City of Alvin, Texas

Paul Horn, Mayor

Glenn Starkey, Mayor Pro-tem, District D
Brad Richards, At Large Pos. 1
Joel Castro, At Large Pos. 2
Martin Vela, District A

Adam Arendell, District B
Keith Thompson, District C
Gabe Adame, District E

ALVIN CITY COUNCIL AGENDA
THURSDAY, MAY 21, 2020
7:00 P.M.

VIA TELECONFERENCE

NOTICE IS HEREBY GIVEN in accordance with order of the Office of the Governor, the **City Council** of the City of Alvin will conduct a **Regular Meeting** on **Thursday, May 21, 2020, at 7:00 p.m.** by telephone/video conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

This Notice and Meeting Agenda, and the Agenda Packet, are posted online at www.alvin-tx.gov.

The public dial-in number to participate in the telephonic/video meeting is hosted through ZOOM: 1.346.248.7799 or 1.669.900.9128 - Webinar ID 898 0695 6757 or you can access the meeting by visiting: https://us02web.zoom.us/j/89806956757?pwd=YTAraVo1ckxtQzE5SWV4a1BwY3Zmdz09– Password: 631477

A recording of the telephone/video meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

REGULAR MEETING AGENDA

1. CALL TO ORDER

2. INVOCATION AND PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

4. CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION: An item(s) may be removed from the Consent Agenda for full discussion by the request of a member of Council. Item(s) removed will automatically become the first item up for discussion under Other Business.

A. Consider approval of the May 7, 2020 City Council meeting minutes.

B. Consider Resolution 20-R-15, finding that Texas-New Mexico Power Company's application for a distribution cost recovery factor to increase distribution rates within the city should be denied; authorizing participation with TNMP cities; authorizing the hiring of legal counsel and consulting services; finding that the city's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel.

C. Consider Resolution 20-R-16, adopting the City of Alvin Investment Policy for FY2020; providing for an effective date; and setting forth other related matters.

5. OTHER BUSINESS

A. Consider the Mayor's appointment of Mayor Pro-tem.

6. REPORTS FROM CITY MANAGER

A. Items of Community Interest and review preliminary list of items for next Council meeting.

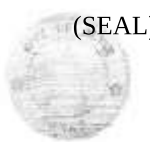
7. ITEMS OF COMMUNITY INTEREST

Pursuant to 551.0415 of the Texas Government Code reports or an announcement about items of community interest during a meeting of the governing body. No action will be taken or discussed.

A. Hear announcements concerning items of community interest from the Mayor, Council members, and City staff, for which no action will be discussed or taken.

8. ADJOURNMENT

I hereby certify that a copy of this notice 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.alvin-tx.gov, in compliance with Chapter 551, Texas Government Code, on MONDAY, MAY 18, 2020 at 5:00 P.M.



(SEAL)

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Dixie Roberts, City Secretary

Removal Date: _______________________

**** All meetings of the City Council are open to the public, except when there is a necessity to meet in Executive Session (closed to the public) under the provisions of Chapter 551, Texas Government Code. The Council reserves the right to convene into executive session on any of the above posted agenda items that qualify for an executive session by publicly announcing the applicable section of the Open Meetings Act, including but not limited to sections 551.071 (litigation and certain consultation with the attorney), 551.072 (acquisition of interest in real property), 551.073 (contract for gift to city), 551.074 (certain personnel deliberations), or 551.087 (qualifying economic development negotiations).**

MINUTES
CITY OF ALVIN, TEXAS
CITY PLANNING COMMISSION
February 18, 2020

BE IT REMEMBERED, that on the above date, the Planning Commission met in the First Floor Conference Room, at Public Services Facility, 1100 West Highway 6, Alvin, Texas, at 6:00 P.M. with the following members present, Richard Garivey, Vice Chair; Abrin Brooks; Jake Starkey; Santos Garza; Chris Hartman; Randy Reed; and Keko Moore. Also present were staff members Michelle Segovia, City Engineer and Shana Church, Executive Secretary. Ashley Davis and Carrie Parker were absent.

1. Call To Order.
Call to order at 6:00 p.m.

2. Petition and Requests from the Public.
There were no petitions or requests from the public.

3. Nominate and elect a Secretary. (tabled January 21, 2020)
Commission member Santos Garza motioned to un-table the item. Seconded by Abrin Brooks.

Commission member Abrin Brooks was nominated by Jake Starkey for the position of Secretary. Seconded by Santos Garza, Abrin Brooks was elected unanimously.

