *DISCUSSION*– Receive presentation from Mr. Pat Atkins representing the property owners of the site known as Stonewood Lakes Estates.
- ITEM 2. *DISCUSSION/ACTION – Consideration* of and action on Resolution R2014-010 adopting the City's revised Investment Policy 2014.
- ITEM 3. *DISCUSSION/ACTION – Consideration* of and action on Ordinance 2014-006 of the City of Ovilla, Amending Chapter 1, Division 4, Section 1.05.111 of the Ovilla Code of Ordinances and Repealing Sections 1.05.112-1.05.125 of said Division, providing a savings clause; providing a severance clause; providing for Incorporation into the Ovilla Code of Ordinances; Providing Immediate Effect; and Providing for Publication, pertaining to the City's Investment Policy 2014.
- ITEM 4. *DISCUSSION/ACTION – Consideration* of and action declaring the Fire Department's Ford F650 (2007) Rescue 703 as surplus property and authorize its sale.
- ITEM 5. *DISCUSSION/ACTION – Consideration* of and action authorizing the Mayor to execute a Listing and Marketing Commission Agreement with Brindlee Mountain Fire Apparatus for the Fire Department's Ford F650 (2007) Rescue 703 declared as surplus property under Item 4.
- ITEM 6. *DISCUSSION/ACTION – Consideration* of and action to authorize the City Administrator to advertise for Request for Qualifications for Professional Auditing Services.
- ITEM 7. *DISCUSSION/ACTION – Consideration* of and action on authorizing payment of invoice BH967 to Trinity River Authority in the amount of \$176,535.47 as presented.
- ITEM 8. *DISCUSSION/ACTION – Consideration* of and action on projected increase to sewer rates in response to the Trinity River Authority wastewater flow data for City sewer customers.
- ITEM 9. *DISCUSSION/ACTION –Consideration* of and action on Ordinance 2014-007 of the City of Ovilla, Texas, Amending Appendix A, Article A7.000, Section A7.003(B)(1)&(2) of the Code of Ordinances of the City of Ovilla; repealing certain sections and establishing a monthly flat fee and monthly rates for wastewater service to residential and non-residential customers; providing a savings clause; providing a severance clause; providing for incorporation into the Ovilla Code of Ordinances; providing for immediate effect; and providing for publication.
- ITEM 10. *DISCUSSION/ACTION – Consideration* of and action on Ordinance 2014-008 of the City of Ovilla, Texas, amending the Fiscal Year 2013-2014 Water and Sewer Fund Budget and Annual Program of Services for an adjustment of \$165,700, appropriating funds for increased expenditures to Trinity River Authority; appropriating said funds from the Undesignated Reserve Fund Account; providing that expenditures for the FY2013-2014 be made in accordance with said amended budget; providing a severability clause; providing an effective date.
- ITEM 11. *DISCUSSION – Review* and consider revisions to the City's Policy and Procedure Guide to Purchasing and direct staff as necessary.

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EXECUTIVE SESSION

The City Council of the City of Ovilla, Texas, reserves the right to meet in a closed session on any item listed on this Agenda should the need arise, pursuant to authorization by Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), 551.087 (economic development), 418.183 (homeland security).

COUNCIL WILL RECONVENE INTO OPEN SESSION, AND TAKE ACTION
NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED.

V. REQUESTS FOR FUTURE AGENDA ITEMS

VI. ADJOURNMENT

THIS IS TO CERTIFY THAT A COPY OF THE NOTICE OF the April 14, 2014 Regular City Council Agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.cityofovilla.org, on the 11th day of April 2014 prior to 6:00 p.m., in compliance with Chapter 551, Texas Government Code.



Pamela Woodall, City Secretary

DATE OF POSTING: 4-11-2014 TIME: 9:30 am/pm
DATE TAKEN DOWN: _____ TIME: _____ am/pm

IF YOU OR YOUR REPRESENTATIVE HAVE A DISABILITY THAT REQUIRES SPECIAL ARRANGEMENTS AND YOU PLAN TO ATTEND THIS PUBLIC MEETING, PLEASE CALL THE CITY SECRETARY AT 972-617-7262 WITHIN 24 HOURS OF THE MEETING. REASONABLE ACCOMMODATIONS WILL BE MADE TO MEET YOUR NEEDS AT THE MEETING. PLEASE SILENCE ALL PAGERS, CELL PHONES & OTHER ELECTRONIC EQUIPMENT WHILE THE CITY COUNCIL MEETING IS IN SESSION.

~ **PROCLAMATION** ~

MOTORCYCLE SAFETY AND AWARENESS MONTH

MAY 2014

WHEREAS, today's society is finding more citizens involved in motorcycling on the roads of our country; and

WHEREAS, motorcyclists are roughly unprotected and therefore more prone to injury or death in a crash than other vehicle drivers; and

WHEREAS, campaigns have helped inform riders and motorists alike on motorcycle safety issues to reduce motorcycle related risks, injuries, and, most of all, fatalities, through a comprehensive approach to motorcycle safety; and

WHEREAS, it is the responsibility of all who put themselves behind the wheel, to become aware of motorcyclists, regarding them with the same respect as any other vehicle traveling the highways of this country; and it is the responsibility of riders and motorists alike to obey all traffic laws and safety rules; and

WHEREAS, urging all citizens of our community to become aware of the inherent danger involved in operating a motorcycle, and for riders and motorists alike to give each other the mutual respect they deserve;

NOW, THEREFORE I, RICHARD DORMIER, Mayor of the City of OVILLA do hereby proclaim the month of May, as Motorcycle Safety and Awareness Month in this city. Further, I urge all residents to do their part to increase safety and awareness in our community.

IN WITNESS WHEREOF, I have set my hand and caused the Seal of the City to be affixed this 14TH day of APRIL in the year 2014.

“Motorcycle Safety and Awareness Month”.

PROCLAIMED this the 14th day of April, 2014.



Mayor Richard Dormier



OVILLA POLICE DEPARTMENT
105 S Cockrell Hill Rd
Ovilla, TX 75154
(972) 617-7262

To: Mayor Richard Dormier
Ovilla City Council
Cyndy Powell

Subject: Police Department Monthly Activity Report

	MARCH 2014	MARCH 2014 YTD	MARCH 2013	MARCH 2013 YTD
Calls For Service				
Accident	2	3	4	8
Alarms	17	47	10	43
Arrest	3	9	0	8
Assault	0	0	0	0
Assists: Agency/Unit:17 EMS/Fire:4 Motorist:6	27	55	21	76
Building / House Security Check	1592	3752	1095	3924
Burgulary	0	1	0	0
Burgulary of Motor Vehicle	0	0	0	0
Criminal Mischief	1	2	1	3
Disturbance	3	14	0	7
Neighborhood Check	1083	3466	1471	5271
Other Calls for Service	95	272	129	413
Suspicious Person	5	14	4	17
Suspicious Vehicle	3	20	15	28
Theft	1	4	0	2
Traffic Assignment	23	34	5	85
TOTAL CALLS FOR SERVICE	2855	7693	2755	9885

Reserve Officer Hours	64.25	200.75	74.5	179
Average Response Time (Minutes)	4.2	4.2133333	4.5	3.95
Traffic Stop (Warnings)	54	112	24	105
Traffic Stop (Citations)	45	94	18	96
Total Citations & Warnings Combined	99	206	42	201
PERCENT OF STOPS RECEIVING CITATIONS	45.5	45.6	42.9	47.8

OVILLA PD VEHICLE MILEAGE

March-14		April-14		May-14		June-14		July-14		August-14		September-14		October-14		November-14		December-14	
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100	82172	82405	233	100	82172	82405	233	100	82172	82405	233	100	82172	82405	233	100	82172	82405	233
102	79832	80697	865	102	79832	80697	865	102	79832	80697	865	102	79832	80697	865	102	79832	80697	865
103	89434	91162.8	1728.8	103	89434	91162.8	1728.8	103	89434	91162.8	1728.8	103	89434	91162.8	1728.8	103	89434	91162.8	1728.8
104	52173	53335.8	1162.8	104	52173	53335.8	1162.8	104	52173	53335.8	1162.8	104	52173	53335.8	1162.8	104	52173	53335.8	1162.8
105	33654	35239	1585	105	33654	35239	1585	105	33654	35239	1585	105	33654	35239	1585	105	33654	35239	1585
May-14		June-14		July-14		August-14		September-14		October-14		November-14		December-14					
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100			0	100			0	100			0	100			0	100			0
102			0	102			0	102			0	102			0	102			0
103			0	103			0	103			0	103			0	103			0
104			0	104			0	104			0	104			0	104			0
105			0	105			0	105			0	105			0	105			0
July-14		August-14		September-14		October-14		November-14		December-14									
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100			0	100			0	100			0	100			0	100			0
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105			0	105			0	105			0	105			0	105			0
September-14		October-14		November-14		December-14													
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
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105			0	105			0	105			0	105			0	105			0
November-14		December-14																	
Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued	Unit #	Beginning	Ending	Accrued
100			0	100			0	100			0	100			0	100			0
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105			0	105			0	105			0	105			0	105			0



Date April 10 2014

TO: Honorable Mayor and City Council Members

FROM: Brad Piland Public Works Director

TOPIC: Public Works Monthly Report for March

- Repaired doors at City Hall
- Sewer Lift Station Repairs: Pulled pump 1 at Highland Meadows lift station, Removed pump 1 from Cumberland
- Read water meters, service disconnects and reconnects
- Repaired baseball fields
- Repaired fire hydrant on Hollingsworth
- Updated marquee as needed
- Daily water maintenance residual and pressure test(s)
- Tree & grass maintenance: Heritage Park, Silver Spur Park and baseball fields and parks
- Cleaned sewer line and manholes at Cumberland Forest
- Assisted Ellis County road crews with road repairs to Westmoreland
- Repaired water leak at Suburban Dr, Holly Lane, and 300 Willow Creek
- Replaced 3 meters on Cardinal Drive
- Swept roads and driveways in Ovilla Oaks

❖ Jimmy Bryan -

- Serviced PD Units
- Serviced PD 102
- Serviced Public Works truck

**Flushed Hydrants

- Collected water samples for TCEQ reporting
- Water Maintenance – routine flushing of mains and hydrants
- Meter box repairs and replaced lids as needed

**Watered plants at City Hall and park(s)



City Administrator Activity Report

Cyndy Powell

March 31, 2014 – April 04, 2014

Weekly staff meetings – held Tuesdays at 9:00 a.m. In lieu of our weekly staff meeting Tuesday, April 08, Joe Gonzales with The Management Connection will be here Monday, April 07, 2014 to implement the Strategic Guide with the department heads, who will be aptly name the “Leadership Team”.

Employee Policies Handbook – The Employee Policies Handbook was adopted at the March 24, 2014 regular Council meeting. It is being prepared for binding and distribution. A meeting will be held with all employees to review the policies and receive questions.

Neighborhood road work – Westmoreland South – reclaiming and resurfacing of the entire road began the week of March 24, 2014. Thorntree – reclaiming and resurfacing of the entire road to begin after the work on Westmoreland is completed.

Cockrell Hill Road Repairs for FY 2014 – Brad and I met with Roger Miller & Kyle Butler to discuss the Cockrell Hill project. Timing for the north end will begin mid-June by Dallas County once an agreement is executed. A Project Status Report is posted on the City’s web site to keep citizens up to date on the progress of road work and the sewer project.

Progressive Solid Waste and Recycling –Spring Cleanup day for Saturday, April 26th and May 3rd as the rain date.

Planning and Zoning Commission – There is no business before the P&Z in April.

BOA – meeting April 21st, will consider construction materials and size for an accessory building.

Five Year Staffing Plan – The Committee (Oberg, Hall, Mayor) was provided job descriptions. I have retrieved preliminary salary data from the Waters Survey Navigator for the positions. My next step will be to retrieve benefit information for a complete comparison and then request a meeting.

Strategic Guide – There were 69 citizens in attendance at the Town Hall Meeting Monday, March 24 at First Baptist Ovilla. The citizens provided feedback regarding road conditions, future parks and trails. The feedback will be passed on to the committees responsible for developing plans for Council to consider. The Vision was revised and the updated Strategic Guide is on the City’s web site.

Economic Development Corporation –At their meeting on March 17, 2014 the Board revised and approved the EDC mission, vision, and goals and objectives. They will be posted on the EDC’s web page on the City’s web site.

Municipal Development District – pending appointments.

Main Street Sewer Project – The utilities locator, DIG-TESS, located and marked the utilities Tuesday, April 1st. Circle H mobilized equipment and has started work.

ESD#4 Board Meeting – The ESD will meet Monday, April 07, 2014.

Cole Tracts 113 acres in the ETJ – Brad and I have responded to inquiries regarding this property and the developer would like to present a conceptual plan at a future meeting.

Shiloh & Bryson 122 acres in the City Limits – Brad and I have responded to inquiries regarding this property.

MISD parcel - Staff provided the process for voluntary annexation and is developing the required service plan. This parcel is on Sardis water and will be on city sewer tying into the TRA Red Oak Creek System.

Sewer Rates – staff is modeling sewer rates and will bring forward a recommendation for Council's consideration at a future meeting. We are awaiting capital projections from TRA. Staff will present authorization for expenditure for the FY2103 payment and the FY2014 payment to date.

Fire Department Mini-Pumper (2007) – staff will present the 2007 Mini-Pumper for declaration as surplus and sale at a future meeting. Staff is evaluating cost for a replacement engine for capital equipment budget.

Surplus sale at auction - the surplus vehicles have sold at auction, total for all vehicles was \$7,360.



City Administrator Activity Report

Cyndy Powell

March 24, 2014 – March 28, 2014

Weekly staff meetings – held Tuesdays at 9:00 a.m.

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Municipal Development District – pending appointments.

Main Street Sewer Project – The utilities locator, DIG-TESS, was contacted to come out to locate and mark the utilities for the start date Tuesday, March 25. They usually respond within 48 hours, they did not. Brad has contacted them again. The contractor, Circle H, will not mobilize necessary equipment until the utilities are marked. The engineers had staked the project lines last week – those are the pink markings. Circle H has postponed starting on our project until Wednesday, April 2nd.

ESD#4 Board Meeting – The ESD will meet Monday, April 07, 2014.

Bryson Development 113 acres – no update. (Brad and I met with two groups a few weeks back interested in developing the Bryson tract.)

MISD - Staff provided the process for voluntary annexation and is developing the required service plan. This parcel is on Sardis water and will be on city sewer tying into the TRA Red Oak Creek system.

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Surplus sale at auction - the surplus vehicles have sold at auction, total for all vehicles was \$7,360.

TxDOT Meeting - Southern Gateway Project & Dallas Horseshoe Project – public meeting providing update on these corridors because they constitute a comprehensive, integrated approach for HOV lanes along I-35E. Joe Johnson with BSW heard the project is going to end at I-20 and is encouraging the southern cities to attend.

Legislative Update: Eggs & Issues - Glenn Heights Town Hall Meeting – Saturday, March 29, 2014 9:00 a.m. – 10:30 a.m. Curtistene S. McCowan Middle School. Senator West, Congressman Barton, SBOE Trustee Knight, Representative Pitts, Representative Giddings, Commissioner Price and others will be participating.



City Administrator Activity Report

Cyndy Powell

March 14, 2014 - March 21, 2014

Weekly staff meetings – held Tuesdays at 9:00 a.m. Kick off Heritage Day 2014: September 27th, reserved blood bank, safety trailer, submitted event to TML Festivals publication and Texas Highways fall events calendar, established HeritageDay@cityofovilla.org email address. Working on details for a T-shirt contest for art students, will need direction from Heritage Day Committee on ‘theme’ for 2014 and prize for winner. Investigating placing a US Flag on pole of tent and upgrading sound system for broader reach. These ideas were based on comments from Council and staff to improve the event for 2014.

Employee Policies Handbook – Ms. Lee plans to present the final revised document for adoption at the March 24, 2014 regular Council meeting – following the Town Hall Meeting at First Baptist Ovilla.

Neighborhood road work – the County began road work on south West Moreland this week and is planning to work on Thorntree next week.

Cockrell Hill Road Repairs for FY 2014 – Brad is meeting with Mr. Miller to set a road work schedule.

Progressive Solid Waste and Recycling –Spring Cleanup day for Saturday April 26th and May 3rd as the rain date.

Planning and Zoning Commission – There was no business before the P&Z in March.

BOA – meeting April 21st, will consider construction materials and size for an accessory building.

Five Year Staffing Plan – The Committee (Oberg, Hall, Mayor) were provided job descriptions.

Strategic Guide – Town Hall Meeting is set for Monday, March 24 beginning at 6:00 p.m. at First Baptist Ovilla for citizens to have another opportunity to give feedback on the Strategic Guide. The Guide is on the City’s web site and is available at City Hall.

Economic Development Corporation –At their meeting on March 17, 2014 the Board revised and approved the EDC mission, vision, and goals and objectives. They will be posted on the EDC’s web page on the City’s web site.

Municipal Development District – pending appointments.

Main Street Sewer Project – Brad and I met with property owners to discuss the plan of action and timeline Friday, March 21st. The sewer line was marked and staked, the contractor will begin work the week of March 24, 2014.

ESD#4 Board Meeting – The ESD will meet Monday, April 07, 2014.

Bureau Veritas –Bureau Veritas (BV) will inspect for storm water compliance and on-site trash receptacles. We made changes to the permit application requiring sidewalk inspections. BV does not inspect sidewalks in the meantime city staff will verify design requirements are met.

Best Southwest Partnership –Regional Economic Development 2014 Showcase. Thursday, March 27, 2014. 11:00 a.m. Hilton Garden Inn 800 N. Main, Duncanville.

Dallas Water Utilities – we received notice of intent to raise the flat rate charged for treated water 2.5% effective October 1, 2014.

Bryon Development 113 acres - Brad and I met with two groups last week interested in developing the Bryson tract.

MISD - Brad and I met with civil engineers regarding the process for annexation of the parcel into the City. Staff provided the process for voluntary annexation.

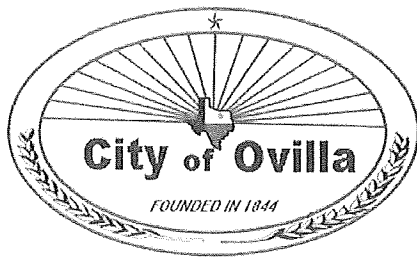
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Jessica Foresman
Court Clerk

DATE: April 14, 2014
TO: Honorable Mayor Dormier and City Council Members
FROM: Jessica Foresman, Court Clerk
SUBJECT: Monthly Staff Report

Court Report March 2014

Item	Number	Amount
March 2014		
Traffic Cases Filed	44	
State Law Cases Filed	1	
Parking Cases Filed	0	
Penal Code Cases Filed	0	
City Ordinance Cases Filed	2	
Trials	1	
Total Revenue		\$7,194.25
Amount kept by City		\$4,026.10
Amount remitted to State		\$3,168.15
Warrants Issued	14	
New Warrants	6	
Previous Warrants Cleared & Relssued	8	
Active Warrants	369	\$100,178.12
Warrants Cleared	5	\$1,257.20
Warrants Cleared from Omni/Collection	3	\$789.20

February 2014

Code Enforcement Report

Complaints - 56

Follow ups – 63

Door Notices - 42

Mail Notices – 19

Posted Property – 2

Court –

- 1 Public Nuisance, Plea Guilty & Fined \$196
- 1 Public Nuisance – Requested Trial
- 2 Parking violations – guilty pleas & fined \$348 (total)

Citizen contacts - 73

Permits reviewed –10, Permits issued -8

Inspections – 12

Nuisance Abated By City

Nuisance- Signs – 43

Illegal Dumping – Trash on Private property- Hosford Lane

*From the desk of -
Mike Dooly
Neighborhood Services*

March 2014

Animal Control Report

Complaints- 29

Follow ups – 38

Door Notices –25

Impounded Animals – 3 (dogs)

Animal Welfare Checks – 5

Impound Animal Results - 2 Transported, 1 Returned to owner

Impound Fees Collected - \$45.00

Court – 2 complaints were reset

Citizen contacts - 43

Animal Registration Tags Issued – 27 Total \$324.00

Registration Reminders Mailed- 17

Nuisance Letters Mailed- 1

Animals Released – 2 Skunks

Deceased Animals Removed – 35

Oak Leaf –5 (1 Dogs, 4- skunks)

Traps Checked Out –5

1 Dog Bite – Rabies Quarantine Negative For Rabies

*From the Desk of -
Mike Dooly
Neighborhood Services*

Specializing in online auctions for governmental entities, financial institutions, utility companies, regulatory agencies and others. René Bates Auctioneers, Inc. is a licensed, full service auction company that has been in operation since 1966.

[Home](#)[For Bidders](#)[Help](#)[Subscriptions](#)[Completed Auctions](#)[Sellers](#)[Contact Us](#)**City Of Ovilla, Texas - CLOSED****Closed: March 20, 2014 Beginning at 3:00 PM CDT**

Search in within category for Lot # matching
 this event All Categories all words [Go]

[<< Auction Details](#)

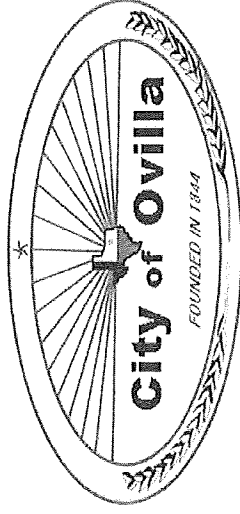
Category: All (7)

ALL LOTS (7)

Lot	Photo	Description	Price	Bidder
5	View Photo	1986 Chevrolet C6500 6 Yard Dump Truck; VIN 1GBJ7D1B1GV111746; 43,343 Miles showing - not guaranteed; 454 Gas; Manual; Bench seat; Rubber mats; A/C; PS; PL; PW; NOT RUNNING; Repairs made recently: Installed new clutch, pressure plate, clutch release bearing, pilot shaft bearing at 42,000 miles; Location 1 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	2,000.00	37927
2	View Photo	2001 Dodge Ram 2500 Pickup; VIN 3B7KC26Z51M541769; 117,000 approx. miles - not guaranteed; 5.9 Gas; Auto; Bench seat; Rubber mats; A/C; PS; PB; FM Radio; NOT RUNNING; Needs battery; Dash pad busted; Location 1 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	2,353.00	29816
4	View Photo	2008 Ford Crown Victoria; VIN 2FAPP71V28X139025; 125,000 approx. miles - not guaranteed; 4.6 Gas; Auto; Bucket seats; Rubber mats; A/C; PS; PB; PL; PW; Spotlight; Rear defrost; Trunk release; FM Radio; NOT RUNNING; TRANSMISSION - NO REVERSE; Needs battery; Some exterior damage; Location 1 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	1,453.00	10402
6	View Photo	2004 Ford Crown Victoria; VIN 2FAPP71WX4X104560; 176,723 Miles showing - not guaranteed; 4.6 Gas; Auto; Bucket seats; Rubber mats; A/C; PS; PB; PL; PW; Rear defrost; Trunk release; FM Radio; NOT RUNNING; Needs battery; Location 1 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	755.53	30083
3	View Photo	1998 Ford Crown Victoria; VIN 2FAPP71W3WX124264; 164,280 Miles showing - not guaranteed; 4.6 Gas; Auto; Bucket seats; A/C; PS; PB; PL; PW; Rear defrost; Trunk release; FM Radio; NOT RUNNING; Some exterior damage; Location 1 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	800.00	52775
1	View Photo	2 HP Inkjet printers; 2 Dell printers; 2 Dell monitors; Dell keyboard; Logitech keyboard; 4 APC power supplies; 1 Brother printer; Location 2 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	25.00	34211
2	View Photo	2 IBM Monitors; 3 Dell Monitors; 2 pairs of computer speakers; HP Printer; Panasonic Fax Printer; 2 IBM Keyboards; Dell Keyboard; Kinyo VHS Rewinder; Location 2 AS-IS; Current condition UNKNOWN. This item is used and may contain defects that are not immediately detectable. Text description given is meant to be used as a guide only. You are responsible for inspecting item before bidding. All information provided is believed to be correct but no warranty as such is either intended or implied. All items are sold AS IS - WHERE IS AND WITH ALL FAULTS AND DEFECTS THEREIN.	10.10	34211

[<< Auction Details](#)

7578.63



DATE: 04-14-14

TO: Honorable Mayor and Council Members

FROM: Sharon Jungman

SUBJECT: Expenditures in March 2014 over \$5,000

City of Ovilla Expenditures in March 2014 Over \$5,000

General Fund				
Date	Check#	Payee	Description	Amount
3/26/2014	42321	Blue Cross/Blue Shield	Health Insurance	\$8,496.15
3/21/2014	42300	Bureau Veritas	Inspection Service	\$6,353.43
3/26/2014	42323	Casco Industries	Fire Dept. Uniforms	\$8,132.00
3/21/2014	42310	Progressive Waste Solutions	Garbage Pick-up for February	\$16,692.00
3/13/2014	ACH	Quick Books Payroll Service	Payroll	\$36,976.42
3/27/2014	ACH	Quick Books Payroll Service	Payroll	\$36,714.46
3/10/2014	42276	T.M.R.S.	Retirement	\$9,787.40
3/14/2014	ACH	US Treasury	Payroll Taxes	\$7,154.58
3/28/2014	ACH	US Treasury	Payroll Taxes	\$7,212.72
3/6/2014	42272	Yeldell, Wilson & Co.	Audit Fee Payment	\$5,959.00
Total General Fund Transactions Paid in March 2014 \$5,000 and Over				<u>\$143,478.16</u>

Water & Sewer Fund				
Date	Check#	Payee	Description	Amount
3/12/2014	15422	City of Dallas	Water Purchase	\$18,323.21
3/26/2014	15433	City of Ovilla General Fund	Garbage Transfer for March & Qtr. Admin. Payroll Transfer	\$32,727.86
Total Water & Sewer Fund Transactions Paid in March 2014 \$5,000 and Over				<u>\$51,051.07</u>

***Monday, March 24, 2014
Special Town Hall Meeting held at the
First Baptist Church of Ovilla
3333 Ovilla Road, TX 75154***

Ralph Hall	Mayor Pro Tem, Place 1
Larry Stevenson	Council Member Place 2
David Griffin	Council Member Place 3
Doug Hunt	Council Member Place 4

Council invited all attendees to continue their involvement by contacting staff during business hours to receive applications for volunteer membership to serve on various board/commission vacancies. These applications were also available on the city's website. Mayor Dormier thanked everyone for their feedback and interest in Ovilla.

ITEM 2. DISCUSSION/ACTION – Consideration of and action to approve Resolution 2014-005 adopting the Five-year Citywide Strategic Guide 2013-2018.

PL4 Hunt moved that Council approve Resolution R2014-005 adopting the Five-year Citywide Strategic Guide 2013-2018, seconded by PL2 Stevenson.

No oppositions, no abstentions.

VOTE: The motion carried unanimously: 4-0.

ADJOURNMENT

There being no further business, Mayor Dormier adjourned the Town Hall meeting at 7:17 p.m.

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

Approved April 14, 2014

CITY OF OVILLA MINUTES
Monday, March 24, 2014
Regular City Council Meeting held at the
First Baptist Church of Ovilla
3333 Ovilla Road, TX 75154

Mayor Dormier called the Regular Council Meeting of the Ovilla City Council to order at 7:35 P.M. The following City Council Members were present:

Ralph Hall	Mayor Pro Tem, Place 1
Larry Stevenson	Council Member Place 2
David Griffin	Council Member Place 3
Doug Hunt	Council Member Place 4

Absent: Dean Oberg Council Member Place 5

Mayor Dormier announced present Council Members, thus constituting a quorum. Various department-heads and staff were also present.

PL2 Stevenson gave the Invocation and Mayor Dormier led the recitation of the Pledge of Allegiance.

COMMENTS, PRESENTATIONS, REPORTS AND/OR APPOINTMENTS

▪ **Citizens Comments / Citizens Forum:**

I. None

▪ **Department Activity Reports / Discussion**

- Finance Department Accountant S. Jungman
 - Monthly financials –
 - a) Advised Council that there were 28 new home permits YTD
 - b) Would be working on mid-year revisions in April for Council review and consideration
- Administration City Administrator C. Powell
 - Bi-weekly update activity report
 - a) PW Director Piland met with Ellis and Dallas Counties to coordinate the refurbishment of Cockrell Hill Road.

CONSENT ITEMS

A. Minutes of the March 10, 2014 Regular Council Meeting

PL4 Hunt moved that Council approve the consent items as presented, seconded by PL3 Griffin.

No oppositions, no abstentions.

VOTE: The motion carried unanimously: 4-0.

REGULAR AGENDA

ITEM I. DISCUSSION - Review and discuss revisions to the Employee Policies Handbook as presented.

The City contracted with Texas First Group for the consultation services of Ms. Jacqueline Lee to provide a thorough revision of the City's Employee Policies Handbook. Following months of discussions, multiple workshops, including final revisions from the February 09 workshop based on Council's recommendations with staff, Ms. Lee finalized the Employee Policies Handbook and presented said Handbook for Council's review.

Mayor Pro Tem Hall suggested additional final revisions on three items to read:

1. Daily per diem will be based on the GSA rates
2. Leave bereavement to 3 days maximum
3. Remove any "conditional standing" regarding payment of vacation pay

No Action.

ITEM 2. DISCUSSION/ACTION – Consideration of and action on Resolution R2014-002 approving and adopting the Employee Policies Handbook.

Mayor Pro Tem Hall moved that Council approve Resolution R2014-002, adopting the Personnel Employee Policies Handbook with the three noted revisions, seconded by PL4 Hunt.

No oppositions, no abstentions.

VOTE: The motion carried unanimously: 4-0.

ITEM 3. DISCUSSION/ACTION – Consideration of and action to approve an appointment to the Economic Development Cooperation Board.

The Economic Development Corporation had two vacancies, Places Two and Three; staggered terms:

Director Place Two: Expires June 2015

Director Place Three: Expires June 2014

Staff received an application from Mr. Emmett Fox for Council's consideration to serve as an EDC Director in one of the vacancies.

PL4 Hunt moved that Council appoint Emmett Fox to serve the term of Place Two on the Economic Development Corporation Board, seconded by PL2 Stevenson.

No oppositions, no abstentions.

VOTE: The motion carried unanimously: 4-0.

REQUESTS FOR FUTURE AGENDA ITEMS

- | | |
|-----------------------|---|
| 1. Mayor Pro Tem Hall | Reminder: Review the Policy & Procedure Guide to Purchasing |
| 2. PL2 Stevenson | None |
| 3. PL3 Griffin | None |
| 4. PL4 Hunt | None |
| 5. PL5 Oberg | None |
| 6. Mayor | None |

ADJOURNMENT

There being no further business, Mayor Dormier adjourned the meeting at 8:00 p.m.

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

Approved April 14, 2014

*Richard Dormier, Mayor
Ralph Hall, Place One
Larry Stevenson, Place Two*

*Doug Hunt, Place Four
David Griffin, Place Three
Dean Oberg, Place Five*



ELLIS COUNTY ELECTIONS

Bruce Sherbet, CERA
Elections Administrator

106 S. Monroe
Waxahachie, TX 75165
Bus. (972) 923-5195
Fax (972) 923-5194

March 27, 2014

TO: CITY OF OVILLA
PAM WOODALL
105 S. COCKRELL HILL RD.
RED OAK, TX 75154

FROM: Bruce Sherbet, Elections Administrator

SUBJECT: Lease Agreement for AutoMark ADA Voting Device

Enclosed is the approved lease agreement between Ellis County and City of Ovilla for use of the AutoMark voting device for the May 10, 2014 election. Please sign and return the agreement by April 15, 2014.

In order for the Elections Department to prepare the AutoMark for use, you are requested to provide the programming card and two ballots to us by April 21, 2014.

The AutoMark and a list of registered voters for your jurisdiction will be available for pick up on April 24, 2014.

A training class on the use of the AutoMark and voter qualification procedures will be conducted on April 24, 2014 at 2:00 PM at the Elections Department, 106 S. Monroe, Waxahachie.

If you have any questions concerning the above matter, please do not hesitate to contact us at 972-923-5195.

**INTERLOCAL COOPERATION CONTRACT FOR THE LEASE
OF VOTING MACHINES BETWEEN ELLIS COUNTY, TEXAS AND
CITY OF OVILLA**

THIS AGREEMENT is entered into on this 11th March 2014, by and between the County of Ellis, a local government as defined by Article 791.003(4) of the Texas Government Code (herein "County") and CITY OF OVILLA, a local government as defined by Article 791.003(4) of the Texas Government Code, hereinafter referred to as Lessee.

RECITALS:

- WHEREAS: Article 123.032(b) of the Texas Election Code provides that a political subdivision may lease equipment from a county in which the political subdivision is wholly or partly situated; and
- WHEREAS: Article 123.032(c) of the Texas Election Code provides, with some limitations, that if a political subdivision desires to lease equipment owned by a county in which the political subdivision is wholly or partly situated, the county shall lease the equipment to the political subdivision under the terms agreed to by the parties; and
- WHEREAS: County is the owner of certain voting machines identified as AutoMark Model A-100-00; and
- WHEREAS: The purpose of Interlocal Agreements is to increase the efficiency and effectiveness of local governments by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state; and
- WHEREAS: The sharing of voting machines constitutes a "governmental function and service," as defined in Article 791.003(3) (N) of the Texas Government Code, in which the contracting parties are mutually interested; and
- WHEREAS: The lease constitutes a contract or agreement described in Article 791.011(c) (2) of the Texas Government Code to provide a governmental function or service that each party to the contract is authorized to perform individually; and
- WHEREAS: Lessee has expressed its desire to contract with County for the rental of the herein above described voting machines and certifies under Article 791.011(d) (3) of the Texas Government Code, that sufficient funds from current revenues are available to pay the obligation set out herein, in an amount, as required by Article 791.011(e), that fairly compensates County; and
- WHEREAS: County is willing to contract with Lessee to enter into an agreement for the lease of said machines upon the terms and conditions set out hereinafter.

AGREEMENT:

NOW THEREFORE, for value received and in consideration of the covenants, conditions, and premises herein contained, the parties agree as follows;

1. County agrees to lease to Lessee the Voting Machines for a fee of **\$324.17** per machine paid in advance. Said payment is for a period of **April 24, 2014 through May 12, 2014** and is **due by 2:00 p.m. the tenth day before the lease period begins**. Lessee agrees to pay the contract amount, prior to delivery and set-up of equipment, and no later than 10 days before the beginning of the lease period.
2. In the event the equipment leased from County to Lessee pursuant to this lease is stolen, lost, damaged, vandalized, destroyed or rendered inoperable, whether intentional or not, Lessee agrees to reimburse County for the full cost of replacement or repair of such equipment. The repair cost shall be determined by the equipment service vendor. The Lessee's payment for repair or replacement costs for damaged or lost equipment, or service cost resulting from same shall be remitted to County by Lessee within thirty (30) days of written notice of loss sent by County to Lessee.
3. County shall supply the Lessee with **ONE (1)** AutoMark Model A-100-00 machines.
4. Lessee is responsible for the following actions or functions:
 - A. Pick-Up of equipment from the Elections Administrator's Office.
 - B. Return of equipment to Elections Administration Office by 4:00 p.m. on the next business day after the election.
 - C. Ordering Optical Scan Ballots for the AutoMark.
 - D. Contacting Election System and Software, Inc., herein ES&S, for coding of AutoMark voting machines.
 - E. Reasonable care to prevent theft of or damage to the AutoMark voting machines.
5. Lessee shall designate individuals at each location to be in charge of operations who will oversee the receipt, care, custody, and control of the machines ("Designated Individuals"). Prior to delivery of the machines, Lessee shall obtain any training necessary for the proper operation and care of the machines for the Designated Individuals.
6. Lessee must designate Individuals for training in the proper operation of the AutoMark machines. ES&S may periodically provide training in the proper use of the AutoMark machines. Designated Individuals should attend such training. The Elections Administrator will also provide training to Lessees and its Designated Individuals. The Lessee shall pay any costs of training Designated Individuals, as well as other personnel it may need to properly and lawfully conduct an election. The Elections Administrator must be satisfied that the Lessee is adequately trained in the operation of the AutoMark machines prior to Lessee or its agent picking up any machines.

7. Lessee assumes full liability for the safekeeping of the Voting Machine(s) and all associated items such as inventory and supplies furnished by Ellis County. The Ellis County Elections Administrator will notify Lessee in writing of any damaged, missing, and unaccounted for machines or associated items and Lessee shall have up to thirty (30) days to research and rectify any discrepancies before payment is due. The Lessee agrees to pay for any destroyed, damaged, or missing machines or associated items.

8. Lessor is not responsible for the operation or accuracy of the machines or for the failure of the machines to operate in a proper or accurate manner. Lessee shall not be responsible for the failure of Lessee or its employees, its Designated Individual, or other agents or representatives to operate the machines properly. Lessee agrees to defend, indemnify, and hold harmless Ellis County from and against any election contest and from and against any and all claims made by any party regarding the accuracy, operation or use of the voting machines in recording or failing to record votes or for any purpose whatsoever or the training or lack of training in the proper use of the machines.

9. Lessee hereby agrees to indemnify and hold harmless County and its officers, officials, and employees from and against any loss, including claims, demands and causes of action and which loss, claim, demand or cause of action resulted from the performance or non-performance of Lessee or its agents, representatives or employees pursuant to the terms of this agreement.

10. This Agreement is entire as to all of the performance to be rendered under it. Breach of any material obligation to be performed by either party shall constitute a breach of the entire Agreement and shall give either party the right to immediately terminate this Agreement.

11. Lessee agrees to notify County of any change in the Designated Individuals within 14 calendar days of such change and will be responsible to assure the proper training of such individuals.

12. Either party hereto may voluntarily terminate this Agreement at any time upon sixty (60) days prior written notice to the other party sent as provided herein. Within seven (7) days after the date of termination, the Lessee shall return to County all Voting Machines, together with associated equipment and supplies.

13. Notice given pursuant to this Agreement shall be in writing and shall be given by United States certified mail, postage prepaid, addressed to the appropriate party as set forth below:

COUNTY: Bruce Sherbet, Ellis County Elections Administrator
106 S. Monroe St.
Waxahachie, Texas 75165

With a copy to: Patrick Wilson, County Attorney
109 S. Jackson St.
Waxahachie, Texas 75165

LESSEE: Name of Entity CITY OF OVILLA
 Name of Contact PAM WOODALL
 Address for Notice 105 S. COCKRELL HILL RD
 RED OAK, TX 75154

The person and address to which notices are to be given may be changed at any time upon written notice to the other party.

14. The term of this Agreement shall continue in full force and effect for one year from the date of the Agreement. However, the agreement may expire at an earlier time through the complete fulfillment of the obligations set forth herein by all parties hereto.
15. This Agreement shall be construed under and in accordance with the laws of the State of Texas. Exclusive venue for any action taken relative to this agreement shall be Ellis County, Texas.
16. Neither party shall assign its rights, nor delegate its duties under this Agreement without prior written consent of the other party. Such unauthorized assignment and/or delegation shall, at the option of the non-assigning and/or non-delegating party be a material breach for which the non-assigning and/or non-delegating party may void this Agreement.
17. The provisions of this Agreement are not intended to create, nor shall they be in any way construed to create, a joint venture, a partnership, agency, or any other similar relationship between the parties. The Lessee acknowledges that it is an independent contractor and that it will be acting as an independent contractor in performing its obligations under this Agreement.
18. Ellis County is not obligated nor is it expected to file, defend the filing of, intervene into, or otherwise join or participate in any way in any litigation that may be filed by or against Lessee relating in any way either directly or indirectly to the use of the leased equipment or any training relating thereto. Should litigation be instituted by any other person or entity, Lessee shall, to the extent permitted by law, hold harmless and indemnify Ellis County against all claims, costs and expenses, including attorney's fees, arising from the use of the leased equipment and/or any training relating thereto, as well as any other action filed against Lessee or Ellis County or the Ellis County Elections Office's actions associated with this agreement.
19. This Agreement shall supersede any and all other agreements for services specified hereunder, whether oral or written.
20. This Agreement shall not be amended or modified, except in writing signed by authorized representatives of the Lessee, County, and the County Elections Office.

21. This agreement replaces all other agreements or contracts, if any, by and between the Parties hereto as they pertain to lease of voting machines.

22. This agreement shall become effective after the authorization and approval of the governing body of Lessee acting through its presiding officer or official and upon approval by the Commissioners Court of Ellis County, Texas, as Lessor, acting through its County Judge.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first written above.

County of Ellis, State of Texas

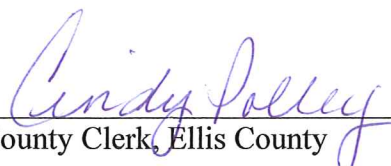
Lessee:



Carol Bush
County Judge

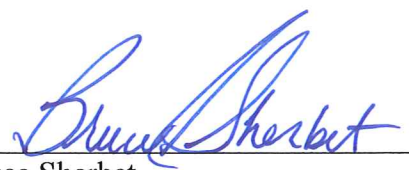
By: _____
Signature

Attest:



Cindy Polley
County Clerk, Ellis County

Printed Name and Title of Authorized
Representative of Lessee (City, School, or
Special District)



Bruce Sherbet
Ellis County Elections Administrator

Name of Lessee (City, School District, or
Special District)

Telephone: _____

E-Mail: _____



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): **1** (City Secretary use only)

Meeting Date: April 14, 2014

Department: Administration

☒ Discussion ☐ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted By: Staff

Amount: \$N/A

Attachments:

1. Stonewood Estates Conceptual Plan
2. April 03, 2014 Email from Kirk Pat Atkins

Agenda Item / Topic:

ITEM 1. **DISCUSSION**– Receive presentation from Mr. Pat Atkins representing the property owners of the site known as Stonewood Lakes Estates.

Discussion / Justification:

At the request of the property owners, Mr. Pat Atkins would like to present the conceptual plan for the 113-acre site known as Stonewood Lakes Estates located in the City's extra territorial jurisdiction.

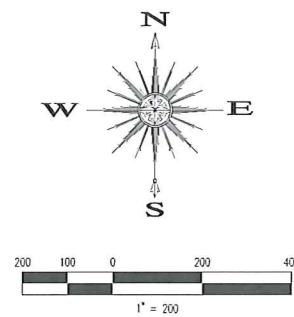
Recommendation / Staff Comments:

Mr. Atkins has requested feedback from Council on the following:

1. Annexation of the property into the City limits; zoning of such property.
2. Concept plan in accordance with the Comprehensive Plan.
3. Rural bar ditch design with 31'EE concrete paving.
4. Thoroughfare proportionality fee to be defined and paid at the time of building permit.
5. Sanitary sewer impact fee to be paid at the time of building permit.