4. Approve the Minutes of the Planning Commission meeting of January 21, 2020.
Commission Member Randy Reed motioned to approve the minutes of the regular Planning Commission meeting of January 21, 2020. Seconded by Chris Hartman, the motion carried on a vote of 7 ayes and 0 nays.

5. Consider a final plat of Midtown Park Section 3, being a subdivision of 16.60 acres situated in the Hooper and Wade Survey, Abstract Nos. 420 and 421 and the M. O'Donnell Survey, Abstract No. 485, City of Alvin, County of Brazoria, State of Texas. City Engineer recommends final plat for discussion and approval. Commission Member Reed motioned to recommend for approval to City Council. Seconded by Member Starkey, the motion carried on a vote of 7 ayes, 0 nays.

6. Consider a master preliminary plat of Imperial Forest, being a Planned Unit Development, approximately 55.90 acres located in the Hooper and Wade Survey, Section 21, Abstract No. 421, Brazoria County, Texas. City Engineer recommends master preliminary plat for discussion and approval. Commission Member Starkey motioned to recommend for approval to City Council. Seconded by Member Reed, the motion carried on a vote of 7 ayes, 0 nays.

7. Consider proposed amendments to Chapter 21, Subdivisions and Property Development, in the City of Alvin Code of Ordinances.
Commission Member Reed motioned to send the proposed amendments to Chapter 21, Subdivisions and Property Development, in the City of Alvin Code of Ordinances to City Council for consideration. Seconded by Member Garza, the motion carried on a vote of 7 ayes, 0 nays.

8. Items of Community Interest.
Randy Reed mentioned the Sunrise Rotary will hold the Alvin Music Festival March 27-29.

9. Staff report and update.
There were no staff report or update.

10. Items for the next meeting.
Michelle Segovia stated the Planning Commission may see plats for Sunset Ranch Section 2, Kendall Lakes Section 10 and Southern Colony at the next meeting. The Planning Commission will also look at the 5-year CIP.

11. Adjournment.
Commission Member Starkey motioned to adjourn the meeting, seconded by Member Brooks. The motion carried on a vote of 7 ayes. The meeting ended at 6:30 p.m.

MINUTES
REGULAR CITY COUNCIL MEETING
VIA TELECONFERENCE
THURSDAY, MAY 7, 2020
7:00 P.M.

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in Regular Session at 7:00 P.M. by telephone/video conference, in accordance with order of the Office of the Governor issued March 16, 2020 in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19) The following members were present: Mayor Paul A. Horn; Mayor Pro-Tem Glenn Starkey; Councilmembers: Gabe Adame, Adam Arendell, Joel Castro, Keith Thompson and Martin Vela**.**

Staff members present: Junru Roland, City Manager; Suzanne Hanneman, City Attorney; Dixie Roberts, City Secretary; Michael Higgins, Chief Financial Officer, Larry Buehler, Economic Development Director; Michelle Segovia, City Engineer; and Robert E. Lee, Police Chief.

The public was provided a login link and telephone number to participate in this meeting.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Paul Horn gave the invocation.

Council member Castro led the Pledge of Allegiance to the American Flag, and Council member Thompson led the Pledge to the Texas Flag.

PUBLIC HEARINGS

CONSENT AGENDA

Consider approval of the April 16, 2020 City Council meeting minutes.

Consider approval of the April 24, 2020 City Council Special meeting minutes.

Proclaim May 17-23 as Public Works Week.

Consider Ordinance 20-L, annexing 18.2173 acres, more or less, a commercial parcel of land within Municipal Utility District No. 24 (Martha's Vineyard) situated along State Highway 6 in Brazoria County, Texas, for a limited purpose; making findings of fact; providing a severability clause; and providing an effective date.

This tract of land was annexed into Municipal Utility District (MUD) No. 24 on February 21, 2019 as part of the Martha's Vineyard Development for the purpose of providing commercial development to the overall project. The MUD will be delivering water and sewer services to this tract. A Strategic Partnership Agreement (SPA) was entered into on June 20, 2019 between the City of Alvin and MUD No. 24. Section 2.02 of the SPA allows the commercial tract to be annexed into the city in a Limited Purpose Annexation for the collection of its sales and use taxes. Council authorized the commencement of annexation procedures on March 5, 2020, in Resolution 20-R-11.

Public hearings were held on April 2, 2020 and April 16, 2020. This Ordinance will finalize the annexation of approximately 18.2173 acres, more or less, a commercial parcel of land within Municipal Utility District No. 24 (Martha's Vineyard) situated along State Highway 6 in Brazoria County, Texas. The Ordinance includes the Limited Purpose Plan to collect sales and use taxes only. Staff recommended approval.