Sample Motion(s):

No Action. Discussion Only.



Location Map



- 1 Ac. Lots = 26
- 20,000 S.F. Lots = 73
- 14,000 S.F. Lots = 44

113.18 Ac.

Stonewood Lakes Estates

Ovilla, Texas

Owner:
JACKSON/COLE/SMITH
5800 W. Plano Road, S. 220
Plano, Texas 75053

Engineer:
ENGINEERING CONCEPTS & DESIGN
201 Windco Circle, S. 200
Wylie, Texas 75098
972.941.8400
Contact: Todd Winters

Consultant:
KPA CONSULTING, INC.
3076 Hays Lane
Rockwall, Texas 75087
972.388.6383
Contact: Pat Atkins

Scale: 1"=200'

March, 18, 2014

Pam Woodall

From: Cyndy Powell
Sent: Thursday, April 03, 2014 2:24 PM
To: 'Kirk Atkins'
Cc:
Subject: RE: STONEWOOD LAKES ESTATES /OVILLA E.T.J./113 AC

Good afternoon Pat,

We'll add you to the agenda for April 14th, 2014. The meeting will begin at 7:00 p.m.

Please resend the attachment.

Thank you,
Cyndy
office: 972-617-7262
cell: 469-628-2427

From: Kirk Atkins
Sent: Thursday, April 03, 2014 12:31 PM
To: Cyndy Powell
Cc:
Subject: STONEWOOD LAKES ESTATES /OVILLA E.T.J./113 AC

STONEWOOD LAKES ESTATES /OVILLA E.T.J. /113 AC.

DEAR MS. POWELL,
AS AUTHORIZED AGENT OF THE OWNERS OF THE ABOVE REFERENCED PROJECT WE ARE
HEREBY REQUESTING APEARANCE BEFORE THE CITY COUNCIL ON APRIL 14TH FOR WORK
SESSION DISCUSSION , FOR THE FOLOWING ITEMS OF DISCUSSION:

- I. ANNEXATION/ZONING OF PROPERTY.
 - II. CONCEPT PLAN IN ACCORDANCE WITH THE COMPREHENSIVE PLAN.
 - III. RURAL BAR DITCH DESIGN 31'EE CONCRETE PAVING.
 - IV. THOROUGHFARE PROPORTIONAL IMPACT FEE TO BE DEFINED AND PAYED AT THE TIME
OF BUILDING PERMIT.
 - V. SANTARY SEWER IMPACT FEE TO BE PAYED AT BUILDING PERMIT TIME.
- PLEASE FIND ENCLOSED THE CONCEPT PLAN FOR DISCUSSION.

THANKS,
PAT ATKINS PRESIDENT



Ovilla City Council

AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 2 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Administration

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted By: Staff

Amount: \$N/A

Attachments:

1. Resolution R2014-010
2. Red-line Revised Investment Policy 2014
3. Recommended Revisions to the City of Ovilla's Investment Policy 2014

Agenda Item / Topic:

ITEM 2. **DISCUSSION/ACTION** –Consideration of and action on Resolution R2014-010 adopting the City's revised Investment Policy 2014.

Discussion / Justification:

The Ovilla Code of Ordinances, Division 4. Public Funds Investment Policy, Sec. 1.05.111 – 1.05.125 requires the City's investment policy be adopted and amended by resolution of the City Council. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. Any changes or modifications to this investment policy, if any, shall be approved by the City Council, and shall be adopted by a formal resolution of the City Council.

Scott McIntyre, CFA with First Southwest Asset Management, Inc. reviewed the City's 2012 investment policy and provided additions, changes, and the rationale to support the recommendations.

Recommendation / Staff Comments:

Staff recommends approval of Resolution R2014-010 adopting the City's revised Investment Policy 2014.

Sample Motion(s):

I move that Council APPROVE/DENY Resolution 2014-010, adopting the City's revised Investment Policy 2014.

RESOLUTION R2014-010

A RESOLUTION OF THE CITY OF OVILLA, TEXAS, ADOPTING AN AMENDED AND UPDATED PUBLIC INVESTMENT POLICY AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Ovilla, Texas is a Type A General Law city; and

WHEREAS, Section 2256.005 of the Texas Government Code provides that the governing body of an investing entity shall adopt by rule, order, ordinance or resolution a written investment policy and review same not less than annually; and

WHEREAS, on May 24, 2010, the City Council adopted Ordinance No. 2010-012 establishing a Public Funds Investment Policy, codified as Chapter 1, Division 4., Sections 1.05.111-1.05.125 of the Ovilla Code of Ordinances; and

WHEREAS, the City Council adopted Resolution 2012-011 on August 27, 2012, amending and updating the City of Ovilla's Public Funds Investment Policy; and

WHEREAS, the City Council finds and determines that it is in the best interest of the City of Ovilla to adopt an amended investment policy by resolution and amend in part, and repeal in part, the investment policy codified in Chapter 1, Division 4., Sections 1.05.111-1.05.125 of the Ovilla Code of Ordinances.

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

SECTION ONE

The Public Funds Investment Policy attached hereto as "Exhibit A" is declared to be the written Public Funds Investment Policy of the City of Ovilla, as required by Section 2256.005 of the Texas Government Code. A true and correct copy of same shall be maintained by the City Secretary and shall be reviewed by City Council, and revised as necessary, at least annually.

SECTION TWO

This resolution shall be in full force and effect from and after its passage and approval.

RESOLVED, PASSED AND APPROVED ON THIS 14th DAY OF APRIL, 2014.

Richard A. Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

CITY OF OVILLA, TEXAS

INVESTMENT POLICY

April 14, 2014

CITY OF OVILLA, TEXAS INVESTMENT POLICY

PREFACE

It is the policy of the City of Ovilla (the “City”) that after allowing for the anticipated cash flow requirements of the City and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for City funds. The City’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The City will invest public funds in a manner that will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the City.

The City is required under the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) to adopt a formal written Investment Policy for the investment of public funds. These policies serve to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the “Act”]) to define, adopt and review a formal investment strategy and policy.

**CITY OF OVILLA
INVESTMENT POLICY
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1. PURPOSE. The purpose of this investment policy (the “Policy”) is to set forth specific investment policy and strategy guidelines for the City in order to achieve the goals of safety and liquidity, achieve a market rate of return, and maintain public trust in all investment activities. On an annual basis, the City Council shall review the investment strategy and policy and shall approve Policy revisions, if any, by formal resolution.

2. INVESTMENT STRATEGY. The City maintains a comprehensive and proactive cash management program that is designed to monitor and control all City funds to ensure maximum utilization and yield a market rate of return. (For the purpose of this policy, a “market rate of return” refers to the approximate interest rate that could be earned by an investor in a specific maturity range at any given point in time. For example, an investor seeking to earn a market rate of return while maintaining an investment portfolio with an average maturity of 90 days, would hope to earn approximately the same as a three-month agency discount note. If the investor earns a rate much higher than this, it might signal an inappropriate level of risk.) The basic and underlying strategy of this program is that all of the City’s funds are earning interest. It is the responsibility and obligation of the City to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the investment officers. The allowable investment instruments as defined in Section 6 of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.

2.1 The primary investment strategy and objectives of the City as specified in this Policy (See Section 4.) are listed below, in their order of importance:

- Safety and preservation of principal;
- Maintenance of sufficient liquidity to meet operating needs;
- Achieve a market rate of return on the investment portfolio; and
- Seek at all times to maintain public trust by adhering to the above stated objectives.

2.2 The list of investments authorized by this Policy intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the City. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the City will consider the following strategies:

2.2.1 **Strategy No. 1.** Diversifying the City’s investment opportunities through the use of local government investment pools and money market mutual funds as authorized by the City Council. An investment pool is an entity created to invest public funds jointly on behalf its’ participants and whose investment objectives in order of priority match those objectives of the City. Funds are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve diversification. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2 **Strategy No. 2.** Building a ladder of Investment Policy authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- It represents a prudent diversification method;
- All investments remain within the approved maturity horizon;
- It will normally allow the City to capture a reasonable portion of the yield curve; and
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** At this time, the City does not use an investment management firm. Should the City determine a need, the following strategy will apply:

Pursuant to the Public Funds Investment Act (Texas Government Code 2256.003), the City may, at its discretion, contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) and with the State Securities Board to provide for investment and non-discretionary management of its public funds or other funds under its control.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy. At no time shall the advisor take possession of securities or funds or otherwise be granted discretionary authority to transact business on behalf of the City. Any contract awarded by the City Council for investment advisory services may not exceed two years, with an option to extend by mutual consent of both parties.

Duties of the Investment Advisor shall include, but not be limited to, assistance in purchasing securities, securities clearance, producing required reports, pricing the portfolio, performing due diligence on broker/dealers, market monitoring and economic review.

Any Investment Advisor contracted by the City shall abide by the *Prudent Expert Rule*, whereby investment advice shall, at all times, be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion and intelligence in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker, but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

2.2.4. **Strategy No. 4.** The City will maintain portfolio(s) that utilize four specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolio(s):

2.2.4.1 Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio that will experience minimal volatility during economic cycles through diversification by security type, maturity date and issuer. All security types, as authorized by this policy, are considered suitable investments for the operating and pooled funds.

2.2.4.2 Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the

required payment date(s). These funds have predictable payment schedules. Therefore investment maturities shall not exceed the anticipated cash flow requirements.

2.2.4.3 Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund. Managing the Debt Service Reserve Fund's portfolio maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if the City's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue.

2.2.4.4 Investment strategies for special projects or capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Market conditions and arbitrage regulations will influence the investment of capital project funds. When market conditions allow, achieving a positive spread to applicable arbitrage yield is the desired objective, although at no time shall the anticipated expenditure schedule be exceeded in an attempt to increase yield.

2.2.5 **Strategy No. 5 - Hold until Maturity.** The strategy of the City is to maintain sufficient liquidity in its portfolio so that it does not need to sell a security prior to maturity. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior written consent of the City Administrator must be obtained. Securities may be sold prior to maturity by the Investment Officer at or above their book value at any time. The result of all sales of securities prior to maturity shall be reported to the City Administrator within two business days of the sale. The report shall provide the amount of proceeds from the sale, including accrued interest to the date of sale, less the current book value and the dollar amount of gain on the sale.

2.2.6 **Strategy No. 6 - Pooling of Deposits and Investments.** All demand deposits of the City will be concentrated with one central depository. This procedure will maximize the City's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the City may be eligible to bid on City investments, subject to the approval of the City Administrator.

2.2.7 **Strategy No. 7 - Depository Bank Relationships.** This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The City will seek to maintain a depository contract that will be managed to a level that minimizes the cost of the banking relationship to the City, while allowing the City to earn an appropriate return on idle demand deposits.

2.2.8 **Strategy No. 8 - Single Pooled Fund Group.** A single strategy is specified, in accordance with the single pooled fund group as defined in this Policy. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the City.

2.2.9 **Strategy No. 9 - Maximizing Investable Cash Balances.** Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

3. SCOPE. The Investment Policy shall govern the investment of all financial assets considered to be part of the City entity and includes the following funds or fund types: the General Fund, Enterprise Funds, Special Revenue Funds, General Obligation Interest and Sinking Fund, Capital Projects Funds, Special Revenue Funds, EDC Fund, MDD Fund and any other funds which have been contractually delegated to the City for management purposes. The City may add or delete funds as may be required by law, or for

proper accounting procedures. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the City by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. INVESTMENT OBJECTIVES. Funds of the City shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The four objectives of the City's investment activities shall be as follows (in the order of priority):

4.1 **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the City. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities, as defined in this Policy, by qualifying the financial institutions with whom the City will transact business and through portfolio diversification. Safety is defined as the undiminished return of the principal on the City's investments.

4.2 **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the City's portfolio, in accordance with Section 2.2.5 above.

4.3 **Market Rate-of-Return (Yield).** The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner that seeks to attain a market rate of return throughout budgetary and economic cycles. The City will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the City's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the rate of annual income return on an investment, expressed as a percentage.

4.4 **Public Trust.** All participants in the City's investment program shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might involve a conflict of interest or otherwise impair public confidence in the City's ability to govern effectively. All officials of the City having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.

5. INVESTMENT RESPONSIBILITY. As provided in this policy, the daily operation and management of the City's investments are the responsibility of the following person.

5.1 **Delegation of Authority.** The City Administrator and the City Accountant are authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of the City. Management responsibility for the investment program is hereby delegated to the City Administrator, who shall establish written procedures for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. All persons involved in investment activities will be referred to in this Policy as "Investment Officers." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the City Administrator. The City Administrator shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the valuation of costs and benefits requires estimates and judgments by management.

Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the City Council.

5.2 Prudence. The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1 the investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and

5.2.2 whether the investment decision was consistent with the written investment Policy and procedures of the City.

5.2.3 Investment officials acting in accordance with the Investment Policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and whether the investment decision was consistent with the City's Investment Policy.

5.3 Due Diligence. The Investment Officer acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments. All Investment Officers involved in investment transactions will be bonded.

5.4 Ethical Standards and Conflicts of Interest. All City Investment Officers having a direct or indirect role in the investment of City funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

5.5 Investment Training. The Investment Officers shall attend at least one training session of at least ten (10) hours relating to the officer's responsibility under the Public Funds Investment Act within twelve (12) months after assuming duties, and attend an investment training session not less than once every two years, receiving an additional ten (10) hours of training. Such training from an

independent source shall be approved by the City Administrator and endorsed by either the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, the North Central Texas Council of Governments, or the University of North Texas Center for Public Management.

6. AUTHORIZED INVESTMENTS. As stated previously, safety of principal is the primary objective in investing public funds and can be accomplished by limiting two types of risk — credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer to repay principal and interest in full. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the City's primary objective, only certain investments are authorized as acceptable investments for the City. The following list of authorized investments for the City intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to City funds.

6.1 Authorized and Acceptable Investments. The authorized list of investment instruments are as follows:

- (1) Obligations of the United States or its agencies and instrumentalities, excluding mortgage backed securities **and including or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC).**
- (2) Direct obligations of the State of Texas, or its agencies and instrumentalities.
- (3) Other obligations, the principal of 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, excluding mortgage-backed securities.
- (4) Collateralized Certificates of Deposit. A certificate of deposit issued by a depository institution that has its main office or a branch office in the state and is:
 - guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - secured by obligations that are described by Section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) of the Act; or
 - secured in any other manner and amount provided by law for deposits of the City.
 - **In addition to the City's authority to invest funds in certificates of deposit, a CD investment made in accordance with the following conditions is an authorized investment under TX Government Code Section 2256.010(b):**
 - (a) the funds are invested by the City through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3 -3 (17 C. F.R. Section 240. 15c3 -3) with its main office or branch office in Texas and selected from a list adopted by City; or a depository institution that has its main office or a branch office in Texas and that is approved and selected by the City;**
 - (b) the selected broker or depository institution arranges for the deposit of the funds in CDs in one or more federally insured depository institutions, wherever located, for the account of the City;**

(c) the full amount of the principal and accrued interest of each CDs is insured by the United States or an instrumentality of the United States;

(d) the selected broker or depository institution acts as custodian for the City with respect to the CDs issued for the account of the City.

(5) Eligible Local Government Investment Pools. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code, provided that:

- the investment pool has been authorized by the City Council;
- the pool shall have furnished the Investment Officer an offering circular containing the information required by Section 2256.016(b) of the Texas Government Code;
- the pool shall furnish the Investment Officer investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Investment Officer monthly reports containing the information required under Section 2256.016(c) of the Texas Government Code;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool’s investment objectives shall be to maintain a stable net asset value of one dollar (\$1.00); and
- the pool’s investment philosophy and strategy are consistent with this Policy.

(6) Regulated No-Load Money Market Mutual Funds. These investments are authorized, under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity of sixty (60) days or less;
- the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and
- the fund is continuously rated no lower than “AAA” or an equivalent rating by at least one nationally recognized rating service.
- The City may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

(7) Repurchase Agreements, Reverse Repurchase Agreements, Bankers’ Acceptances; Commercial Paper. These investments are authorized for the City only to the extent that they

are contained in the portfolios of approved public funds investment pools in which the City invests, or as otherwise provided below.

- The direct investment in reverse repurchase agreements, bankers' acceptances, and commercial paper by the City is not authorized.
- Fully flexible repurchase agreements are authorized in this Policy, to the extent authorized under the Public Funds Investment Act (Texas Government Code 2256.001.) The use of flex repos shall be limited to the investment of bond proceeds and the maturity date of any such agreement shall not exceed the expected proceeds draw schedule.

6.2 Investment Instruments NOT Authorized. The following instruments are eligible for investment by local government according to state law, but they have been intentionally prohibited for the City by this Policy: mortgage-related obligations, guaranteed investment contracts, options, financial futures contracts and, day trading of long-term securities. In addition to these restricted investments, state law specifically prohibits investment in the following securities:

- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- (3) Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
- (4) Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

7. DIVERSIFICATION. Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities, as authorized in this Policy, and authorized local government investment pools, no more than fifty percent (50%) of the total investment portfolio will be invested in any one security type or with a single financial institution. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1 Diversification by Maturities. The longer the maturity of investments, the greater their price volatility. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three (3) years from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The City shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs.

The entire City portfolio, including funds at the City's depository bank, shall comprise one pooled fund group, and the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio is two hundred seventy (270) days. Investment maturities for debt service interest and sinking funds and/or other types of reserve funds, whose use is never anticipated, may not exceed three (3) years.

7.2 Diversification by Investment Instrument. Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

	<u>Percentage of Portfolio (Maximum)</u>
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	80%
Authorized Local Government Investment Pools	100%
Fully Collateralized Certificates of Deposit	50%
SEC-Regulated No-Load Money Market Mutual Funds	10%

7.3 The City shall invest local funds in investments yielding a market rate-of-return while providing necessary protection of the principal consistent with the operating requirements of this section or written policies.

8. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS. At this time, the City does not use Brokers or Dealers. Should the City determine a need, the following procedures and requirements will apply:

Financial institutions (federally insured banks) with and through whom the City invests shall be state or national banks **doing business in** this state. No public deposit shall be made except in a qualified public depository as established by state laws. Brokers/Dealers authorized to provide investment services to the City may include only those authorized by the City Administrator. All banking services will be governed by a depository contract awarded by the City Council. In addition, the City Accountant shall maintain a list of authorized security brokers/dealers, and investment pools that are authorized by the City Administrator and/or the City Council.

8.1 All financial institutions with whom the City does business must supply the following as appropriate: (1) audited financial statements; (2) proof of **Financial Industry Regulatory Authority (FINRA)** certification; (3) proof of state registration and completed broker/dealer questionnaire; (4) certification of having read the City's investment policy signed by a qualified representative of the organization, acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization.

8.2 An annual review of the financial condition and registration of qualified bidders will be conducted by the City Accountant. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring to conduct business with the City shall be required to provide any financial data requested by the City Administrator or the Investment Officer. Upon completion of the annual review by the City Accountant, the financial institutions and brokers/dealers desiring to conduct business with the City shall be approved by the City Administrator.

8.3 Selection criteria for federally insured financial institutions shall include the following: (1) the financial institution must be insured by the FDIC and (2) the financial institution must be incorporated under the laws of the State of Texas or of the United States of America.

8.4 The Investment Officer of the City is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of the Investment Policy.

9. DELIVERY VERSUS PAYMENT. It is the policy of the City that all security transactions entered into with the City shall be conducted on a "**DELIVERY VERSUS PAYMENT**" (DVP) basis through the Federal Reserve System. By doing this, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased. The City shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the City. The notification may be oral, but shall be confirmed in writing.

10. SAFEKEEPING AND COLLATERALIZATION.

10.1 **Safekeeping.** All securities owned by the City shall be held by its safekeeping agent, except the collateral for bank deposits. The collateral for bank deposits will be held in the City's name in the bank's trust department, or alternatively, in a Federal Reserve Bank account in the City's name, or a third-party bank, at the City's discretion. Original safekeeping receipts shall be obtained and held by the City. The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure time deposits.

10.2 **Collateralization.** Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all city funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to 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 in the City's name, in a segregated account at the Federal Reserve Bank or by an independent third party with whom the City has a current custodial agreement. The 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. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the City in the event the City has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the City are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the City and retained by the City. Any collateral with a maturity over five (5) years must be approved by the Investment Officer before the transaction is initiated. Release of collateral or substitution of securities must be approved in writing by the Investment Officer. Financial institutions serving as City depositories will be required to sign a "Depository Agreement" with the City and the City safekeeping agent. The collateralized deposit portion of the agreement shall define the City's rights to collateral in the event 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 of 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.

10.2.1 The City may accept the following securities as collateral for bank deposits (V.T.C.A., Government Code, Section 2256.001, et. seq, formerly Article 842a-2, Section 2, V.T.C.S., as amended);

- FDIC and FSLIC insurance coverage;
- A bond, certificate of indebtedness, or Treasury Note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States;
- Obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas;
- A bond of the State of Texas or of a county, city, or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of ten years or less;
- Surety Bonds that meet the requirements of the Public Funds Investment Act; or
- Federal Home Loan Bank Letters of Credit.

10.2.2 For certificates of deposit and other evidences of deposit, collateral shall be at 102% of market or par, whichever is lower. The market value of collateral will always equal or exceed the principal plus accrued interest of deposits at financial institutions.

10.2.3 Financial institutions, with which the City invests or maintains other deposits, shall provide monthly, and as requested by the Investment Officer, a listing of the collateral pledged to the City, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The City and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

11. INTERNAL CONTROL. The City Accountant shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the City's established investment policy.

12. PERFORMANCE. The City's investment portfolio shall be designed to obtain a market rate of return on investments consistent with risk constraints and expected cash flow of the City. The benchmark for performance that is appropriate for the City's cash flow cycle will be TexPool (a local government investment pool).

13. REPORTING. The City Accountant shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter.

13.1 Annual Report. Within 60 days of the end of the fiscal year, the City Accountant shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Administrator and City Council. The reports prepared by the City Accountant shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.

13.2 Methods. The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over

the past quarter. This management summary will be prepared in a manner that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will be provided to the City Administrator and City Council. The report will include the following:

- A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
- Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
- Additions and changes to the market value during the period;
- Fully accrued interest for the reporting period;
- Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
- Listing of investments by maturity date;
- The percentage of the total portfolio which each type of investment represents; and
- Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
- Market prices for all securities will be obtained and monitored through the use of safekeeping agents, independent pricing services, broker/dealers who did not sell the actual security being priced, as well as published or online services such as the Wall Street Journal or Bloomberg.

14. INVESTMENT POLICY ADOPTION AND AMENDMENT. The City's Investment Policy shall be adopted and amended by resolution of the City Council only. The City's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the City. Any changes or modifications to this Investment Policy, if any, shall be approved, and adopted by a formal resolution of the City Council.

GLOSSARY OF TERMS

The Investment Policy contains specialized and technical terminology that is unique to cash management and investment activities. The following glossary of terms is provided to assist in understanding these terms.

Affinity. Related through marriage.

Agencies. See U.S. Agency securities.

Bankers' Acceptances. A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. When discounted and sold in the secondary market, bankers' acceptances become a short-term investment alternative.

Book Value. The cost of a security as recorded in the City's accounting records. For purposes of evaluating a sale of a security, it is a function of the original cost, the amortization of premium or discount, and the accrued interest. Specifically, it is the face value of the security plus the accrued interest plus any unamortized premium or minus any unamortized discount. Book value is often compared to market value, which is defined below.

Broker. A person or company that, for a fee or commission, brings buyers and sellers of securities together.

Certificate of Deposit. A time deposit with a specific maturity evidenced by a certificate.

Collateral. In general, assets which one party pledges as a guarantee of performance. Specifically, securities pledged by a bank to secure deposits of public monies. In the event of bank failure, the securities become the property of the public entity.

Collateralized Mortgage Obligations (CMO's). Securities based on a pool of home mortgages.

Commercial Paper. An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days, but most frequently maturities do not

exceed 30 days. Almost all commercial paper is rated by a rating service.

Consanguinity. Related by blood.

Coupon. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. Also, a certificate attached to a bond indicating interest due on a payment date.

Credit Risk. The uncertainty that the principal amount of an investment will be returned without loss of value to the default of the borrower.

CUSIP. A unique security identification number assigned to securities maintained and transferred on the Federal Reserve book-entry system.

Dealer. A person or company that endeavors to profit from buying and selling investments for its own account.

Delivery Versus Payment (DVP). A method of delivering securities that requires the simultaneous exchange of the security and the payment. It provides a safeguard against paying for securities before they are received.

Demand Deposits. Deposits at a financial institution that are available to the depositor upon the depositor's demand.

Depository Bank. The primary bank of the City. The relationship between the depository bank and the City is governed by state law and by a depository contract that is approved by the City Council.

Discount. The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale is also considered to be at a discount.

Discount Securities. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification. The strategy of dividing investments among a variety of securities offering independent risks and yields. Diversification lessens the likelihood of losing the entire portfolio of investments and averages yields among the investment alternatives.

Discount. The difference between the cost of a security and its value at maturity, in cases where the cost is less than the value at maturity.

Federal Agency – A debt instrument, either fully guaranteed or sponsored by the U.S. government. The typical definition of agency includes the government sponsored enterprises of Fannie Mae, Freddie Mac, the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB).

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to \$250,000 per account. Public deposits that exceed this amount must be properly collateralized with investment securities or insured through a surety bond.

Federal Farm Credit Bank (FFCB) - The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. FFCB debt obligations are highly liquid and its senior debt is rated AA+.

Federal Funds Rate. The rate of interest at which Federal funds are traded. This rate is currently set by the Federal Reserve through open-market operations.

Federal Home Loan Bank (FHLB).

The Federal Home Loan Bank was created by an act of Congress in 1932 as a system of 12 regional banks that provide funds to its member banks. FHLB's primary mission is to support residential and community lending. Its membership of more than 8,000 financial institutions includes savings banks, commercial

banks, credit unions and insurance companies active in housing finance. FHLB debt obligations are highly liquid and its senior debt is rated AA+.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac").

Freddie Mac was created by an act of Congress in 1970 as a shareholder-owned company to further expand the secondary market for mortgage loans in the United States. Freddie Mac buys existing mortgages and pools them together to create mortgage-backed securities that can then be sold to investors, thereby providing liquidity to lenders who can then make additional loans. Along with Fannie Mae, Freddie Mac was placed into government conservatorship in September 2008, but continues full operations under government control and has been instrumental in the government's attempts to revive the housing sector. Freddie Mac securities are highly liquid and its senior debt is rated AA+.

Financial Industry Regulatory Authority (FINRA) - formerly the National Association of Securities Dealers (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Federal National Mortgage Association (FNMA or "Fannie Mae"). Fannie Mae was created by an act of Congress in 1938 under the Federal National Mortgage Association Act to provide a secondary market for mortgage loans in the United States. It does this by purchasing existing home loans and pooling them together to create mortgage-backed securities that can then be sold to investors, along with a guaranty of the timely payment of principal and interest on the underlying loans. Fannie Mae was privatized in 1968, and operated as a private stockholder-owned company for 40 years before the housing market collapse forced them into federal government conservatorship in September 2008. Fannie Mae debt obligations are highly liquid and its senior debt is rated AA+.

Fully Flexible Repurchase Agreement ("flex repo"). A specialized contract designed for the

short-term investment of proceeds available from the sale of municipal bonds, notes and certificates. Flex repos allow for incremental repurchases, with the buyer/issuer (the City) retaining the right to force the seller to repurchase all, or a portion of, the sold securities held under repurchase agreement, at any time before the maturity date of the agreement, at a fixed rate for the life of the agreement.

Hold Until Maturity. This investment strategy is intended to avoid interest rate risk by maintaining ownership of an investment until it matures. At maturity, the face value of the security is received, but in some cases where a security is sold before maturity, less than the face value and the book value is received. Please see interest rate risk defined below.

Interest Rate Risk. The uncertainty of the return of principal on fixed rate securities that are sold prior to maturity. When interest rates rise, the market value of fixed rate securities decreases.

Internal Control. Policies and procedures that are established to provide reasonable assurance that specific government objectives are achieved and that assets are safeguarded.

Investment. The purchase of securities which, upon analysis, promise safety of principal and a satisfactory return. These factors distinguish investment from speculation.

Investment Objective. The aim, goal or desired end of action of the investment activity.

Investment Pool. An entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are safety, liquidity, and yield. (Sometimes called Local Government Investment Pool.)

Investment Strategy. The overall plan or method proscribed to achieve the investment objectives of the City.

Laddered Maturity. An investment strategy whereby investments are purchased to mature at regular intervals.

Liquidity. The measure of an investment's ability to be converted quickly and easily into cash without a substantial loss of value.

Local Government Investment Pool. See **Investment Pool.**

Market Rate of Return. A general term referring to the approximate interest rate that could be earned by an investor in a specific maturity range at any given point in time. For example, an investor seeking to earn a "market rate of return" while maintaining an investment portfolio with an average maturity of 90 days, would hope to earn approximately the same as a three-month agency discount note. If the investor earns a rate much higher than this, it might signal an inappropriate level of risk.

Market Risk. The uncertainty of the value of the City's portfolio arising from changes in the market conditions of investment securities.

Market Value. The price, including accrued interest, at which a security is trading for which it can be readily sold or purchased.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Mutual Fund. A mutual fund that purchases short-term debt instruments, such as Treasury Bills, commercial paper, and bankers' acceptances, and which strives to maintain a stable net asset value of \$1.00.

Mutual Fund. Investment companies that sell shares to investors, offering investors diversification and professional portfolio management. Prices generally fluctuate with the performance of the fund.

Net Asset Value. The ratio of the market value of the portfolio divided by the book value of the portfolio.

Par. The value of a security as expressed on its face (face value) without consideration of a discount or premium.

Pledge. The grant of a collateral interest in investment securities by the depository bank as assurance of the safety of City deposits.

Pooled Fund Group. The combination of various accounts and funds of the City in a single, internally-created investing entity.

Portfolio. The collection of securities held by an investor.

Principal. The capital sum of an investment, as distinguished from interest.

Premium. The difference between the cost price and the face value at maturity in cases where the cost price is higher than the face value.

Rate-of-Return. See **Yield**.

Repurchase Agreement (REPO). An investment arrangement in which the holder of a security sells that security to an investor (the City) with an agreement to repurchase the security at a fixed price and on a fixed date.

Reverse Repurchase Agreement. An investment arrangement by which the City sells a security to a third party, such as a bank or broker/dealer, in return for cash and agrees to repurchase the instrument from the third party at a fixed price and on a fixed date. The City would then use the cash to purchase additional investments. This type of investment is prohibited in the City's portfolio, except to the extent used by local government investment pools with which the City invests.

Safekeeping. An arrangement whereby a bank holds securities and other valuables for protection in exchange for a fee.

Safety. The assurance of the undiminished return of the principal of the City's investments and deposits.

Secondary Market. A market for the purchase and sales of outstanding securities following their initial distribution.

SEC Rule 15C3-1 (Uniform Net Capital Rule). Security and Exchange Commission requirement that member firms and nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1.

Security. A financial instrument that signifies an ownership interest, the right to an ownership interest, or creditor status.

Security Risks. The uncertainty of the value of a security dependent on its particular qualities.

Time Deposits. Deposits at the depository bank that are not due and payable until a specific date.

United States Agency Securities. Debt instruments issued by an executive department, an independent federal establishment, or a corporation or other entity established by Congress which is owned in whole or in part by the United States of America.

United States Treasury Securities. Debt instruments issued by the Treasury of the United States. **Treasury Bills** are issued for short-term borrowings (less than one year); **Treasury Notes** are issued for mid-term borrowings (Two - ten years); **Treasury Bonds** are issued for long-term borrowings (over ten years).

Yield. The rate of annual income return on an investment, expressed as a percentage.

**TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION**

[SAMPLE]

CITY OF OVILLA, TEXAS

This certification is executed on behalf of the City of Ovilla, Texas (the "City"), and _____ (the "Business Organization"), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the City and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the City; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the City 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 entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization

Firm: _____

Signature

Printed Name: _____

Title: _____

Date: _____

**Recommended Revisions to the City of Ovilla's Investment Policy 2014
from First Southwest Asset Management, Inc.**

*Scott McIntyre, CFA
Senior Vice President
FirstSouthwest Asset Management, Inc.
direct 512.481.2009 fax 512.481.2020
300 W. Sixth Street, Suite 1940, Austin, TX 78701*

Section 5.2.3 **Add** "Investment officials acting in accordance with the Investment Policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and whether the investment decision was consistent with the City's Investment Policy.

Rationale: Standard liability policy language

Section 6.1 (1) **Add** "...and including or any obligation fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC).

Rationale: To specifically include any security insured by the FDIC

Section 6.1 (4) **Change** the last two paragraphs to read - "In addition to the City's authority to invest funds in certificates of deposit, a CD investment made in accordance with the following conditions is an authorized investment under Tex. Govt. Code Sec. 2256. 010(b): (1) the funds are invested by the City through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3 - 3 (17 C. F.R. Section 240. 15c3 -3) with its main office or branch office in Texas and selected from a list adopted by City; or a depository institution that has its main office or a branch office in Texas and that is approved and selected by the City; (2) the selected broker or depository institution arranges for the deposit of the funds in CDs in one or more federally insured depository institutions, wherever located, for the account of the City; (3) the full amount of the principal and accrued interest of each CDs is insured by the United States or an instrumentality of the United States; (4) the selected broker or depository institution acts as custodian for the City with respect to the CDs issued for the account of the City.

Rationale: To better reflect language change in the Act in 2011 allowing for clearing brokers to assist in the shared CD program.

Section 6.1 (6) **Change** money market fund maximum weighted average maturity from 90 days to 60 days

Rationale: To reflect SEC money market fund 2a7 changes made in 2010.

Section 8 – **Change** the word "domiciled" to "doing business in..."

Rationale: Few banks, if any, are actually domiciled in Texas. This language was tweaked in the PFIA several sessions ago.

Section 8.1 – **Change** National Association of Securities Dealers (NASD) to Financial Industry Regulatory Authority (FINRA).

Rationale – To reflect industry name change.

Recommended Revisions to the City of Ovilla's Investment Policy 2014
from First Southwest Asset Management, Inc.

Section 13 – **Add** to the end of the section: “Market prices for all securities will be obtained and monitored through the use of safekeeping agents, independent pricing services, broker/dealers who did not sell the actual security being priced, as well as published or online services such as the Wall Street Journal or Bloomberg.”

Glossary:

Add: **Federal Agency** – A debt instrument, either fully guaranteed or sponsored by the U.S. government. The typical definition of agency includes the government sponsored enterprises of Fannie Mae, Freddie Mac, the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB).

Change: **Federal Deposit Insurance Corporation (FDIC)** - A federal agency that insures bank deposits, currently up to \$250,000 per account. Public deposits that exceed this amount must be properly collateralized with investment securities or insured through a surety bond.

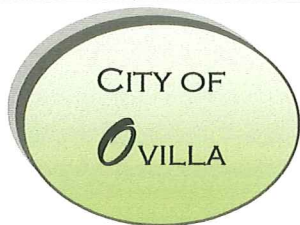
Add: **Financial Industry Regulatory Authority (FINRA)** - formerly the National Association of Securities Dealers (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Add: **Federal Farm Credit Bank (FFCB)** - The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. FFCB debt obligations are highly liquid and its senior debt is rated AA+.

Change: **Federal Home Loan Bank (FHLB)** - The Federal Home Loan Bank was created by an act of Congress in 1932 as a system of 12 regional banks that provide funds to its member banks. FHLB's primary mission is to support residential and community lending. Its membership of more than 8,000 financial institutions includes savings banks, commercial banks, credit unions and insurance companies active in housing finance. FHLB debt obligations are highly liquid and its senior debt is rated AA+.

Change: **Federal Home Loan Mortgage Company (FHLMC or “Freddie Mac”)**: Freddie Mac was created by an act of Congress in 1970 as a shareholder-owned company to further expand the secondary market for mortgage loans in the United States. ~~Freddie Mac buys existing mortgages and pools them together to create mortgage-backed securities that can then be sold to investors, thereby providing liquidity to lenders who can then make additional loans.~~ Along with Fannie Mae, Freddie Mac was placed into government conservatorship in September 2008, but continues full operations under government control and has been instrumental in the government's attempts to revive the housing sector. Freddie Mac securities are highly liquid and its senior debt is rated AA+.

Change: **Federal National Mortgage Association (FNMA or “Fannie Mae”)**: Fannie Mae was created by an act of Congress in 1938 under the Federal National Mortgage Association Act to provide a secondary market for mortgage loans in the United States. It does this by purchasing existing home loans and pooling them together to create mortgage-backed securities that can then be sold to investors, along with a guaranty of the timely payment of principal and interest on the underlying loans. Fannie Mae was privatized in 1968, and operated as a private stockholder-owned company for 40 years before the housing market collapse forced them into federal government conservatorship in September 2008. Fannie Mae debt obligations are highly liquid and its senior debt is rated AA+.



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): **3** (City Secretary use only)

Meeting Date: April 14, 2014

Department: Administration

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted By: Staff

Amount: \$N/A

Attachments:

1. Ordinance 2014-006

Agenda Item / Topic:

ITEM 3. *DISCUSSION/ACTION* – Consideration of and action on Ordinance 2014-006 of the City of Ovilla, Amending Chapter 1, Division 4, Section 1.05.111 of the Ovilla Code of Ordinances and Repealing Sections 1.05.112-1.05.125 of said Division, providing a savings clause; providing a severance clause; providing for Incorporation into the Ovilla Code of Ordinances; Providing Immediate Effect; and Providing for Publication, pertaining to the City's Investment Policy 2014.

Discussion / Justification:

The previous item was provided for the City Council's adoption of the revised Public Funds Investment Policy 2014 by Resolution 2014-10. This item is provided to repeal the policy adopted and codified in 2010.

Recommendation / Staff Comments:

Staff recommends approval of Ordinance 2014-006.

Sample Motion(s):

I move that Council APPROVE/DENY Ordinance 2014-006 of the City of Ovilla, Amending Chapter 1, Division 4, Section 1.05.111 of the Ovilla Code of Ordinances and Repealing Sections 1.05.112-1.05.125 of said Division, providing a savings clause; providing a severance clause; providing for Incorporation into the Ovilla Code of Ordinances; Providing Immediate Effect; and Providing for Publication, pertaining to the City's Investment Policy 2014.

ORDINANCE NO. 2014-006

AN ORDINANCE OF THE CITY OF OVILLA, TEXAS, AMENDING CHAPTER 1, DIVISION 4, SECTION 1.05.111 OF THE OVILLA CODE OF ORDINANCES AND REPEALING SECTIONS 1.05.112 – 1.05.125 OF SAID DIVISION; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERANCE CLAUSE; PROVIDING FOR INCORPORATION INTO THE OVILLA CODE OF ORDINANCES; PROVIDING FOR IMMEDIATE EFFECT; AND PROVIDING FOR PUBLICATION.

WHEREAS, the City of Ovilla, Texas is a Type A General Law city; and

WHEREAS, Section 2256.005 of the Texas Government Code provides that the governing body of an investing entity shall adopt by rule, order, ordinance or resolution a written investment policy and review same not less than annually; and

WHEREAS, on May 24, 2010, the City Council adopted Ordinance No. 2010-012 establishing a Public Funds Investment Policy; and

WHEREAS, the City Council adopted Resolution 2012-011 on August 27, 2012, amending and updating the City of Ovilla's Public Funds Investment Policy; and

WHEREAS, the City Council finds and determines that it is in the best interest of the City of Ovilla to adopt an amended investment policy by resolution and to amend Chapter 1, Division 4, Section 1.05.111 of the Ovilla Code of Ordinances and repeal Sections 1.05.112-1.05.125 of the said Division.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS, THAT:

SECTION 1. AMENDMENT OF CHAPTER 1, DIVISION 4, SECTION 1.05.111 OF THE OVILLA CODE OF ORDINANCES

Chapter 1, Division 4, Section 1.05.111 of the Ovilla Code of Ordinances is hereby amended to read as follows:

Sec. 1.05.111 Investment Policy Adopted and Amended by Resolution

The City of Ovilla's Public Funds Investment Policy was adopted and made effective by Resolution 2014-010 on April 14, 2014. A true and correct copy of the said policy, as from time to time amended, shall be maintained in the office of the City Secretary. The City Council shall review the policy not less than annually and amend same as necessary by resolution.

SECTION 2. REPEAL OF CHAPTER 1, DIVISION 4, SECTIONS 1.05.112 – 1.05.125 OF THE OVILLA CODE OF ORDINANCES

Chapter 1, Division 4, Sections 1.05.112 – 1.05.125 of the Ovilla Code of Ordinances are hereby repealed.

SECTION 3. SAVINGS CLAUSE

In the event that any other Ordinance of the City of Ovilla, Texas, heretofore enacted is found to conflict with the provisions of the Ordinance, this Ordinance shall prevail.

SECTION 4. SEVERANCE CLAUSE

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court or competent jurisdiction, such shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

SECTION 5. INCORPORATION INTO THE CODE OF ORDINANCES

The provisions of this ordinance shall be included and incorporated in the City of Ovilla Code of Ordinances and shall be appropriately renumbered, if necessary, to conform to the uniform numbering system of the Code.

SECTION 6. EFFECTIVE DATE

Because of the nature of interest and safeguard sought to be protected by this Ordinance and in the interest of the citizens of the City of Ovilla, Texas, this Ordinance shall take effect immediately after passage, approval and publication, as required by law.

SECTION 7. PUBLICATION

The City Secretary is hereby authorized and directed to cause publication of the descriptive caption and penalty clause hereof as an alternative method of publication provided by law.

PASSED, APPROVED and ADOPTED by the City Council of Ovilla, Texas on this the 14th day of April, 2014.

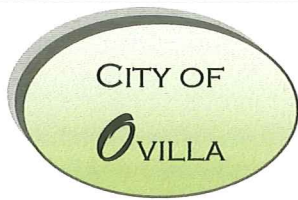
Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 4 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Fire Department

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted By: Chief Brancato

Amount: \$N/A

Attachments:

1. None

Agenda Item / Topic:

ITEM 4. *DISCUSSION/ACTION – Consideration of and action declaring the Fire Department's Ford F650 (2007) Rescue 703 as surplus property and authorize its sale.*

Discussion / Justification:

Rescue 703 was purchased to function as a medical vehicle. It contains a pump, water and could be considered a mini-pumper. Ovilla changed to a more versatile response and now the duty crew responds on an engine company. The crew is able to handle 100% of dispatched emergency incidents to a certain level. (Before they were only able to handle medical and vehicle accident incidents.) This vehicle is no longer in-service, nor used in the response matrix.