Consider a final plat of Alvin Self Storage (located along the east side of Bypass 35, north of Steele Road), being a subdivision of a 8.7865 acre tract of land, a replat of lot 15 and lot 16, subdivision of south half of section no. 21, (vol.5, pg. 442; B.C.D.R.) in the Hooper and Wade Survey, abstract no. 421, City of Alvin, Brazoria County, Texas.

On February 27, 2020, the Engineering Department received the final plat of Alvin Self Storage for review. The property is located on the east side of Bypass 35, north of Steele Road in the City of Alvin. The property is being platted for development of a storage facility on Reserve A and future development on Reserve B. This plat complies with all requirements of the City's Subdivision Ordinance. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a final plat of Burger King of Alvin (located on FM 1462, just west of Advance Auto), being a subdivision of 0.9075 acres located in the Newson and Swickle Subdivision, located in the Hooper and Wade Survey No. 17, Abstract 423, City of Alvin, Brazoria County, Texas.

On April 1, 2020, the Engineering Department received the final plat of Burger King of Alvin for review. The property is located on FM 1462, just west of Advance Auto in the City of Alvin. The property is being platted for the development of a Burger King restaurant. This plat complies with all requirements of the City's Subdivision Ordinance. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a final plat of Huntington Place Section 4 (located in the City of Alvin's ETJ at the northeast corner of FM 521 and Juliff Manvel Road), being a planned unit development subdivision of 15.672 acres of land situated in the William Pettus League Survey, Abstract 68, Fort Bend County, Texas.

On February 27, 2020, the Engineering Department received the final plat of Huntington Place Section 4 for review. This section consists of sixty-seven (67) single-family residential lots, four (4) blocks, and five (5) reserves, and is located northeast of the intersection of FM 521 and Juliff Manvel Road in the City of Alvin's Extraterritorial Jurisdiction (ETJ) within Fort Bend County. The Master Preliminary Plat of Huntington Place was approved by City Council on June 1, 2017. The property is being subdivided for a new single family residential planned unit development subdivision. This plat complies with all requirements of the City's Subdivision Ordinance. The Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a final plat of Iglesia Gethsemani (located at 1508 Texas Street), being a subdivision of 0.2296 acres in the Hooper and Wade Survey, Section 21, A-421, also being a partial replat of tract 24, of the south half of Section 21 as recorded in volume 5, page 442, deed records, Brazoria County, Texas.

On April 1, 2020, the Engineering Department received the final plat of Iglesia Gethsemani for review. The property is located at 1508 Texas Street in the City of Alvin. The property is being platted to consolidate the two existing lots into one lot for the expansion of the existing church. This plat complies with all requirements of the City's Subdivision Ordinance. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a final plat of Kendall Lakes Section 10, being a planned unit development subdivision of 31.59 acres of land located in the H.T. and B.R.R. Company Survey, Section 40, A-482, City of Alvin, Brazoria County, Texas.

On February 27, 2020, the Engineering Department received the final plat of Kendall Lakes Section 10 for review. This section consists of ninety-three (93) single-family residential lots, one (1) block, and six (6) reserves, and is located north of Kendall Lakes Section 5 in the City of Alvin. The Master Preliminary Plat of Kendall Lakes, which contains this section, was approved by City Council on August 21, 2014. This plat complies with all requirements of the City's Subdivision Ordinance. The Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a final plat of Moritz Square (located at 2870 County Road 180), being a subdivision of 1.0733 acres in the J.M. O'Donnell Survey, A-472, also being a partial replat of lot 3 of the Jonas H. Baer Subdivision as recorded in volume 2, page 19, of the Plat Records, Brazoria County, Texas.

On February 27, 2020, the Engineering Department received the final plat of Moritz Square for review. The property is located at 2870 County Road 180 in the City of Alvin's Extraterritorial Jurisdiction (ETJ) and is being platted for conveyance. This plat *complies with all requirements of the City's Subdivision Ordinance. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.*

<u>Consider a final plat of Raintree Station (located on FM 2403 north of FM 2917), being a subdivision of 15.9458 acres in the Hooper and Wade Survey, A-429, Section 5, also being a partial replat of lot 5 of the John A. Owens Subdivision as recorded in volume 2, page 42, of the Plat Records, Brazoria County, Texas.</u>

On February 27, 2020, the Engineering Department received the final plat of Raintree Station for review. The property is located on FM 2403, north of FM 2917 and is in the City of Alvin's Extraterritorial Jurisdiction (ETJ) and is being platted into three lots for conveyance. This plat complies with all requirements of the City's Subdivision Ordinance. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