Recommendation / Staff Comments:

Sample Motion(s):

I move that Council APPROVE/DENY the declaration of the Fire Department's Ford F650 (2007) Rescue 703 as surplus property and authorize its sale.



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): **5** (City Secretary use only)

Meeting Date: April 14, 2014

Department: Fire Department

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted by: Chief Brancato

Amount \$83,700 - \$93,000 Revenue

Attachments:

1. Brindlee Mountain Fire Apparatus Listing & Marketing Commission Agreement

Agenda Item / Topic:

ITEM 5. *DISCUSSION/ACTION* – *Consideration* of and action authorizing the Mayor to execute a Listing and Marketing Commission Agreement with Brindlee Mountain Fire Apparatus for the Fire Department's Ford F650 (2007) Rescue 703 declared as surplus property under Item 4.

Discussion / Justification:

This company specializes in listing and marketing fire apparatus.

Recommendation / Staff Comments:

Brindlee Mountain Fire Apparatus estimated the sale value for the Ford F650 Rescue 703 between \$90,000 and \$100,000. A commission of 7% would be paid to Brindlee if the Rescue vehicle is sold for an amount between \$90,000 and \$100,000.

Staff recommends the Ford F650 Rescue 703 be listed for sale for \$100,000, and accept not less than \$90,000. The commission to Brindlee for listing and marketing the vehicle would be between \$6,300 and \$7,000. The net proceeds would be between \$93,000 and \$83,700.

Staff recommends a portion of the net proceeds be used to offset the deficit created by the reduced revenue from ESD#4 Agreement for fiscal year ending 2014 and the remaining funds be put toward the purchase of a future capital equipment for the fire department.

Sample Motion(s):

I move that Council AUTHORIZES/DOES NOT AUTHORIZE the Mayor to execute a Listing and Marketing Commission Agreement with Brindlee Mountain Fire Apparatus for the Fire Department's Ford F650 (2007) Rescue 703 declared as surplus property under Item 4.

BRINDLEE MOUNTAIN FIRE APPARATUS

15410 Hwy 231 Union Grove AL 35175 · 1-866-285-9305 · Fax: 256-498-0924

Listing and Marketing Commission Agreement

The undersigned being duly authorized, hereby enter into the following contractual agreement:
Brindlee Mountain Fire Apparatus agrees to broker the following apparatus:

Apparatus: 2007 SuperVac Ford F-650 Mini Pumper

Owned or exclusively offered for sale by:

Department/Owner: City of Ovilla Fire Department, TX

Brindlee will refer to Agent/Owner all qualified inquires Brindlee receives regarding the specified apparatus. If Agent/Owner sells the marketed apparatus or any other apparatus to the customer referred by Brindlee, or anyone acting on behalf of the referred customer, the Agent/Owner will pay a commission of:

- 10% (or a minimum of \$500) if the truck is sold for less than \$75,000.00
- 7% if the truck is sold for a price between \$75,000.00 and \$150,000.00
- 5% for a truck that is sold above \$150,000.00

Payment will be made to Brindlee within 10 days of the sale.

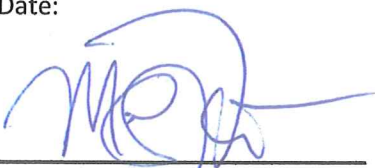
Agent/Owner agrees to notify Brindlee, at the time of sale, as to the sale price and the name and address of the buyer.

Either party may terminate at any time by notifying the other party in writing. If any sale takes place subsequent to termination, to a party previously referred by Brindlee, the same commission will be paid as if the agreement were still in effect.

Agreed to by:

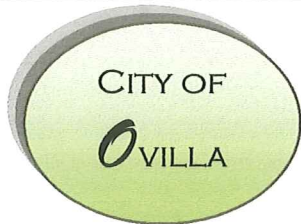
Authorized Agent/Owner

Date:



Brindlee Mountain Fire Apparatus

3/13/2014
Date:



AGENDA ITEM REPORT

Item(s): 6 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Administration

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted By: Staff

Amount: \$N/A

Attachments:

1. Request for Qualifications for Professional Auditing Services

Agenda Item / Topic:

ITEM 6. *DISCUSSION/ACTION – Consideration* of and action to authorize the City Administrator to advertise for Request for Qualifications for Professional Auditing Services.

Discussion / Justification:

The City's current Agreement with Yeldell, Wilson & Co., P.C. is in its final year of a five-year term that began in 2009. Local government statutes do not require the City to rotate auditors but does require the selection of a Professional Auditor be made through the process of Request for Qualifications (RFQ) when so desired. The Government Finance Officers Association (GFOA) recommends the best practice of a five-year contract with the fourth and fifth year as optional one-year extensions. The attached RFQ has been revised from 2009 and staff recommends the following time table.

- | | |
|---|---------------------------------|
| • Post Notice and Issue Request for Qualifications | Friday, April 18, 2014 |
| • Deadline for written inquiries regarding RFQ | Friday, May 02, 2014, 4:00 p.m. |
| • Deadline for submission of proposals | Friday, May 09, 2014 |
| • Finance Committee Meeting to evaluate Responses | Monday, May 12, 2014 |
| • City Council considers Finance Committee's Recommendation | Monday, June 09, 2014 |
| • Execution of negotiated Contract | Monday, June 24, 2014 |

Staff recommends approval of the revised RFQ for Professional Auditing Services and is prepared to post Notice and Issue the RFQ on Friday, April 18, 2014.

Sample Motion(s):

I move that Council APPROVE/DENY to authorize the City Administrator to advertise for Request for Qualifications for Professional Auditing Services.

CITY OF OVILLA, TEXAS
REQUEST FOR QUALIFICATIONS
FOR
PROFESSIONAL AUDITING SERVICES

April 18, 2014

**105 S. Cockrell Hill Rd.
Ovilla, TX 75154**



CITY OF OVILLA, TEXAS
REQUEST FOR QUALIFICATIONS 2014
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**CITY OF OVILLA, TEXAS
REQUEST FOR QUALIFICATIONS**

1.0 INTRODUCTION

1.1 General Information

The City Council of the City of Ovilla is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the City of Ovilla, the Ovilla 4B Economic Development Corporation and the Municipal Development District, for the fiscal years ending September 30, 2014 through 2019. The firm chosen will answer to the City Council and should comply with their directions and requirements. These audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board, the standards for financial audits set forth in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and any other applicable standards.

There is no expressed or implied obligation for the City of Ovilla to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposals should be addressed to Sharon Jungman, City Accountant, sjungman@cityofovilla.org.

To be considered, 6 (six) copies of the proposal must be received by **Pamela Woodall, City Secretary at 105 S. Cockrell Hill Road, Ovilla, TX by 2:00 PM CST, May 09, 2014**. The City of Ovilla reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by the Finance Committee composed of the City Council members, City Administrator, City Accountant, and City Secretary.

During the evaluation process, the Finance Committee and the City of Ovilla reserve the right, where it may serve the City of Ovilla's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Ovilla or the Finance Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Ovilla reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for qualifications, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Ovilla

and the firm selected.

It is anticipated the selection of a firm will be completed by June 09, 2014. Following the notification of the selected firm it is expected a contract will be executed between both parties by June 24, 2014.

1.2 Term of Engagement

A five-year contract is contemplated, subject to the annual review and recommendation of the Finance Committee, the satisfactory negotiation of terms (including a price acceptable to both the City of Ovilla and the selected firm), the approval by the City of Ovilla City Council and the annual availability of and appropriations for services.

2.0 NATURE OF SERVICES REQUIRED

2.1 General

The City of Ovilla is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2014 through 2019. These audits are to be performed in accordance with the provisions contained in this request for proposals.

2.2 Scope of Work to be Performed

The City of Ovilla desires the auditor to express an opinion on the fair presentation of the City of Ovilla's general purpose financial statements in conformity with generally accepted governmental accounting principles.

The auditor is required to audit the general purpose financial statements, consisting of the combined statements for all fund types and account groups. However, the auditor is to provide an "in-relation-to" statement on the combining and individual fund financial statements and supplementary schedules based on the auditing procedures applied during the audit of the general purpose financial statements. The auditor is not required to audit the statistical section of the report; this section will remain unaudited but should be reviewed.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

If necessary, the auditor is required to audit the schedule of federal financial assistance. This information should be subjected to the auditing procedures applied in the audit of the general purpose financial statements and in accordance to Governmental Auditing Standards, the Single Audit Act as amended in 1996, and (OMB) Circular A-133. The auditor is to provide an opinion of the fair presentation of this schedule in relation to the general purpose financial statements taken as a whole.

Additionally, the auditor must present separate opinions on the fair presentation of the separately issued financial statements of the Ovilla 4B Economic Development Corporation and the Municipal Development District.

2.3 Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and any other applicable standards.

2.4 Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the City of Ovilla's financial statements in conformity with generally accepted accounting principles.
2. A report on the fair presentation of the Ovilla Economic Development Corporation's financial statements in conformity with generally accepted accounting principles.
3. A report on the fair presentation of the Municipal Development District's financial statements in conformity with generally accepted accounting principles.
4. If necessary, a report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
5. If necessary, a report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on internal controls.

The reports on compliance shall include all instances of noncompliance, irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Richard Dormier, Mayor
Cyndy Powell, City Administrator
Sharon Jungman, City Accountant

2.5 Special Considerations

1. The City of Ovilla does not anticipate being the recipient of or sub-recipient of a federally funded grant in the 2014 fiscal year.
2. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.

2.6 Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Ovilla of the need to extend the retention period.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

3.0 DESCRIPTION OF THE GOVERNMENT

3.1 Name and Telephone Number of Contact Persons/Location of Offices

The auditor's principal contact with the City of Ovilla will be Sharon Jungman, City Accountant, (972) 617-7262, or a designated representative, who will coordinate the assistance to be provided by the City of Ovilla to the auditor. The location of City Hall is 105 S. Cockrell Hill Rd., Ovilla, TX 75154

3.2 Background Information

The City of Ovilla serves an area of 5.6 square miles with a population of 3,900. The City of Ovilla's fiscal year begins on October 1 and ends on September 30. The City of Ovilla provides the following services to its citizens:

Fire Protection
Police Protection
Code Enforcement and Building Inspection
Parks
Planning and Zoning
Street and Drainage Maintenance

Water and Wastewater System

The City of Ovilla has a total payroll of \$1,127,615 covering 57 employees.

3.3 Fund Structure

The City of Ovilla uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General fund	<u>1</u>	<u>1</u>
Special revenue funds	<u>4</u>	<u>4</u>
Debt service fund	<u>1</u>	<u>1</u>
Capital projects funds	<u>1</u>	<u>1</u>
Enterprise fund	<u>1</u>	<u>1</u>
Impact Fee fund	<u>2</u>	<u>2</u>
Agency funds	<u> </u>	<u> </u>

3.4 Budgetary Basis of Accounting

The City of Ovilla prepares its budgets on a modified accrual basis.

3.5 Federal and State Assistance

During the fiscal year 2014 to be audited, the City of Ovilla has received no financial assistance.

3.6 Pension Plans

The City of Ovilla participates in the Texas Municipal Retirement System (TMRS). TMRS is an agent multiple-employer public employee retirement system that administers individual retirement plans for municipalities statewide.

3.7 Component Units

The City of Ovilla is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board.

The management of the City of Ovilla identified the following component units for inclusion in the City of Ovilla's financial statements:

1. Ovilla 4B Economic Development Corporation
2. Ovilla Municipal Development District

These component units are to be audited as part of the audit of the City of Ovilla's financial statements.

In addition, separately issued financial statements for these entities are to be issued.

3.8 Magnitude of Finance Operations

The finance department is headed by Sharon Jungman, City Accountant, and consists of 1 full time employee.

3.9 Computer Systems

Hardware

<u>Type of Equipment</u>	<u>Number</u>	<u>Make of Equipment</u>	<u>Networked?</u>
NT Server	2	Clone	YES
Multiple PC's/Laptop	27	Various	YES

Software

All financial and administrative software is provided by Quick Books.

3.10 Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Sharon Jungman at 105 S. Cockrell Hill Rd. Ovilla, TX (972) 617-7262, sjungman@cityofovilla.org. The City of Ovilla will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for qualifications.

4.0 TIME REQUIREMENTS

4.1 Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	April 18, 2014
Due date for proposals	May 09, 2014

4.2 Notification and Contract Dates

Selected firm notified	June 09, 2014
Contract date	June 24, 2014

4.3 Date Audit May Commence

The City of Ovilla will have all management personnel available to meet with the firm's personnel as of August 01, 2014.

4.4 Schedule for the 2014 Fiscal Year Audit (A similar time schedule will be

developed for audits of future fiscal years as needed).

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work (If required)-The auditor shall complete interim work by September 19, 2014.
2. Detailed Audit Plan-The auditor shall provide City of Ovilla by September 30, 2014 both a detailed audit plan and a list of all schedules to be prepared by the City of Ovilla.
3. Fieldwork-The auditor shall complete all fieldwork by December 11, 2014.
4. Draft Reports-The auditor shall have drafts of the audit reports and recommendations to management available for review by January 6, 2015.

4.5 Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

Week of:

Entrance conference with Cyndy Powell, City Administrator; August 01, 2014
Sharon Jungman, City Accountant, Pam Woodall, City Secretary

- The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

Progress conference with Sharon Jungman, key finance October 06, 2104
department personnel and other department heads of key
offices or programs.

- The purpose of this meeting will be to discuss the year-end work to be performed.

Entrance conference with Ms. Jungman to commence November 03, 2014
year-end.

Exit conference with Cyndy Powell, City Administrator; December 12, 2014
Sharon Jungman, City Accountant,
Pamela Woodall, City Secretary

- The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings

4.6 Date Final Reports are Due

The City Accountant and staff shall provide all required supplementary schedules [and statistical data] by December 12, 2014. The auditor shall provide a draft of the annual reports by January 06, 2015. A revised report, including a draft auditor's report shall be delivered to the City by January 16, 2015.

The City Accountant and his/her staff will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the City Accountant within 14 working days. It is anticipated that this process will be completed and the final report delivered by January 30, 2015.

Twenty signed copies of each of the reports should be delivered to Sharon Jungman, City Accountant at 105 S. Cockrell Hill Road, Ovilla, TX 75154.

5.0 ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

5.1 Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of City of Ovilla. However, the auditor should provide City Accountant an advance listing of the required forms.

5.2 Electronic Data Processing (EDP) Assistance

City staff will be available as needed to provide systems documentation and explanations.

5.3 Statements and Schedules to be prepared by the Staff of the City of Ovilla.

The staff of City of Ovilla will prepare all required confirmations by October 17, 2014 and other requested schedules by November 06, 2014.

5.4 Work Area, Telephones, Photocopying and FAX Machines

The City of Ovilla will provide the auditor with reasonable work space, desks, and chairs. The auditor will also be provided with access to the telephone lines, photocopying facilities and FAX machines. Work space is subject to change when operating constraints demand such.

5.5 Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

6.0 PROPOSAL REQUIREMENTS

6.1 General Requirements

1. Inquiries-

Deadline for inquiries concerning the Request for Qualifications is May 02, 2014, 4:00 p.m. must be made to:

Sharon Jungman
SJungman@cityofovilla.org
City Accountant
105 S. Cockrell Hill Road
Ovilla, TX, 75154
(972) 617-7262

CONTACT WITH PERSONNEL OF THE CITY OF OVILLA OTHER THAN SHARON JUNGMAN REGARDING THIS REQUEST FOR QUALIFICATIONS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

3. Submission of Proposals-

The following material is required to be received by May 09, 2014 for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and four copies to include the following:

- i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

A signed letter of transmittal briefly states the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it is best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for six months.

- iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section 6.2 of this request for qualifications.

- v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix

C and Appendix D)

- b. The proposer shall submit an original and four copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL
FOR
CITY OF OVILLA
FOR
PROFESSIONAL AUDITING SERVICES
May 09, 2014

- c. **Proposers should send the completed proposal consisting of the two separate envelopes to the following address:**

Pamela Woodall
City Secretary
105 S. Cockrell Hill Rd.
Ovilla, TX 75154

6.2 Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Ovilla in conformity with the requirements of this request for qualifications. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for qualifications requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items numbers 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of

the City of Ovilla as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.

The firm also should provide an affirmative statement that it is independent of all of the component units of the City of Ovilla as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City of Ovilla or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City Council of the City of Ovilla written notice of any professional relationships entered into during the period of this agreement. Include a completed Conflict of Interest Questionnaire.

3. License to Practice in Texas

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Texas.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Texas. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Ovilla. However, in either case, the City of Ovilla retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Ovilla, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the City of Ovilla

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City of Ovilla by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section 2 of this request for proposal. In developing the work plan, reference should be made to such sources of information as City of Ovilla's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Type and extent of analytical procedures to be used in the engagement.
- e. Approach to be taken to gain and document an understanding of the City of Ovilla's internal control structure.
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Ovilla.

10. Report Format

The proposal should include sample formats for required reports.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

6.3 Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs.

The City of Ovilla will not be responsible for expenses incurred in

preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The sealed dollar cost bid should include the following information:

- a. Name of Firm
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Ovilla.
 - c. A Total All-Inclusive Maximum Price for the engagement.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix E), that supports the total all-inclusive maximum price. The cost of special services described in Section 2.5 of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

3. Rates for Additional Professional Services

If it should become necessary for City of Ovilla to request the auditor to render any additional services to either supplement the services requested in this RFQ or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between City of Ovilla and the firm. Any such additional work agreed to between City of Ovilla and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billing shall cover a period of not less than a calendar month.

7.0 EVALUATION AND SELECTION PROCEDURES

7.1 Finance Committee

Proposals submitted will be evaluated by the Finance Committee composed of the following;

Richard Dormier, Mayor, Ralph Hall, Council, Doug Hunt,
Council Cyndy Powell, City Administrator,
Sharon Jungman, City Accountant,

7.2 Review of Proposals

The Finance Committee will use a point formula during the review process to score proposals. Each member of the Finance Committee will first score each technical proposal by each of the criteria described in Section 7.3 below. The Finance Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and a price will be negotiated.

The City of Ovilla reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

7.3 Evaluation Criteria

Proposals will be evaluated on the following criteria. Firms meeting the mandatory criteria will then have their proposals evaluated and scored for both technical qualifications. The following represents the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements – all mandatory elements are required to be considered for evaluation of technical quality
 - a. The audit firm is independent and licensed to practice in Texas.
 - b. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Ovilla.
 - c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
 - d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
2. Technical Quality: 100%
 - a. Expertise and Experience
 - (1) The firm's overall experience and performance with comparable government engagements. 30%
 - (2) The quality of the firm's professional personnel to be assigned and the quality of the firm's management support personnel to be available for technical consultation. 30%
 - b. Audit Approach
 - (1) Approach, tools, and techniques to be utilized to perform the work described in section 2.0 of this RFQ. 30%
 - c. Proposal Thoroughness. 10%

COST WILL NOT BE A FACTOR IN THE SELECTION OF AN AUDIT

FIRM

7.4 Oral Presentations

During the evaluation process, the Finance Committee may, at its discretion, request any one or all firms to make oral presentations. These presentations will provide firms with an opportunity to answer any questions the Finance Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

7.5 Final Selection

The City Council will select a firm based upon the recommendation of the Finance Committee.

It is anticipated that a firm will be selected by the Ovilla City Council on June 09, 2014. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 24, 2014.

7.6 Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Ovilla and the firm selected.

The City of Ovilla reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. City's Organizational Chart
- B. Proposer's List of Key Officials, Office Locations and Telephone Numbers
- C. Proposer Guarantees
- D. Proposer Warranties
- E. Format for Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price
- F. Fiscal Year 2013-14 Comprehensive Annual Financial Report (CAFR)

APPENDIX A

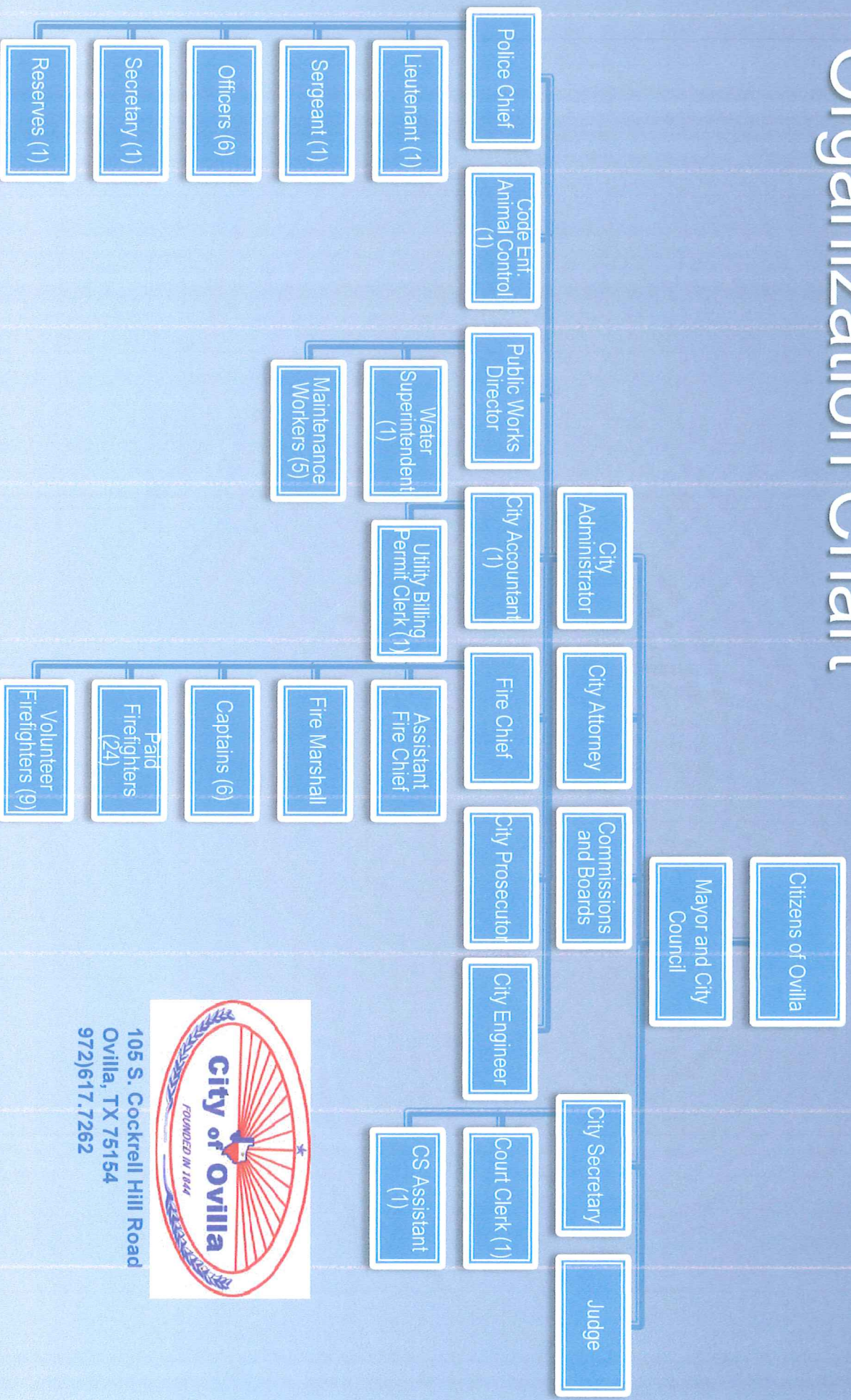
ORGANIZATIONAL CHART

THE GOVERNMENT SHOULD PROVIDE A COPY OF ITS MOST RECENT ORGANIZATIONAL CHART.

City of Ovilla

Organization Chart

www.cityofovilla.org



105 S. Cockrell Hill Road
Ovilla, TX 75154
972)617.7262

APPENDIX B

LIST OF KEY PERSONNEL, OFFICE LOCATIONS AND
TELEPHONE NUMBER

Name and Title

Location of Office

Telephone

APPENDIX C

PROPOSER GUARANTEES

- I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section 2, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Ovilla.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX E

(NAME OF FIRM)

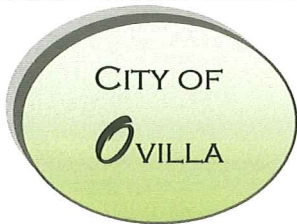
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2014 FINANCIAL STATEMENTS

	<u>Number Of Hours</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____
Managers	_____	_____	_____
Supervisory staff	_____	_____	_____
Staff	_____	_____	_____
Other (specify): _____	_____	_____	_____
TOTAL			_____

Explain method for calculating maximum price of subsequent audits during contract term.

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.



villa City Council

AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 7 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Water and Sewer Fund

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☒ NO ☐ N/A

Submitted By: Staff

Amount: \$176,535.47

Attachments:

1. March 28, 2014 Correspondence from Trinity River Authority of Texas
2. Invoice BH967
3. Account distributions

Agenda Item / Topic:

ITEM 7. **DISCUSSION/ACTION** – *Consideration* of and action on authorizing payment of invoice BH967 to Trinity River Authority in the amount of \$176,535.47 as presented.

Discussion / Justification:

The Trinity River Authority of Texas (TRA) is contracted by the City to process wastewater for those residents on sanitary sewer through the Red Oak Creek Regional Wastewater System (ROC). TRA formally notified the City on January 31, 2014 of irregularities in the wastewater flow meter data versus the amount of wastewater TRA was billing the City. The invoice for the FY2013 settle up amount is \$176,535.47. Of that amount, \$143,812.10 will be paid from retained earnings for the fiscal year ending 2013; the balance of settle up of \$32,723.37 will be paid from the Water and Sewer Fund.

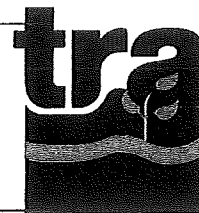
Recommendation / Staff Comments:

Staff recommends approval for payment of Invoice BH 967.

Sample Motion(s):

I move that Council APPROVE/DENY payment of invoice BH967 to Trinity River Authority in the amount of \$176,535.47 as presented.

Trinity River Authority of Texas



General Office

3826.800(3)
March 28, 2014

Ms. Cyndy Powell
City Administrator
City of Ovilla
105 S. Cockrell Hill Road
Ovilla, Texas 75154

RE: Red Oak Creek Regional Wastewater System
FY 2013 Settle Up

Dear Ms. Powell:

The Annual Requirement of the Red Oak Creek Regional Wastewater System for the fiscal year ended November 30, 2013 has been determined. Comparison of Budgeted Annual Requirement to Actual and Annual Requirement Settle Up schedules are enclosed detailing the results of the fiscal year.

An invoice in the amount of \$176,535.47 is enclosed to settle up the fiscal year.

Please contact Kim Probasco, Operations Financial Administrator, 817-493-5144, if you have any questions.

Sincerely,

ALISON A. MACKEY
Chief Financial Officer

AAM/dlg

Enclosures

- c: J. Kevin Ward, General Manager
Fiona M. Allen, P.E., Regional Manager, Northern Region
Julia J. Hunt, P.E., Assistant Regional Manager, Operations, Northern Region
Billy R. Hill, Manager, Red Oak Creek Regional Wastewater System

RED OAK CREEK REGIONAL WASTEWATER SYSTEM

FISCAL YEAR 2013

COMPARISON OF BUDGETED ANNUAL REQUIREMENT TO ACTUAL

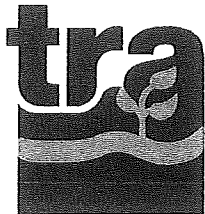
	FY 2013 Budgeted	FY 2013 Actual	Variance
O&M Expenses:			
Personal Services	\$665,130.00	\$659,001.30	(\$6,128.70)
Supplies	\$134,740.00	\$130,849.62	(\$3,890.38)
Other Services & Charges	\$1,169,210.00	\$1,035,195.07	(\$134,014.93)
Capital Outlays	\$20,000.00	\$23,573.38	\$3,573.38
Paying Agents	\$1,230.00	\$1,228.00	(\$2.00)
SEC Disclosure Fees	\$17,500.00	\$17,500.00	\$0.00
Transfer To(From) Other TRA Funds	\$2,400.00	\$0.00	(\$2,400.00)
Total O&M Expenses	\$2,010,210.00	\$1,867,347.37	(\$142,862.63)
Revenue Credits:			
Interest Income	(\$13,260.00)	(\$11,662.19)	\$1,597.81
ISC Revenue	\$0.00	(\$83,907.07)	(\$83,907.07)
Miscellaneous Income	\$0.00	(\$4,100.84)	(\$4,100.84)
Operating Transfers	(\$2,970.00)	(\$2,970.00)	\$0.00
Total Credits	(\$16,230.00)	(\$102,640.10)	(\$86,410.10)
Net O&M Requirement	\$1,993,980.00	\$1,764,707.27	(\$229,272.73)
Debt Service Costs:			
Bond Principal	\$1,882,500.00	\$1,882,500.00	\$0.00
Interest on Bonds	\$1,463,500.00	\$1,480,783.51	\$17,283.51
Total Debt Service Costs	\$3,346,000.00	\$3,363,283.51	\$17,283.51
Net Debt Service Requirement	\$3,346,000.00	\$3,363,283.51	\$17,283.51
Change in Operating Reserve	\$0.00	\$1,130.00	\$1,130.00
Total Annual Requirement	\$5,339,980.00	\$5,129,120.78	(\$210,859.22)

**RED OAK CREEK REGIONAL WASTEWATER SYSTEM
FISCAL YEAR 2013**

ANNUAL REQUIREMENT SETTLE UP

Contracting Party	Budgeted MGD FY 2013	Budgeted % FY 2013	Actual MGD FY 2013	Actual FY 2013 %
Cedar Hill	1.000	30.312%	0.6268	22.024%
DeSoto	0.234	7.093%	0.2768	9.726%
Glenn Heights	1.200	36.375%	0.8645	30.377%
Lancaster	0.050	1.515%	0.0500	1.757%
Ovilla	0.025	0.758%	0.1179	4.143%
Red Oak	0.790	23.947%	0.9102	31.973%
Total	3.299	100.000%	2.8462	100.000%

Contracting Party	Annual Requirement	Cash Collections	Receivable from/ (Payable to) Contracting Party
Cedar Hill	\$1,129,637.56	\$1,428,426.00	(\$298,788.44)
DeSoto	\$498,858.29	\$420,438.00	\$78,420.29
Glenn Heights	\$1,558,073.02	\$1,525,428.00	\$32,645.02
Lancaster	\$90,118.65	\$89,826.00	\$292.65
Ovilla	\$212,499.47	\$35,964.00	\$176,535.47
Red Oak	\$1,639,933.79	\$1,839,840.00	(\$199,906.21)
Total	\$5,129,120.78	\$5,339,922.00	(\$210,801.22)

**Mail Payment To :**

Trinity River Authority
P.O. Box 60
Arlington, TX 76004
817-467-4343

Invoice No. BH 967

Invoice Date: 03/28/2014
Due Date: 04/27/2014
Customer No: CTR000610

CITY OF OVILLA
ATTN: CITY ACCOUNTANT
105 S COCKRELL HILL ROAD
OVILLA TX 75154

AMOUNT ENCLOSED \$ _____

PLEASE DETACH AND RETURN THIS PORTION WITH REMITTANCE

Quantity	Item Description	Unit Price	Net Amount
1.00 EA	121 ROCRWS FY2013 FINAL ADJUSTED ANNUAL PAYMENT	176535.47 EA	176,535.47

PAY THIS AMOUNT \$176,535.47

Terms Net 30 Days

Comments**Invoice No. BH 967**

Invoice Date: 03/28/2014
Due Date: 04/27/2014
Customer No: CTR000610

Bill To:
CITY OF OVILLA
ATTN: CITY ACCOUNTANT
105 S COCKRELL HILL ROAD
OVILLA TX 75154



Trinity River Authority of Texas
P.O. Box 60
Arlington, TX 76004
(817) 467-4343

Please Indicate Address Changes On The Remittance Portion Of This Invoice

TRA Invoice BH 967

		Account Description to be used	Account #
Total Invoice	176,535.47		
Prior Fiscal Year 2012-2013	<u>143,812.10</u>	Accrued Payables Accrued	2310500
Net Amount Due this Year	32,723.37	TRA Wastewater Treatment	5805463



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 8 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Water and Sewer

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☒ NO ☐ N/A

Submitted By: Staff

Amount: \$N/A

Attachments:

1. Residential Sewer Rate Comparisons
2. Sewer Revenue & Expense - Options for Rate Changes

Agenda Item / Topic:

ITEM 8. *DISCUSSION/ACTION – Consideration* of and action on projected increase to sewer rates in response to the Trinity River Authority wastewater flow data for City sewer customers.

Discussion / Justification:

The consideration of a rate increase for city sewer customers is in response to the revised wastewater flow data presented by Trinity River Authority of Texas (TRA) at the February 24, 2014 Council Meeting. The City's proportionate share of the Red Oak Creek Wastewater System (ROCWS), in 2014, was 3.52% of the \$6.134M required to maintain and operate the system. During the March 10, 2014 Council Meeting staff presented comparisons of neighboring cities' residential sewer rates as well as rates of cities comparable in population to Ovilla. At Council's direction, staff has revised the proposed sewer rates to meet the revised expense obligations for FY2014 and projected expense obligation for FY2015. Staff has provided rate scenarios and the projected impact on the citizens' monthly sewer bills.

Staff has proposed two rate options: (if adopted, effective June 1st partial fiscal year 2014)

Option (1) a monthly flat fee of \$30.00 per month and a monthly rate per 1,000 gallons of \$9.22;

- a. the total revenue generated in FY2014 would be \$244,537;
- b. use of \$124,630 of retained earnings would be required to meet the revised expenses of \$369,167;
- c. In FY2015, total revenue generated would be \$423,694 to meet estimated expenses of \$415,585, the \$8,109 would be an increase to retained earnings.

Option (2) a monthly flat fee of \$40.00 per month and a monthly rate per 1,000 gallons of \$8.22;

- a. the total revenue generated in FY2014 would be \$247,949;
- b. use of \$121,218 of retained earnings would be required to meet the revised expenses of \$369,167;
- c. In FY2015, total revenue generated would be \$433,929 to meet estimated expenses of \$415,585, the \$18,344 would be an increase to retained earnings.

Recommendation / Staff Comments:

A separate Agenda item is provided for Council to consider an Ordinance revising the Fee Schedule and adopting new city sewer rates effective with the June 01, 2014 customer's billing cycle.

Sample Motion(s):

I move that Council APPROVE/DENY ...

Sewer Rate Comparisons to Other Cities					
City	Current Rates	Flat Rate Charge	Cost for 3,000 gallons	Cost for 3,000 Gallons Using Option #1 \$30 Base + 9.22 per Thousand Gallons	Cost for 3,000 Gallons Using Option #2 \$40 Base + 8.22 per Thousand Gallons
Ovilla	8.22 first 1,000 gallons @ \$5 thereafter	0.00	18.22	57.66	64.66
Red Oak	7.04 per 1,000 gallons	28.01	49.13		
Glenn Heights	4.95 Per 1,000 gallons	66.79	81.64		
Cedar Hill	8.60 for first 1,000 gallons, \$7.44 thereafter	0.00	23.48		
DeSoto	6.51 for first 1,000 gallons, 5.63 thereafter	0.00	17.77		
Lancaster	7.25 per 1,000 gallons	14.10	35.85		
Parker	No charge per gallon just base rate	46.53	46.53		
Fate	4.29 per 1,000 gallons	74.25	87.12		
Midlothian	5.76 per 1,000 gallons	22.10	39.38		
Melissa	4.62 per 1,000 gallons	44.86	58.72		
Celina	5.73 per 1,000 gallons	38.63	55.82		
Heath	N/A	73.88	73.88		

Sewer Revenue & Expenses Options for Rate Changes

Fiscal Year	Sewer Revenue for a Full Year	Sewer Portion of Admin. Exp.	Sewer Expenses less TRA	Sewer TRA Expenses	Total Sewer Expenses	Net Resources for Full Year	Sewer Revenue Based on Four Months @ New Proposed Rate	Sewer Revenue Based on 8 Months @ Original Rate	Total Sewer Revenue	Sewer Revenue Less Sewer Expenses = Net Resources	Sewer Revenue Less Sewer Expenses = Net Resources	Previous Year Deduction from Retained Earnings	Total From Retained Earnings
Option 1 - \$30 Flat Rate and \$9.22 per Thousand Gallons													
2013-2014	423,612.34	42,639.74	113,853.00	212,674.37	369,167.11	54,445.23	141,204.11	103,333.36	244,537.47	(124,629.64)	(143,812.10)	(268,441.74)	
2014-2015	423,694.34	44,771.73	119,545.65	251,267.70	415,585.08	8,109.26			423,694.34	8,109.26			8,109.26
Option 2 - \$40 Flat Rate and \$8.22 Per Thousand Gallons													
2013-2014	433,847.14	42,639.74	113,853.00	212,674.37	369,167.11	64,680.03	144,615.71	103,333.36	247,949.07	(121,218.04)	(143,812.10)	(265,030.14)	
2014-2015	433,929.14	44,771.73	119,545.65	251,267.70	415,585.08	18,344.06			433,929.14	18,344.06			18,344.06

Assumptions Used for the Information Above:

1. Revenue numbers for both years based on 2014 customer averages
2. 2014-2015 expenses based on 2013-2014 Budget with a 5% increase
3. TRA expenses based on proposed rates received from TRA
4. To use 20% more out of Retained Earnings you would need to wait 2.5 to 3 months to adopt new rate.

City of Ovilla
Water and Sewer Fund
Committed Fund Balance as of March 31,2014

Description	Account Number	2013-2014 Budget Amount
Total W&S Fund 2013-2014 Budget		1,247,668
Capital Outlay -Infrastructure Water	5757470	5,000
Capital Outlay - Machinery and Equipment	5807440	4,000
Total Budget Less Capital or one time Expenditures		1,256,668
Less Contingency Reserve	5109001	(1,775)
		1,254,893
		25%
Committed Fund Balance		\$ 313,723.25
Total Bank Value Accounts		
Prosperity Bank (Acct. #6602109445)	1021500	\$ 669,131.72
Texstar(Acct.#07017-0535)	1021525	\$ 1,144.77
Prosperity Bank (Acct. #4547531)	1021800	\$ 137.83
Prosperity Bank (Acct.#18004323)	1020500	\$ 187,853.88
Total Reserve Cash		\$ 858,268.20
Total Reserve Cash & Designated Cash		\$ 858,268.20
Number of Days in Current Reserve	\$ 3,438.06	249.64
Retained Earnings Balance as of 9-30-13		\$ 611,347.64
Committed Fund Balance		\$ 313,723.25
Current Unassigned GF Balance		\$ 297,624.39

Sewer Revenue & Expenses

Seven Year Comparisons

Fiscal Year	Sewer Revenue	Sewer Expenses	Net Resources
2012-2013	161,235.98	187,718.58	(26,482.60)
2011-2012	149,885.27	175,863.23	(25,977.96)
2010-2011	159,997.91	135,085.35	24,912.56
2009-2010	131,971.23	153,501.98	(21,530.75)
2008-2009	166,156.25	112,109.33	54,046.92
2007-2008	154,811.77	74,303.77	80,508.00
2006-2007	147,049.35	88,987.97	58,061.38
Totals	1,071,107.76	927,570.21	143,537.55



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 9 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Water and Sewer

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted by: Staff

Amount \$N/A

Attachments:

1. Ordinance 2014-007
2. Excerpt from Ord.2011-025 of wastewater rates currently in effect

Agenda Item / Topic:

ITEM 9. *DISCUSSION/ACTION – Consideration* of and action on Ordinance 2014-007 of the City of Ovilla, Texas, Amending Appendix A, Article A7.000, Section A7.003(B)(1)&(2) of the Code of Ordinances of the City of Ovilla; repealing certain sections and establishing a monthly flat fee and monthly rates for wastewater service to residential and non-residential customers; providing a savings clause; providing a severance clause; providing for incorporation into the Ovilla Code of Ordinances; providing for immediate effect; and providing for publication.

Discussion / Justification:

Recommendation / Staff Comments:

Staff recommends Council approval.

Sample Motion(s):

I move that Council APPROVE/DENY Ordinance 2014-007 as presented.

ORDINANCE NO. 2014-007

AN ORDINANCE OF THE CITY OF OVILLA, TEXAS, AMENDING APPENDIX A, ARTICLE A7.000, SECTION A7.003(B)(1)&(2) OF THE CODE OF ORDINANCES OF THE CITY OF OVILLA; REPEALING CERTAIN SECTION(S) AND ESTABLISHING A MONTHLY FLAT FEE AND A MONTHLY RATE FOR WASTEWATER SERVICE TO RESIDENTIAL AND NONRESIDENTIAL CUSTOMERS; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERANCE CLAUSE; PROVIDING FOR INCORPORATION INTO THE OVILLA CODE OF ORDINANCES; PROVIDING FOR IMMEDIATE EFFECT; AND PROVIDING FOR PUBLICATION.

WHEREAS, pursuant to Ordinance No. 2013-023, the City Council of the City of Ovilla, Texas approved the Fiscal Year 2013-14 Operating Budget and Annual Program of Services (the Budget); and

WHEREAS, in conjunction with the Budget, the City Council of the City of Ovilla sets fees for services provided for by the City of Ovilla., and

WHEREAS, based on increased wastewater treatment rates from the City's wastewater treatment provider, the Council finds and determines that the increased financial obligation must be off-set by establishing a monthly flat fee and monthly rates for wastewater service to residential and nonresidential customers and that such fee and rates are in the best interest of the citizens of the City of Ovilla.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS:

SECTION 1. AMENDMENT OF APPENDIX A, ARTICLE A7.000, SECTION A7.003(B)(1)&(2) OF THE CODE OF ORDINANCES OF THE CITY OF OVILLA, TEXAS

Appendix A, Article A7.000, Section A7.003(B)(1)&(2) is hereby amended to read as follows:

(b) Monthly wastewater rates. Monthly rates for wastewater service furnished by the city:

(1) Residential:

- A. Monthly Flat Fee: _____
- B. Base Monthly Rate (per 1,000 gallons): _____
- C. Sewer winter averaging determines the maximum charge.

(2) Nonresidential

- A. Monthly Flat Fee: _____
- B. Base Monthly Rate (per 1,000 gallons): _____
- C. Bill rate based on 100% of actual usage.

SECTION 3. SAVINGS CLAUSE

In the event that any other Ordinance of the City of Ovilla, Texas, heretofore enacted is found to conflict with the provisions of the Ordinance, this Ordinance shall prevail.