<u>Consider a final plat of Southern Colony Expansion Phase 1 Section 1A (located in the City of Alvin's ETJ along the east side of FM 521 and north of Juliff-Manvel Road), being a planned unit development subdivision of 11.655 acres of land situated in the William Hall League, Abstract 31, Fort Bend County, Texas; also being a partial replat of lot 12 of the T.W. and J.W.B. House Subdivision, as recorded in volume 7, page 301 of the Fort Bend County Deed Records.</u>

December 23, 2019, the Engineering Department received the Final Plat of Southern Colony Expansion Phase 1 Sections 1A for review. This subdivision is in the City of Alvin's Extraterritorial Jurisdiction (ETJ) located along the east side of FM 521 and north of Juliff-Manvel Road. This Final Plat consists of 55 lots, 5 reserves, and 3 blocks. This plat complies with all requirements of the Planned Unit Development Section of the City's Subdivision Ordinance. The Master Preliminary Plat of Southern Colony Expansion Phase 1, which contains this section, was approved by Council March 7, 2019. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

<u>Consider a final plat of Southern Colony Expansion Phase 1 Section 1B (located in the City of Alvin's ETJ along the east side of FM 521 and north of Juliff-Manvel Road), being a planned unit development subdivision of 18.675 acres of land situated in the William Hall League, Abstract 31, Fort Bend County, Texas; also being a partial replat of lot 12 of the T.W. and J.W.B. House Subdivision, as recorded in volume 7, page 301 of the Fort Bend County Deed Records.</u>

On December 23, 2019, the Engineering Department received the Final Plat of Southern Colony Expansion Phase 1 Sections 1B for review. This subdivision is in the City of Alvin's Extraterritorial Jurisdiction (ETJ) located along the east side of FM 521 and north of Juliff-Manvel Road. This Final Plat consists of 84 lots, 5 reserves, and 5 blocks. This plat complies with all requirements of the Planned Unit Development Section of the City's Subdivision Ordinance. The Master Preliminary Plat of Southern Colony Expansion Phase 1, which contains this section, was approved by Council March 7, 2019. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

<u>Consider a final plat of Southern Colony Expansion Phase 1 Section 2 (located in the City of Alvin's ETJ along the east side of FM 521 and north of Juliff-Manvel Road), being a planned unit development subdivision of 26.776 acres of land situated in the William Hall League, Abstract 31, Fort Bend County, Texas; also being a partial replat of lots 11 and 12 of the T.W. and J.W.B. House Subdivision, as recorded in volume 7, page 301 of the Fort Bend County Deed Records.</u>

On April 1, 2020, the Engineering Department received the Final Plat of Southern Colony Expansion Phase 1 Sections 2 for review. This subdivision is in the City of Alvin's Extraterritorial Jurisdiction (ETJ) located along the east side of FM 521 and north of Juliff-Manvel Road. This Final Plat consists of 121 lots, 7 reserves, and 5 blocks. This plat complies with all requirements of the Planned Unit Development Section of the City's Subdivision Ordinance. The Master Preliminary Plat of Southern Colony Expansion Phase 1, which contains this section, was approved by Council March 7, 2019. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

<u>Consider a final plat of Sunset Ranch Section 2, being a planned unit development subdivision of 4.7531 acres of land (1185 Heights Road), being a partial replat of lot 22 of the map of section 23 Hooper and Wade Survey volume 49, page 161, B.C.D.R. and volume 1, page 10, B.C.M.R. situated in the Hooper and Wade Survey, abstract no. 420, Brazoria County, Texas.</u>

On March 9, 2020, the Engineering Department received the final plat of Sunset Ranch Section 2 for review. The property is located at 1185 Heights Road and consists of twenty-three (23) single-family residential lots and one (1) block. The

Master Preliminary Plat of Sunset Ranch, which contains this section, was approved by City Council on March 2, 2017. This plat complies with all requirements of the City's Subdivision Ordinance. The Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Consider a master preliminary plat of Caldwell Ranch (located in the City of Alvin's ETJ along the east side of FM 521 and north of Juliff-Manvel Road), being a planned unit development subdivision of 452.3 acres out of the 0031 W. M. Hall Survey, Abstract group 3, Alvin ETJ, Fort Bend County, Texas.

On February 27, 2020, the Engineering Department received the Master Preliminary Plat of Caldwell Ranch for review. This subdivision is in the City of Alvin's Extraterritorial Jurisdiction (ETJ) located along the east side of FM 521 and north of Juliff-Manvel Road. This Master Preliminary Plat consists of 968 lots, 43 reserves, and 33 blocks. This plat complies with all requirements of the Planned Unit Development Section of the City's Subdivision Ordinance.