ORDINANCE NO. 2014-007

SECTION 4. SEVERANCE CLAUSE

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court or competent jurisdiction, such shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

SECTION 5. INCORPORATION INTO THE CODE OF ORDINANCES

The provisions of this ordinance shall be included and incorporated in the City of Ovilla Code of Ordinances and shall be appropriately renumbered, if necessary, to conform to the uniform numbering system of the Code.

SECTION 6. EFFECTIVE DATE

Because of the nature of the interests and safeguards sought to be protected by this Ordinance and in the interest of the citizens of the City of Ovilla, Texas, this Ordinance shall take effect immediately after passage, approval and publication, as required by law.

SECTION 7. PUBLICATION

The City Secretary is hereby authorized and directed to cause publication of the descriptive caption and penalty clause hereof as an alternative method of publication provided by law.

PASSED, ADOPTED AND APPROVED by the City Council of Ovilla, Texas on this the 14th day of April 2014.

Richard Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

APPROVED AS TO FORM:

Ron G. MacFarlane, Jr., City Attorney

ORDINANCE NO. 2011-025

Sec. A7.003 Water and Wastewater Service Rates and Charges

- (a) Monthly water rates. Monthly rates for water furnished by the city for residential and nonresidential:

Inside corporate limits:

\$9.85/minimum	0 to 1,000 gallons
\$10.15/1,000 gallons	1,001 to 2,000 gallons
\$3.65/1,000 gallons	2,001 to 20,000 gallons
\$4.75/1,000 gallons	20,001 to 40,000 gallons
\$5.85/1,000 gallons	40,001 to 60,000 gallons
\$6.95/1,000 gallons	60,001 to 80,000 gallons
\$8.05/1,000 gallons	80,001 to 100,000 gallons
\$9.15/1,000 gallons	100,001 and up

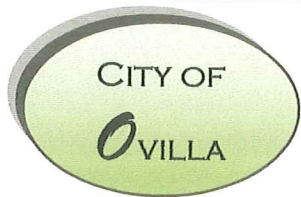
- (b) Monthly wastewater rates. Monthly rates for wastewater service furnished by the city:

(1) Residential:

- (A) Base fee (includes first 1,000 gallons): \$8.22.
- (B) Each additional 1,000 gallons: \$5.00.
- (C) Sewer winter averaging determines the maximum charge.

(2) Nonresidential:

- (A) Base fee (includes first 1,000 gallons): \$8.22.
- (B) Each additional 1,000 gallons: \$5.00.
- (C) Bill rate based on 100% of actual usage.



Ovilla City Council

AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 10 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Water and Sewer

☒ Discussion ☒ Action

Budgeted Expense: ☐ YES ☒ NO ☐ N/A

Submitted by: Staff

Amount \$165,700

Attachments:

1. Ordinance 2014-008
2. Budget Revision Request (Exhibit A)

Agenda Item / Topic:

ITEM 10. **DISCUSSION/ACTION** – *Consideration* of and action on Ordinance 2014-008 of the City of Ovilla, Texas, amending the Fiscal Year 2013-2014 Water and Sewer Fund Budget and Annual Program of Services for an adjustment of \$165,700, appropriating funds for increased expenditures to Trinity River Authority; appropriating said funds from the Undesignated Reserve Fund Account; providing that expenditures for the FY2013-2014 be made in accordance with said amended budget; providing a severability clause; providing an effective date.

Discussion / Justification:

The \$165,700 adjustment is required to meet the additional expense determined by flow totals from TRA's wastewater treatment analysis for the FY2013-2014 Year.

Recommendation / Staff Comments:

Staff recommends Council approval.

Sample Motion(s):

I move that Council APPROVE/DENY Ordinance 2014-008, amending the FY2013-2014 Water and Sewer Fund Budget and Annual Program of Services for an adjustment of \$165,700, appropriating funds for increased expenditures to Trinity River Authority and appropriating said funds from the Undesignated Reserve Fund Account.

ORDINANCE NO. 2014-008

AN ORDINANCE OF THE CITY OF OVILLA, TEXAS, AMENDING THE FISCAL YEAR 2013-14 WATER AND SEWER FUND BUDGET AND ANNUAL PROGRAM OF SERVICES FOR THE CITY OF OVILLA TO ALLOW FOR AN ADJUSTMENT OF \$165,700, APPROPRIATING FUNDS FOR INCREASED EXPENDITURES TO TRINITY RIVER AUTHORITY AND; APPROPRIATING SAID FUNDS FROM THE UNDESIGNATED RESERVE FUND ACCOUNT; PROVIDING THAT EXPENDITURES FOR FY2013-2014 BE MADE IN ACCORDANCE WITH SAID AMENDED BUDGET; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Ovilla, Texas is a Type A general law city; and

WHEREAS, pursuant to Ordinance No. 2013-023, the City Council of the City of Ovilla, Texas approved the Fiscal Year 2013-2014 Water and Sewer Fund Budget and Annual Program of Services (the Budget);

WHEREAS, the City Council of the City of Ovilla desires to amend Ordinance Number 2013-023, thereby amending the FY2013-2014 Water and Sewer Fund Budget of the City, in order to meet the increased financial obligation to Trinity River Authority for wastewater treatment services and authorize said expenditures from Undesignated Reserve Funds;

WHEREAS, the City Council approved the FY2013-2014 Water/Sewer Fund Operating Budget of \$47,000 for TRA treatment services and Undesignated Reserve Funds will be used to offset the \$165,700 for increased expenditures;

WHEREAS, the City Council finds that this budget amendment also serves an important municipal purpose, consistent with §102.010 of the Texas Local Government Code;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OVILLA, TEXAS:

SECTION ONE

That the FY2013-2014 Water and Sewer Fund Budget and Annual Program of Services is hereby amended by the City Council of the City of Ovilla by the amounts listed and on the attached *Budget Revision Request*, hereby referred to as Exhibit A, and are hereby appropriated out of their respective and designated funds.

SECTION TWO

That except as amended hereby, or as heretofore amended, the provisions of Ordinance No. 2013-023 shall remain in full force and effect.

SECTION THREE

That should any sentence, paragraph, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof other than the part decided to be invalid, illegal or unconstitutional.

ORDINANCE NO. 2014-008

SECTION FOUR

That this ordinance shall take effect immediately from and after its passage as the law in such cases provides, and the City Secretary is directed to furnish a copy of this amendment to the budget to the County Clerk of Ellis County as required by Chapter 102 of the TEXAS LOCAL GOVERNMENT CODE.

PASSED, APPROVED and ADOPTED at the Regular Meeting of the Ovilla City Council on the 14th day of April 2014.

Richard A. Dormier, Mayor

ATTEST:

Pamela Woodall, City Secretary

City of Ovilla
Budget Revision Request

Date: 4-14-14

Name: Brad Piland

Department: Water & Sewer

Acct. Description: TRA Wastewater Treatment Acct. Description - Prior Year Net Position

Account # 5805463 Account # 4000850

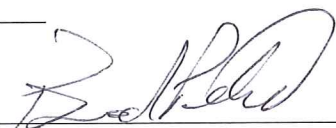
Current Budget: \$ 47,000- Current Budget: 0

Amount: \$165,700- Amount: \$165,700-

New Budget Total: \$212,700 New Budget Total: \$165,700-

Explanation:

To Adjust Budget for TRA Increases

Department Head Signature: 

City Administrator Only

Comments: _____

Approved Not Approved


City Administrator

Date: 4/9/2014



AGENDA ITEM REPORT

REGULAR AGENDA

Item(s): 11 (City Secretary use only)

Meeting Date: April 14, 2014

Department: Administration

☒ Discussion ☐ Action

Budgeted Expense: ☐ YES ☐ NO ☒ N/A

Submitted by: Staff

Amount \$N/A

Attachments:

1. Policy & Procedure Guide to Purchasing

Agenda Item / Topic:

ITEM 11. *DISCUSSION – Review* and consider revisions to the City's Policy and Procedure Guide to Purchasing and direct staff as necessary.

Discussion / Justification:

Mayor Pro Tem Hall asked that this item come to Council for review and discussion.

Recommendation / Staff Comments:

Sample Motion(s):

No Action.



Policy and Procedure Guide to Purchasing
Ordinance 2010-020

Approved & adopted by Council on September 27, 2010

Sharon Jungman, City Accountant
Randy Whiteman, City Administrator

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Section 1 - Purchasing Principles

Purpose

To provide guidelines to the City of Ovilla Department Heads regarding:

- The purchase of materials, equipment and services required by the City's operations.
- Provide the City with quality products and services at the best possible price;
- Ensure that the City abides by the City's Charter and its adopted annual budget;
- Help all departments understand and use established purchasing procedures and abide by applicable state and federal laws; and
- Help all departments in meeting the procurement needs of the City.

Responsibility of Employees

The City wants to promote and protect its governmental integrity. Public employees must, therefore, discharge their duties impartially to assure fair, competitive access to City procurement. Moreover, the City's officers and employees shall conduct themselves in a way that fosters public confidence in the integrity of the City.

The employees of the City responsible for purchasing should:

- purchase the proper goods or services to address the City's needs;
- get the best possible price for goods or services;
- have goods or services available when and where the City needs it;
- assure a continuing supply of needed goods and services;
- guard against misappropriation of City funds;
- facilitate cooperation with other governmental units;
- maximize competition from responsible bidders;
- safeguard public funds and receive the best value for the public dollar;
- never use public spending to enrich elected officials or City employees; and
- never make purchases for personal use in the City's name.

Section 2 - Purchasing Process

A. Purchase Authority

Persons designated here may approve for payment only out of funds previously appropriated and budgeted for that purpose, or may disapprove any bills, debts, or liabilities asserted as claims against the City. The persons designated may not approve any expenditure when funds adequate to pay such bills, debts or liabilities are not on hand. The payment or disapproval of any bills, debts or liabilities not covered by previous appropriation shall require confirmation by the City Council.

The City Council

The City Council has exclusive power and responsibility to make purchases of all supplies, apparatus, equipment, materials and other things requisite for public purposes for the City of Ovilla and to make all necessary contracts for work or labor to be done, material or other necessary things to be furnished for the benefit of the City of Ovilla where the amount of the expenditure for any purpose or contract exceeds the sum of twenty-five thousand dollars (\$25,000.00) in accordance with city ordinance.

The Mayor or City Administrator

The Mayor or City Administrator has exclusive power and responsibility to make purchases of all supplies, apparatus, equipment, materials and other things requisite for public purposes for the City of Ovilla and to make all necessary contracts for work or labor to be done, material or other necessary things to be furnished for the benefit of the City of Ovilla where the amount of the expenditure for any purpose or contract does not exceed the sum of twenty five thousand dollars (\$25,000.00) in accordance with city ordinance.

The City Secretary and Department Heads

The City Secretary and Department Heads have exclusive power and responsibility to make or approve purchases of all supplies, apparatus, equipment, materials and other things requisite for public purposes for the City of Ovilla and to make all necessary contracts for work or labor to be done, material or other necessary things to be furnished for the benefit of the City of Ovilla where the amount of the expenditure for any purpose or contract does not exceed the sum of five hundred dollars (\$500) in accordance with city ordinance.

Purchases exceeding fifty thousand dollars (\$50,000.00)

Where the amount of the purchase or contract exceeds the sum of fifty-thousand dollars (\$50,000.00), the City shall invite competitive bids thereon by legal advertisement. Bids received pursuant to said advertisement shall be opened and read at the date set for receiving said bids, in the presence of the City Administrator or his duly authorized representative. The contract shall be awarded to the lowest, responsible bidder; provided, however, the Council may reject any and all bids received in accordance with city ordinance. See Competitive Bids.

B. Purchase Limits

The purchasing limits stated here in assume that prior to purchase or request to purchase, the Department Head and/or their designee has verified sufficient funds are available in the budget line affected. This section applies to approve budgeted purchases only.

1. Purchases Limit Chart

Dollar Figure	Forms Needed	Department Head Approval	City Accountant Approval	City Administrator Approval	City Council Approval
Less than \$100	Check request/ petty cash	★			
Less than \$500	Check request	★			
\$500 to less than \$25,000	Purchase Req/Order 3 quotes	★	★	★	
\$25,000 to less than \$50,000	Purchase Req/Order 3 written quotes	★	★	★	Review
\$25,000 to less than \$50,000	Purchase Req/Order 3 written quotes	★	★	★	Approval
\$50,000 or more (Formal Bids - Required)	Purchase Order sealed bids	★	★	★	Approval

* Denotes signature approval prior to purchase.

2. Petty Cash

a. Finance maintains a petty cash fund that can be used by City departments. Any item bought with petty cash should not exceed \$100.00. User departments make these purchases directly with the vendor and reimbursements are made providing the proper "Petty Cash Request" is completed and a copy of the receipt is attached.

b. It is important to remember that the City is exempt from paying any local or state sales tax. Therefore, you will need a signed Tax Exemption Certificate at the time of purchase to verify that you work for the City. Otherwise, tax will be charged by the vendor and that amount shall not be reimbursed. This will apply if the vendor does not accept the Tax Exemption Certificate or City of Ovilla ID number.

c. A sample of the "Petty Cash Request" and an explanation is provided under Purchasing Forms.

3. Purchases of less than \$100

a. Purchases of less than \$100 do not require a purchase order. Department Heads, or their approved designees, may without prior approval of the City Accountant or City Administrator make purchases of less than \$100. Department Heads, or their approved designees, may authorize invoices for payment and forward check requests to the Accounting Department.

b. Purchases of less than \$100, except for out-of-town travel, may be reimbursed from petty cash. Reimbursements from petty cash require an original receipt. The Finance Department shall maintain and reconcile the petty cash drawer

c. A sample of the "Check Request Form" and an explanation is provided under Purchasing Forms.

4. Purchases of less than \$500

a. Purchases of less than \$500 do not require a purchase order. Department Heads or their approved designees may, without prior approval of the City Accountant or City Administrator; make purchases less than \$500. Department Heads shall authorize an invoice for payment and forward a check request to the Finance Department.

5. Purchases exceeding \$500 to less than \$25,000.

a. Department Heads must receive prior approval of the City Administrator to making a purchase more than \$500 but less than \$25,000.

b. Purchase requisitions are required to be submitted to the City Accountant for all purchases, of \$500 to less than \$25,000 by Department Heads before a purchase is made. No invoice will be paid that will cause an account to be over budget. Department Heads may request a budget revision to cover purchases that will cause an account to be over budget. The City Administrator can approve or disapprove any budget revisions submitted by Department Heads within their department, as long as the total dollar amount budgeted and approved by City Council for that fund is not altered. Three quotes must be received from vendors or an explanation provided why three quotes could not be obtained.

c. A purchase order is prepared for all approved purchase requisitions by the Department Head. Purchase orders are approved by the written signature of the City Administrator. Purchase Orders are three parts; "White" vendor, "Yellow" to the Department Head and "Pink" to be maintained by the City Accountant and filed with the Invoice.

d. When an Invoice is received, Department Heads shall, attach purchase requisition, and purchase order form and forward to the Finance Department for payment.

e. A sample of the "Purchase Requisition Form" and "Purchase Order Form" and an explanation is provided under Purchasing Forms.

6. Purchases of \$25,000 to less than \$50,000.

a. Purchases \$25,000 to less than \$50,000 must be submitted to the City Administrator for approval. A description of item to be purchased and completed purchase requisition with three written quotes must be submitted to the City Accountant at least 3 days prior to time needed. Three written quotes must be received from vendors or an explanation provided why three quotes could not be obtained.

b. Upon City Administrator approval, and if the purchase has been specifically authorized by the City Council in the budget, a purchase order will be issued by the City Accountant.

c. If a purchase is \$25,000 or greater and not specifically authorized in the budget the purchase must be approved by the City Council.

7. Purchases of \$50,000 or more.

a. Purchases of \$50,000 or more are subject to bidding requirements. See Competitive Bids.

8. Emergency Purchases.

a. Emergencies occur as the result of unforeseeable circumstances and may require an immediate response to advert an actual or potential public threat.

b. If an emergency exists a written determination of the basis for the emergency and for the selection of a particular vendor shall be included in accordance with this section. Emergency purchases of goods or services should not exceed the scope or duration of the emergency.

c. Emergency expenditures are defined as follows:

1. To remove hazards
2. To protect people or property
3. To prevent financial loss
4. To prevent operation damage
5. To expedite repairs

d. At least three informal quotes are encouraged whenever possible on all emergency purchases exceeding \$5,000. An award should be made based on best value, considering the type of emergency.

9. Requisitioning of Emergency Purchases

Normal Working Hour - All emergency purchases occurring during normal working hours are processed through the Finance Department as follows:

- a. The Department Head will immediately notify City Accountant and City Administrator with as much information as possible about the emergency purchase required, so that the appropriate action can be initiated.
- b. Simultaneously, a purchasing requisition is being prepared by the Department Head and is sent through the normal channels.
- c. Department Head contacts as many vendors as necessary to arrange the emergency purchase. If time permits, the purchase order is completed according to procedure. Otherwise, the purchase is made, and the purchase order is completed, after the fact, and delivered to the vendor.

Evening, Weekends and Holidays - For other than normal working hours, when purchasing support is unavailable, process emergency purchases as follows:

- a. The using department will immediately notify the City Administrator by telephone with as much information as possible about the emergency purchase required, so that the appropriate action can be initiated.
- b. The responsible official of the using department takes whatever steps are necessary to procure needed supplies, services or equipment to relieve the emergency situation. If possible, only those goods or services needed during the evening, weekend or holiday are procured.
- c. On the first working day following the emergency, the responsible official prepares a purchase requisition and personally attaches any invoices, packing slips, or receipts to the requisition for processing.

The Department Head must certify, in writing, the next business day, or as soon thereafter as possible, that the purchase involved was necessary because of one of the reasons listed as emergency exemption.

Justification Requirements

Emergency purchases require a letter of justification documenting the emergency which must be signed by the Mayor or City Administrator and at a minimum address the following:

- a. The nature of the emergency purchase and what caused the emergency situation; and
- b. The estimated impact or damage either financial or otherwise that will occur by following normal procurement practices (general statements of loss or nominal damage are not acceptable).

10. Purchase Review

- a. The City Accountant will conduct random internal audits of departmental purchasing budget. The City Accountant will report the results of these internal audits to the City Administrator and Department Heads.
- b. The City Accountant will compile a report of all expense over \$5,000 and monthly financial report as compared with budget for Council to review monthly.

C. Purchase Exemptions

The purchasing exemptions stated here in assume that prior to purchase, it has been approved by City Administrator or Council and the Department Head and/or their designee has verified sufficient funds are available in the budget line affected. Department Heads, or their approved designees, may authorize invoices for payment and forward check requests to the Accounting Department. These items include, but are not limited to the following:

- 1. Contracts
 - a. Annual
 - b. Construction Projects
 - c. Consultants
 - d. Professional Services
- 2. Maintenance Agreements
 - a. Copiers
 - b. Fax machines
 - c. Computers
 - d. Other specialized equipment
- 3. Monthly Utility Bills
 - a. Gas
 - b. Electricity
 - c. Telephone
 - d. Other Utility Bills
- 4. Payment of Debt
 - a. Lease Purchase
 - b. Notes Payable
 - c. Bonds
- 5. Printing and Production
 - a. Newspaper Ads
 - b. Postage
 - c. Printed products
- 6. Reimbursement for Travel
 - a. When the trip is a City Administrator approved trip

- b. When the Dollar amounts are less than \$1,000
- 7. Transfers Between Funds (See Transfer Forms)
 - a. Reimburse cash expended from another fund
 - b. Transfer to/from investment accounts

Section 3 - Purchasing Forms

A. Petty Cash Request (Purchases of Less Than \$100)

The Petty Cash is used for purchases under \$100 that are to be reimbursed from petty cash. Submit request as detailed below to Finance Department.

Instructions for completing the Petty Cash request form.

- 1. Check budget to ensure funds are available.
- 2. Complete form by filling in the required fields.

Name	Fund	Date
Amount	Account Number(s)	Description
- 3. Sign as indication of approval.
- 4. Submit petty cash request with back up (e.g., invoice, receipts, copy of contract, etc) to Finance.
- 5. Finance will verify expense report / receipts match or refund documentation.
- 6. City Accountant will issue/reimburse from petty cash funds.

SAMPLE

**City of Ovilla
Petty Cash Form**

Date	Amount Requested	Description	Amount Spent	Fund	Account #
Total			0.00		

Submitted BY: _____

Supervisor's Signature: _____

B. Check Request Form (Purchases of Less Than \$500)

The check request is used for purchases under \$500 as defined below. Submit check request as detailed below to Finance Department a minimum of 3 days prior to needing the check.

a. Travel Advance/Reimbursement (mileage/per diem) -Keep all receipts and attach to completed travel expense report upon return.

b. Refunds -Include in the reason for request: the person or organizations name; date of original purchase; contract date or class date; and reason for refund.

c. Contract / Temporary Labor -Include as backup, a copy of the time sheet or invoice.

d. Membership Dues -Include copy of membership application that shows the time period and amount.

e. Reimbursements - Include copy of detailed invoice or receipt.

Instructions for completing the check request form.

1. Check budget to ensure funds are available.
2. Complete form by filling in the required fields.

Name	Department	Vendor Number
Vendor Name	Address	City, State, Zip
Amount of Check	Account Number(s)	Reason for Request

3. Special Instructions: (Choose One):

Return to Department Mail Check

4. Reason for request should answer the following question:

Who is the request for and why is the check to be issued?

5. Sign and Date as indication of approval.
6. Submit check request with back up (e.g., invoice, receipts, copy of contract, etc) to Finance.
7. Finance will verify travel expense report / receipts match or refund documentation.