This master preliminary plat is essentially a continuation of the Southern Colony development, however, to prevent confusion with previously platted sections of Southern Colony the name has been changed to Caldwell Ranch for these future sections. The City Planning Commission unanimously approved the plat at their meeting on April 21, 2020. Staff recommended approval.

Council member Castro moved to approve the consent agenda as presented. Seconded by Council member Thompson; motion carried on a vote of 6 Ayes.

OTHER BUSINESS

Consider Ordinance 20-N, amending Chapter 34, Public Storage Facilities/Mini-Warehouses, of the Code of Ordinances, City of Alvin, Texas, for the purpose of removing the maximum individual storage unit area requirement for all public storage facilities; providing for a penalty; and setting forth other provisions related thereto.

Ordinance 20-N would remove section 34-8 of Chapter 34 that limits the maximum area of individual storage units within a public storage facility to six hundred (600) square feet. This amendment was proposed following a request from Tri-County Storage located at 2228 FM 528. Tri-County Storage has submitted plans for the expansion of their existing facility on FM 528, as a part of this expansion they are wanting to add fully enclosed boat and RV storage units which would require a unit size of seven hundred (700) square feet (14' x 50') to accommodate the needs of their customers. Staff recommended approval of Ordinance 20-N.

Council member Castro moved to approve Ordinance 20-N, amending Chapter 34, Public Storage Facilities/Mini-Warehouses, of the Code of Ordinances, City of Alvin, Texas, for the purpose of removing the maximum individual storage unit area requirement for all public storage facilities; providing for a penalty; and setting forth other provisions related thereto. Seconded by Council member Arendell; motion carried on a vote of 6 Ayes.

Consider Ordinance 20-O, granting consent to the addition of approximately 35.354 acres of land to Brazoria County Municipal Utility District No. 73; making findings of fact; providing a severability clause; and providing an effective date.

On January 18, 2018, the City consented to the creation of Brazoria County Municipal Utility District No. 73 (the "District") by Ordinance No. 18-E. The District was created by an order of the Texas Commission on Environmental Quality on August 6, 2018 and operates pursuant to Chapters 49 and 54 of the Texas Water Code.

On April 20, 2020, the City of Alvin, Texas, received a Petition for Consent to Include Additional Land from the District and Pulte Homes of Texas, LP, to include approximately 35.354 acres into the District. Section 54.016 of the Texas Water Code provides that no land within the corporate limits of a city or within the extraterritorial jurisdiction of a city, shall be included within a municipal utility district unless such city grants its written consent to the inclusion of the land within the district. Staff recommended approval of Ordinance 20-O.

Council member Starkey moved to approve Ordinance 20-O, granting consent to the addition of approximately 35.354 acres of land to Brazoria County Municipal Utility District No. 73; making findings of fact; providing a severability clause; and providing an effective date. Seconded by Council member Arendell; motion carried on a vote of 6 Ayes.

Consider Resolution 20-R-14, confirming and ratifying the Third Amendment to the Utility Services Contract between the City of Alvin, Texas, and Brazoria County Municipal Utility District No. 73 (the "District"); and authorize the Mayor to sign the amended Contract upon legal review.

The City and Rooted Development Group, LLC ("RDG"), on behalf of itself and the Brazoria County Municipal District No. 73 (the "District"), entered into a Utility Services Contract dated September 21, 2017 (the "Original Agreement"), providing for water and sanitary sewer service for approximately 69.728 acres of land situated within the boundaries of the City and the District (the "Original Tract").

On August 16, 2018, RDG assigned all of its rights, benefits and obligations in and to the Original Agreement to the District, all as contemplated by and in accordance with Section 5.8 of the Original Agreement.

On June 6, 2019, in Ordinance 19-O, the City approved the addition of approximately 18.65 acres of land into the District (the "MC Detention Pond No. 1"), thereby conferring ownership and maintenance of the detention pond currently located thereon.

On June 6, 2019, in Ordinance 19-P, the City approved the addition of approximately 55.90 acres of land into the District (the "Stanton Tract").

On February 20, 2020, in Ordinance 20-F, the City approved the addition of approximately 9.99 acres of land into the District (the "Planka Tract").

On May 7, 2020, in Ordinance 20-O, the City approved the addition of approximately 35.354 acres of land into the District.

The District is requesting a Third Amendment to the Utility Services Contract to amend certain provisions of the Original Agreement in connection with the proposed addition of the 35.354 acres to the District. Staff recommended approval of Resolution 20-R-14.

Council member Vela moved to approve Resolution 20-R-14,, confirming and ratifying the Third Amendment to the Utility Services Contract between the City of Alvin, Texas, and Brazoria County Municipal Utility District No. 73 (the "District"); and authorize the Mayor to sign the amended Contract upon legal review. Seconded by Council member Thompson; motion carried on a vote of 6 Ayes.

Consider adoption of the City of Alvin 2021-2025 Capital Improvement Program.

The City of Alvin 2021-2025 Capital Improvement Program (CIP) includes anticipated drainage, street, water, wastewater, parks, and facilities projects planned for the next five years. Each year staff will review / adjust the plan as necessary and present to the Planning Commission, Parks & Recreation Board and City Council as required by the City Charter prior to the start of the budget process for the upcoming fiscal year. Once the CIP is approved each year then the City Council / staff will work to fund the projects through the budget for the upcoming fiscal year. Approval of the CIP does not guarantee that funds will be available in the respective fiscal years for implementation of the projects.

The 2021-2025 CIP was presented previously to the City Council in a workshop meeting on February 11, 2020.

The City Planning Commission unanimously approved the 2021-2025 CIP at their meeting on April 21, 2020. Staff recommended approval.

Council member Castro had concerns as to why there were so many park projects and not more projects dedicated to drainage. Michelle Segovia explained that all items on this list will not be funded, but it is more like a "wish list" of projects that would be of benefit to the City should funding become available.

Council member Starkey moved to approve the adoption of the City of Alvin 2021-2025 Capital Improvement Plan. Seconded by Council member Thompson; motion carried on a vote of 5 Ayes with Council member Castro voting No.

REPORTS FROM CITY MANAGER

Items of Community Interest and review preliminary list of items for next Council meeting.
Mr. Junru Roland announced items of community interest.

ITEMS OF COMMUNITY INTEREST

Hear announcements concerning items of community interest from the Mayor, Council members, and City staff, for which no action will be discussed or taken.
Council member Thompson thanked the Street Department.

Council member Arendell thanked the city staff for their work to keep people safe.

Council member Castro thanked the employees, ActionS, local churches and non-profit groups for their work in helping the community during COVID-19.

Council member Adame thanked city staff and the Chamber for their joint efforts in the re-opening of businesses campaign. He also stated that there is $124 billion in State fund for small businesses, and encouraged those who could benefit to apply.

Council member Starkey thanked all employees.

ADJOURNMENT

Mayor Horn adjourned the meeting at 7:31 p.m.

PASSED and APPROVED the 21st day of May 2020.

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Paul A. Horn, Mayor

ATTEST: _______________________

Dixie Roberts, City Secretary

AGENDA COMMENTARY

Meeting Date: 5/21/2020

Department: City Attorney **Contact:** Suzanne L. Hanneman, City Attorney

Agenda Item: Consider Resolution 20-R-15, finding that Texas-New Mexico Power Company's application for a distribution cost recovery factor to increase distribution rates within the city should be denied; authorizing participation with TNMP cities; authorizing the hiring of legal counsel and consulting services; finding that the city's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel.

Type of Item: ☐Ordinance ☒Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: The City is an electric utility customer and local regulator of Texas-New Mexico Power Company ("TNMP" or "Company"). The Cities served by TNMP ("TNMP Cities") is a coalition of similarly situated cities served by TNMP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in TNMP's service area in matters before the Public Utility Commission ("PUC" or "Commission") and the courts.

On April 6, 2020, TNMP filed an application for a Distribution Cost Recovery Factor ("DCRF") with each of the cities retaining original jurisdiction and with the Commission in Docket No. 50731. In the filing, the Company sought to increase distribution rates by $14.7 million annually (an approximately $2.79 increase to the average residential customer's bill from the Company's most recent rate case). This is TNMP's first filing under a law adopted in 2011 allowing electric utilities to file limited issue, limited review cases.

This resolution authorizes the City to join with the other TNMP Cities to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

Cities Served by TNMP (TNMP Cities) have engaged the services of a consultant, Mr. Karl Nalepa, to review the Company's filing. Mr. Nalepa will review the filing and identify adjustments that should be made to the Company's request. The coalition is recommending that cities retaining original jurisdiction deny the requested relief. Staff recommends approval of Resolution 20-R-15.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account:__________ **Amount:** __________ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☐ **Date Completed:**________________

Supporting documents attached:

- Resolution 20-R-15

Recommendation:	Move to approve Resolution 20-R-15, denying Texas New-Mexico Power's application for a distribution cost recovery factor to increase distribution rates within the city should be denied; authorizing participation with TNMP cities; authorizing the hiring of legal counsel and consulting services; finding that the city's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☐