Check will be issued and either mailed or returned to requesting department as indicated on check request form.

SAMPLE

CHECK REQUEST

CITY OF OVILLA, TEXAS
105 S COCKRELL HILL ROAD • OVILLA, TX 75154
(972) 617-7262 • FAX (972) 515-3221

DATE OF AUTHORIZATION _____

PURCHASE OVER \$500.00 REQUIRES AN APPROVED PURCHASE ORDER TO PLACE THE ORDER!

DEPARTMENT _____ REQUESTED BY _____

VENDOR _____

ADDRESS _____

CITY/STATE/ZIP _____

TELEPHONE _____ MERCHANDISE NEEDED FOR: _____

AUTHORIZED SIGNATURE _____

ACCOUNT NUMBER _____ CUSTOMER NUMBER _____ Mail _____ Return to Dept. _____

FINANCE DEPARTMENT USE ONLY

☐ W-9 SENT

☐ TAX

EXEMPT SENT

DATE	INVOICE	COMPLETE DESCRIPTION MAKE, MODEL, SIZE, CATALOG NO., ETC...	UNIT COST	GROSS AMT	DEPT.	

EXEMPT NO: 75-1399345

C. Purchase Request/Purchase Order (Purchases of \$500 and Over)

The purchase requisition is used for purchases over \$500.

Finance will watch for separate and sequential purchases. Departments should be careful not to make component or sequential purchases that would normally be done at one time, but due to restrictions, purchases are made separately. These types of purchases should be done at one time and with the proper restrictions being followed. Violators of this requirement may be in violation of state law and subject the employee to disciplinary action.

Instructions for Completing Purchase Requisitions

1. Check the budget line to verify that funds are available to cover the purchase.
2. If the purchase price is over \$3,000 but under \$49,999 including shipping and fees, contact the vendor or vendors to obtain three quotes.
3. Complete required fields

Date	Name	Department	Date Needed
Account Number	Vendor Name	Address (if known)	Vendor Number
Vendor Phone	Description	Quantity	Price
4. Submit the requisition with three quotes to the City Accountant. The City Accountant will review the items to be purchased and forward Purchase Order to City Administrator for approval.
5. City Accountant will return approved Purchase Order to the department, less the accounting copy which will be maintained in Finance.

SAMPLE

**CITY OF OVILLA
Purchase Requisition**

Date:	
Name	
Department:	
Account Number:	
Date Required:	

Description of Item: _____

Quantity: _____

Explanation: _____

Required if expenditure exceed \$5,000

II. QUOTE #1	
Vendor Name & Number:	
Address:	
Contact Person & Phone	
Price:	
III. QUOTE #2	
Vendor Name & Number	
Address:	
Contact Person & Phone	
Price:	
IV. QUOTE #3	
Vendor Name & Number	
Address:	
Contact Person & Phone	

Comments: _____

Name : _____ Date: _____

Instructions for Completing Purchase Orders

Purchase Orders are obtained from the Finance Department.

Purchase Orders

- a. should be prepared in triplicate
 - White – Vendors
 - Yellow – Department
 - Pink – Accounting
- b. should be numbered sequentially
 - First set of two numbers are the Current year
 - Second of two numbers are the department number
 - Third set of numbers are the purchase order number sequence

Example: For purchase order issued by the administration department in 2010
10-10-01, 10-10-02, 10-10-03, etc.

- c. Numbers should start anew each fiscal year.
 - d. should include all information from the purchase requisition.
 - e. authorization by City Administrator
6. Use vendor copy to place order.
 7. Hold remaining copies in department until product/service is received.
 8. If all items are received:
 - a. Sign and date the vendor copy and write **“OK to pay”**.
 - b. Attach invoice to the vendor copy and send both to Finance.
 - c. Keep the Department copy for your records.
 9. If a partial shipment was received:
 - a. Indicate the quantity and amount to be paid on the vendor copy,
 - b. Copy the document.
 - c. Send the vendor copy with partial invoice to Finance.
 - d. Keep copy to pay the remaining balance upon receipt.
 - e. Follow steps above when remaining product is received to complete payment.

D. Budget Revision Request (Non-budgeted Purchases)

The department has the responsibility to see that budget accounts are not overspent. If the category lacks a sufficient balance, the requisition will be sent back to the using department. The Department Head may then:

1. Withdraw the request.
2. Complete a Budget Revision Request form. **Transfers requested from a different category, department or fund require approval from the City Administrator.**
3. If budget funds are not available for transfer, Department Head can request funds from another source from the City Administrator.

Instructions for Completing Budget Revision Request Form

1. Check the budget line to verify that funds where funds are available.
2. Complete required fields

Date	Name	Department
Account Number	Account Number	
Increase Amount	Decrease Amount	
3. An explanation must be provided for the request.
4. Submit the form to the City Accountant. The City Accountant will review the line items to verify budget and forward to City Administrator for approval.
5. City Accountant will return a copy of approved Budget Revision Request to the department.
6. Normal purchasing policy should be followed to complete the purchase.

SAMPLE

City of Ovilla
Budget Revision Request

Date:_____

Name: _____

Department:_____

Account Number:_____

Account Number:_____

Increase Amount:_____

Decrease Amount:_____

Explanation:

Department Head Signature:_____

City Administrator Only

Comments:_____

Approved Not Approved

City Administrator

Date:_____

E. Cash Transfer Request

The Finance Department has the responsibility to see that operating cash accounts are not overdrawn and that excess cash is transferred to higher interest bearing accounts. The City Accountant or City Secretary will perform all cash transfers.

Instructions for Completing Cash Transfer Request

1. Complete required fields

From Bank	To Bank
Account Name	Account Name
Account Number	Account Number
Balance of Account	Balance of Account
Amount of Transfer	Date of Transfer
2. An explanation must be provided for the request.
3. The City Accountants submits the form to City Administrator for approval.
4. Complete the cash transfer upon approval.

SAMPLE

City of Ovilla
Request to Transfer Cash

FROM

Bank Name Prosperity

Account Name Operating - General

Account Number _____

Current Account Balance \$ _____ -

Balance After Transfer \$ _____ -

TO

Bank Name Prosperity

Account Name _____

Account Number _____

Current Account Balance \$ _____ -

Balance After Transfer \$ _____ -

Total Amount to Transfer \$ _____ -

Date of Transfer _____

Reason for Transfer _____

Signature _____ Date _____

Approved _____ Date _____

F. Tax Exempt Form

The City is exempt from payment of **all** local and state sales tax, and federal excise tax, with the exception of Hotel/Motel tax. Many times a vendor will ask for the City's "Tax Exempt Number". We do not have a number; we are exempt by law because we are a municipality. Finance can provide the vendor with a copy of a tax exemption letter when necessary.

SAMPLE FORM

BLANKET CERTIFICATE OF EXEMPTION
STATE OF TEXAS
SALES TAX

City Of Ovilla
Finance Department

105 S Cockrell Hill Rd #2
Ovilla, TX 75154

DATE:_____

The undersigned hereby claims a blanket exemption from payment of Limited Sales, Excise and Use Tax, under Section 151.309, Texas Tax Code Annotated, for the purchase of tangible personal property (bought, leased or rented.)

The Blanket Exemption is being claimed by the City of Ovilla, Texas, as a Governmental Organization in accordance with the above mentioned statute.

The undersigned hereby certifies that she is the City Accountant and City Secretary of the City of Ovilla, Texas, and that she is authorized to execute this certificate in behalf of the City of Ovilla, Texas.

The Purchaser will be liable for payment of the Limited Sales, Excise & Use Tax if the Purchaser uses the tangible property in some other manner or for some other use than for City of Ovilla, Texas, and shall pay the tax based on the price paid for the tangible property.

Signed_____

City Accountant.

Sharon Jungman

Or

City Secretary

Pamela Higgins

Section 4 - Competitive Bids

Formal bids called "Council Bids" are required. Notice to bidders must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the bids or proposals. All sealed bids must be submitted to the City Secretary Office. Purchasing will conduct a public bid opening and tabulate the bids. Competitive bids are awarded by the City Council. Competitive sealed proposals, used for high technology procurements, are opened so as to avoid disclosure of the contents of proposals to competing bidders until after the award of the bid.

Preparing Specifications

The specifications may be prepared by the Department Head, or by a professional consultant hired by the City. The final acceptance of the specifications rests with City Administrator. The ultimate responsibility for accurate and comprehensive specifications rests with the requesting department. This is to ensure proper quality control and to avoid the proliferation of conflicting specifications in different departments of the government. For more information or assistance on writing proper bid specifications, please contact the City Administrator or Finance.

Invitation to Bid

If the purchase is over \$50,000 the sealed bid process must be used unless the purchase meets one of the state allowed exemptions.

1. Check the budget line to verify that funds are available to cover the purchase.
2. Determine specification of item needed. (Example: The specification for safety vests would be Type II or higher, mesh, fluorescent yellow with corresponding striping, Velcro seems and closure, pencil pocket, ANSI approved, Quantity 500, NO PLASTIC. Include brand, make, and model, if known). See preparing specifications for further details on writing specifications.
3. Complete purchase requisition with the following fields.

Date	Name	Department	Date Needed
Account Number	Vendor Name	Address (if known)	Vendor Number
Vendor Phone	Description	Quantity	

4. Vendor information should be completed to assist the City Secretary in the bid process
5. Attach additional specification sheet as necessary.
6. Obtain City Administrator Approval.
7. Submit specifications and completed requisition to City Secretary.
8. City Secretary will complete the bid process. The bid process consists of: creating documents, advertising, responding to questions, issuing addenda, opening bid, assisting with evaluation of submitted bids, and notifying vendors / departments of award.

9. Department Heads are responsible for assisting the City Secretary in answering technical questions, locating vendors and writing the council agenda communication, ordinance or resolution.
10. Once bid process is complete and council approval has been obtained, if necessary, the requisitions will be processed and a purchase order issued following general purchase order procedures.

General Guidelines

1. All requests for bids should be sent to City Secretary at least one week before the first advertising date.
2. A list of suggested vendors should be sent to the City Secretary; especially if you have worked with vendors in obtaining specifications, or have tested / complete a demonstration of their product.
3. Bids shall be submitted to the City Secretary by the date and time specified in the bid and shall be identified with bid number and bid name on the outside of the envelope.
4. A tabulation of bids will be available after bid opening for public information.
5. Departments should be clear in the specifications of the intent to trade-in equipment.
6. The City shall have the right to reject any or all bids.
7. Identical bids of equal quality and services shall be awarded to the local vendor or by drawing lots for vendors not local.
8. If a vendor makes a mistake in bidding, they may correct or withdraw their bid before the time set for bid opening. After the bid opening, all bids are final. The only relief from an error is an "obvious error".

Turnaround Time

Requisitions that require the written bid process normally take fifteen (15) days to process, and council bids generally take as long as six (6) weeks or forty-five days.

The Award Process

Bid awards for items exceeding \$50,000 must be approved (awarded) by Council. Awards are done through a Council minutes, ordinance or resolution.

Bid awards are processed as follows:

1. If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the "lowest responsible bidder" or to the bidder who provides goods or services at the "best value" for the city. In determining the "best value" for the city, the city may consider:
 - a. the purchase price;
 - b. the reputation of the bidder and the bidder's goods or services;
 - c. the quality of the bidder's goods or services;

- d. the extent to which the goods or services meet the city's needs;
 - e. the bidder's past relationship with the city;
 - f. the impact on the ability of the city to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
 - g. total long-term cost to the city to acquire the bidder's goods or services; and
 - h. any relevant criteria specifically listed in the request for bids or proposals.
2. Requesting department will make a recommendation that is then reviewed and approved by the City Administrator. The City Administrator will send notification of approval to the Department Head and will seek approval by the Council as stated above.
 3. Council meets on most second and fourth Mondays of each month. Therefore, all recommendations must be submitted to the City Secretary or City Administrator a minimum of five working days prior to the upcoming Council meeting.
 4. Once approved by Council, the Department Head will notify the successful vendors of award.
 5. Bid information is then processed and sent to the using departments.
 6. Occasionally a vendor who is not recommended for the bid award will file a protest with the City. It is the responsibility of the City Secretary in conjunction with the requesting department to defend the recommendation to the disgruntled vendor. **In these situations the importance of clear, defensible specifications and detailed documentation of past vendor performance cannot be over emphasized. In addition, if you are speaking with a vendor and at any point the vendor starts talking about a law suit or any type of legal action, terminate the conversation by directing the vendor to the City Administrator's office.**
 7. **It is very important to document any problems you may encounter with vendors and that you notify the City Secretary of the problem. Vendor contracts cannot be terminated without documentation history.**

New Products: It shall be the policy of the City to investigate and purchase new products or services for trial whenever possible. New products that are found acceptable will be included in the bid process to determine their cost effectiveness. Lesser expensive new products will be evaluated and quoted against the standard product

Acceptance of Bids

On orders \$50,000 and over, the City Council will make the final award. The decision is based on a combination of price, quality, delivery time, adherence to bid specifications, and service reputation. The bid will be awarded to the lowest responsible bidder, but the Council reserves the right to reject any or all bids and reopen the bidding process if it is in the best interest of the City.

Exemptions from Bid Requirements

The bid exemptions stated here are general exemptions as provided for by the Texas Local Government Code Chapter 252.022. These items include but are not limited to the following:

- A. High Technology Procurements
- B. Emergency Situations
- C. Professional, Personal or Planning Services
- D. Work Performed and Paid for by the Day as Work Progresses
- E. Purchase of Land or Right-of-Way
- F. One Source Items
- G. Developer Participation Contracts
- H. Inter local Contracts
- I. Insurance, which has a bid threshold of \$5,000.
- J. Vehicle & equipment maintenance per HB1351.
- K. Public Improvement Projects which
 - 1. One-third of the cost is to be paid by special assessment.
 - 2. Is already in progress for which there is a deficiency of funds for completion in accordance with the plans that has been authorized by the voters.
- L. Other exemptions as outlined in the Texas Local Government Code Chapter 252.022

SECTION 5: CAPITAL PURCHASES / FIXED ASSETS

1. Capital Purchase is any item or combination of items over \$2,000.
2. Fixed Asset is any items with a cost of \$2,000 or more and with a useful life greater than one year.
3. All items purchased with a price of \$2,000 or greater and a useful life exceeding one year will be placed on the fixed asset list. Each department will be required to monitor their inventory and be accountable for the location of the asset.
4. All capital items, regardless of the dollar amount, are to be purchased using the Purchasing Policy.

SECTION 6: DISPOSAL OF SURPLUS PROPERTY

There are multiple formats for the disposal process such as: sale, trade-in, and destruction.

Surplus property is equipment owned by the City that is no longer needed.

If the property is on the fixed asset list and the department determines it is no longer needed, a Request for disposition must be completed, signed by the Department Head, and sent to City Administrator for review/processing.

- a. Departments should contact the City Administrator prior to disposal of any property.
- b. The City Administrator has the authorization to dispose of broken asset less than \$2,000.
- c. Any item that is still operable and has a potential value should be sold.
- d. Request for disposition should consist of a letter to the City Administrator explaining the need for disposition or sale of the surplus property.
- e. After approval by the City Administrator, equipment over \$2,000 should be stored until approval is obtained from City Council for disposal.
- f. The City Council should declare any asset over \$2,000 surplus property and recommend a disposal method.
- g. If asset over \$2,000 is to be sold using the bidding process, the City Council will make the final decision on disposal. The decision is based on a combination of price, value and adherence to bid specifications. The bid will be awarded to the highest responsible bidder, but the Council reserves the right to reject any or all bids and reopen the bidding process if it is in the best interest of the City.
- h. After approval by the City Administrator and City Council, Department Heads should dispose of the asset.

DEFINITIONS

The basic methods for obtaining supplies, equipment and services are explained in detail in this manual, but for the purpose of introduction, they are briefly outlined below.

Annual Contracts

Annual Contracts are bids that have been completed for materials or services and are regularly used by City departments and approved by the City Administrator or City Council. Contracts protect pricing for a period of one year and are awarded to vendors for supplies, equipment and services routinely required by one or more departments.

Cash Transfer Request

Request to transfer cash between accounts. Cash transfers should be performed to insure sufficient balance to pay bills and that excess cash is transferred to higher interest bearing accounts.

Check Request

A request by the department for payment of an invoice by check. The Department Head and/or their designee should usually attach a copy of the invoice and other vendor paperwork to the check request form. The Department Head and/or their designee must sign and code this form.

Competitive Bids

Formal bids called "Council Bids" are required on all expenditures greater than \$50,000. Notice to bidders must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the bids or proposals. All sealed bids must be submitted to the City Secretary Office. Purchasing will conduct a public bid opening and tabulate the bids. Competitive bids are awarded by the City Council. Competitive sealed proposals, used for high technology procurements, are opened so as to avoid disclosure of the contents of proposals to competing bidders until after the award of the bid.

Construction Projects

A project that involves the constructions of highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, wharves, docks, airport runways and taxiways, drainage projects, or related types of projects associated with civil engineering construction; or building or structures.

Consultant Services

Texas Government Code defines a consultant service as the human service of studying or advising an agency under a contract that does not involve the traditional relationship of employer and employee. An agency may contract with a private consultant only if:

- There is a substantial need for the service; and

- The agency cannot adequately perform the service with its own personnel or through another agency.

Maintenance Agreements

The City maintained service agreements with manufacturers and authorized service centers for maintenance of machinery and equipment.

Monthly Utility Bills

The payment for services for which the city has established a service agreement or contract to provide a service to the city such as:

- Electricity
- Gas
- Telephone

Petty Cash

Cash kept on hand to reimburse item purchased under \$100.00. User departments make these non-routine, below-minimum purchases directly with the vendor and are reimbursed provided the proper form and receipts are presented to Finance.

Professional Services

Professional services must be within the scope of practice as defined by Texas Government Code Section 2254.002 or provided in connection with the professional employment or practice of a person who is licensed or registered as:

- Accounting - a certified public accountant (CPA);
- Architecture - an architect;
- Landscape Architecture;
- Land Surveying - a land surveyor;
- Professional Engineering - a professional engineer;

Purchase Order

The purchase order is used to authorizing purchase of specific products or services. Purchase order must detail vendor, account to be charged, and description of the items to be purchased. Purchase Orders will be issued by Finance.

Purchase Requisition

The purchase requisition is used to inform Finance of the needs of individual departments. It is used to request a P.O. authorizing purchase of specific products or services. Purchase requisitions must detail vendor, account to be charged, and description of the items to be purchased and quoted prices. No invoice will be paid that will cause an account to be over budget. Department Heads may request a budget revision to cover purchases that will cause an account to be over budget.

Tax Exemption

The City is exempt by law from payment of all local and state sales tax, and federal excise tax. Tax Exemption form can be submitted to vendors when necessary.

Types of Vendor Requests

Request for Information (RFI)

- Used when the purchaser cannot clearly identify product requirements or specification.
- Can be made of one or multiple vendors

Request for Offer (RFO)

- The Purchaser will contact a least three vendors for offers or quotations of prices.
- Response can be verbal or written
- Used for seeking for seeking competitive prices on small purchases or on any purchase lower than \$5,000.

Request for Proposal (RFP)

- A written request for proposals concerning goods or services the city intends to acquire by means other than the competitive sealed proposal procedure. The procedure allows changes to be made after other proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to purchase.
- Used for seeking competitive prices on large purchases or on any purchase lower than \$25,000.
- Response must be Written

Request for Qualification (RFQ)

- A written request for proposals concerning services the city intends to acquire by means other than the competitive sealed proposal procedure. The procedure allows the City to contemplate that the qualifications of the vendor prior to negotiating the amount for the service.
- Used for seeking for seeking competitive prices on Professional Services
- Response must be Written

Types of Purchases

General Purchase

A purchase for any items of services, supplies, apparatus, equipment, materials and other things requisite for public purposes for the City of Ovilla

Fuel Purchases

- A purchase of fuel at a service station
- Purchase should be the amount of fuel required for continued operation of a motor vehicle
- Can be purchase using a card issued under credit card policy or on credit from approved vendors.
- All receipts are to be turned into the office of the City Secretary

Internal Repair Purchases

An internal repair is a repair to city-owned equipment or vehicle that can be reasonably repaired in house.

Emergency Purchases

Emergencies occur as the result of unforeseeable circumstances and may require an immediate response to avert an actual or potential public threat. If a situation arises in which compliance with normal procurement practice is impracticable or contrary to the public interest an emergency purchase may be warranted to prevent a hazard to life, health, safety, welfare, property or to avoid undue additional cost to the city. Emergency purchases of goods or services should not exceed the scope or duration of the emergency. All Emergency purchases must be justified.

Justification Requirements

Emergency purchases require a letter of justification documenting the emergency which must be signed by the Mayor or City Administrator and at a minimum address the following:

- c. The nature of the emergency purchase (hazard to life, health, safety, welfare, or property or to avoid undue additional cost to the state), and what caused the emergency situation; and
- d. The estimated impact or damage either financial or otherwise that will occur by following normal procurement practices (general statements of loss or nominal damage are not acceptable).

Sole Source Purchases

Purchase for any material or service, which can only be supplied by one source, should be accompanied by a written explanation fully describing the conditions, which make the supplier an only source. The product must be unique and only available from one distribution source.

Non-budgeted Purchases

Purchase for any material or service, which lacks a sufficient balance in the budget line item for payment. A Budget Revision Request form should be completed and approved prior to purchase.