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒

RESOLUTION NO. 20-R-15

A RESOLUTION OF THE CITY OF ALVIN, TEXAS FINDING THAT TEXAS-NEW MEXICO POWER COMPANY'S APPLICATION FOR A DISTRIBUTION COST RECOVERY FACTOR TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; AUTHORIZING PARTICIPATION WITH TNMP CITIES; AUTHORIZING THE HIRING OF LEGAL COUNSEL AND CONSULTING SERVICES; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Alvin, Texas ("City") is an electric utility customer of Texas-New Mexico Power Company ("TNMP" or "Company"), and a regulatory authority with an interest in the rates and charges of TNMP; and

WHEREAS, the Cities Served by Texas-New Mexico Power Company ("TNMP Cities") is a coalition of similarly situated cities served by TNMP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in TNMP's service area in matters before the Public Utility Commission ("Commission") and the courts; and

WHEREAS, on or about April 6, 2020, TNMP filed with the Commission an Application for Approval of a Distribution Cost Recovery Factor ("DCRF"), Commission Docket No. 50731, seeking to increase distribution rates by $14.7 million annually (an approximately $2.79 increase to the average residential customer's bill from the rates approved in the Company's most recent rate case); and

WHEREAS, the City of Alvin, Texas will cooperate with TNMP Cities in coordinating their review of TNMP's DCRF filing with designated attorneys and consultants, prepare a common response, negotiate with the Company, and direct any necessary litigation, to resolve issues in the Company's filing; and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if TNMP's Application is granted; and

WHEREAS, working with the TNMP Cities to review the rates charged by TNMP allows members to accomplish more collectively than each city could do acting alone; and

WHEREAS, TNMP Cities' members and attorneys recommend that members deny TNMP's DCRF.

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

Section 1. That the City is authorized to participate with TNMP Cities in Commission Docket No. 50731.

Section 2. That, subject to the right to terminate employment at any time, the City of Alvin, Texas hereby authorizes the hiring of the law firm of Lloyd Gosselink Rochelle & Townsend, P.C. and consultants to negotiate with the Company, make recommendations to the City regarding reasonable rates, and to direct any necessary administrative proceedings or court litigation associated with an appeal TNMP's DCRF application.

Section 3 That the rates proposed by TNMP to be recovered through its DCRF charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 4. That the Company shall continue to charge its existing rates to customers within the City.

Section 5. That the City's reasonable rate case expenses shall be reimbursed in full by TNMP within 30 days of the adoption of this Resolution, and within 30 days of presenting monthly bills to TNMP thereafter.

Section 6. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

Section 7. That a copy of this Resolution shall be sent to Scott Seamster, Associate General Counsel, Texas-New Mexico Power Company, 577 N. Garden Ridge Blvd., Lewisville, Texas 75067, and to Chris Brewster, General Counsel to TNMP Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725, or cbrewster@lglawfirm.com.

PASSED AND APPROVED on this 21st day of May 2020.

CITY OF ALVIN, TEXAS	**ATTEST**
By: ______________________________	By: ______________________________
Paul A. Horn, Mayor	Dixie Roberts, City Secretary

APPROVED AS TO FORM:

____

Suzanne L. Hanneman,
City Attorney

AGENDA COMMENTARY

Meeting Date: 5/21/2020

Department: Finance **Contact:** Michael Higgins, CFO

Agenda Item: Consider Resolution 20-R-16, adopting the City of Alvin Investment Policy for FY2020; providing for an effective date; and setting forth other related matters.

Type of Item: ☐Ordinance ☒Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: Pursuant to Chapter 2256.005 of the Texas Public Funds Investment Act (PFIA), the governing body of an investing entity shall review its investment policy and strategies not less than annually. The City's current Investment Policy was certified by the Government Treasurers' Organization of Texas (GTOT) as meeting the requirements of the Public Funds Investment Act on March 31, 2019 and the certification remains effective through March 31, 2021.

As part of the investment policy review process, the investment policy requires that the investment officer (CFO) conduct an annual review of all financial institutions and broker/dealers who are qualified to invest City funds. In addition, the policy requires that a list of those qualified financial institutions and brokers/dealers be maintained pursuant to the investment policy. Staff has one update to the broker/dealer list, which is to reflect the merger of Southwest Securities and First Southwest into Hilltop Securities. Southwest Securities and First Southwest were previously included on the City's broker/dealer list. As a result of the merge, these two firms will be removed from the broker/dealer list and Hilltop Securities will be added (see Exhibit B). Other than the update to the broker/dealer list for fiscal year 2020, staff is not recommending any revisions to the City's current investment policy.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account:__________ **Amount:** __________ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☒ **Date Completed:**________________

Supporting documents attached:

- Resolution 20-R-16
- Exhibit A - FY20 Investment Policy
- Exhibit B - Updated Broker/Dealer list
- Certification of Acknowledgement Letter from Hilltop Securities Inc.
- 2018 GTOT Certification Award

Recommendation: Move to approve Resolution 20-R-16, adopting the City of Alvin Investment Policy FY 2020; providing for an effective date; and setting forth other related matters.

Reviewed by Department Head, if applicable ☐ Reviewed by Chief Financial Officer, if applicable ☒

Reviewed by City Attorney, if applicable ☐ Reviewed by City Manager ☒

RESOLUTION NO. 20-R-16

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, ADOPTING THE CITY OF ALVIN INVESTMENT POLICY FOR THE FISCAL YEAR 2020 FOR THE INVESTMENT OF MUNICIPAL FUNDS; AND SETTING FORTH OTHER RELATED MATTERS.

WHEREAS, Chapter 2256 of the Texas Government Code requires the City Council to annually review its Investment Policy regarding the investment of City funds and funds under its control;

WHEREAS, the City Council of the City of Alvin, Texas, desires to adopt its FY 2020 Investment Policy pursuant to Chapter 2256 Texas Government Code, Public Funds Investment Act; and

WHEREAS, pursuant to the Public Funds Investment Act, the governing body of the City shall adopt a resolution stating it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, THAT:

Section 1. Findings. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. The FY2020 City of Alvin Investment Policy was reviewed by City Council, includes amendments since the last adoption on September 17, 2018, and is hereby adopted as the investment policy of the City of Alvin, attached hereto as “Exhibit A.”

Section 3. The City Council approves and adopts the updated list of qualified brokers/dealers that are authorized to engage in investment transactions with the City, attached hereto as “Exhibit B.”

Section 4. Open Meetings. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED this the 21st day of May 2020.

THE CITY OF ALVIN, TEXAS | **ATTEST**

______________________________ | ______________________________

Paul A. Horn, Mayor | Dixie Roberts, City Secretary

CITY OF ALVIN
INVESTMENT POLICY

I. PURPOSE AND INTENT

It is the policy of the City of Alvin that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable State statutes, the City of Alvin Home-Rule Charter, City Ordinances and the standards of the Governmental Accounting Standards Board. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity while incurring minimal risks.

It is the stated intent of the policy to adhere by and to be in conformance with the statute known as Chapter 2256, Public Funds Investment Act, Texas Government Code as amended periodically by the Texas Legislature. Specific interpretation of a section contrary to this intent shall not avoid the remaining policy.

II. SCOPE

Consistent with this Policy the City will endeavor to earn a return on funds invested at the highest investment return possible after taking into account the primary goals of preservation and safety of principal, liquidity of funds invested, and yield. This investment policy applies to the funds of the City of Alvin, which include the following:

A. General Fund
B. Special Revenue Funds
C. Capital Projects Fund
D. Enterprise Funds
E. Trust and Agency Funds
F. Debt Service Fund, including Reserves and I & S Funds
G. Any other funds created by the City

III. OBJECTIVES

The primary objectives, in priority order, of the City investment activities for all fund groups shall be as follows:

A. **Preservation and Safety Principal** - Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification along credit and maturity lines is required so that potential losses on individual securities are a small fraction of the overall portfolio and do not exceed the income generated from the remainder of the portfolio.

B. **Liquidity** - The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.

C. **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

D. **Public Trust** - All participants in the City's investment process shall seek to act responsibly as custodians of public trust. Investment officials shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

IV. AUTHORIZED INVESTMENTS

All City investments shall comply with the Public Funds Investment Act and other applicable laws. Investments authorized by the Public Funds Investment Act are listed in Sections 2256.009 – 2256.016 and Sections 2256.019 – 2256.0201 of the Public Funds Investment Act. It is the policy of the City of Alvin to limit its investments to the following:

A. Obligations of the U.S. Treasury Bills and Notes

1. Maximum remaining maturity at time of purchase shall be three (3) years.

2. Maximum portfolio mix for these instruments, inclusive of all types, shall be fifty-percent (50%).

B. Local Government Investment Pools that have been authorized by the City Council by rule, ordinance, or resolution in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, which authorizes local governments in Texas to participate in an investment pool established hereunder.

1. Maximum weighted maturity of ninety (90) days.

2. To be eligible to receive funds from and invest funds on behalf of the City, the investment pool shall furnish to the investment officer an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(a) the types of investments in which money is allowed to be invested;
(b) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
(c) the maximum stated maturity date any investment security within the portfolio has;
(d) the objectives of the pool;
(e) the size of the pool;
(f) the names of the members of the advisory board of the pool and dates their terms expire;
(g) the custodian bank that will safe-keep the pool's assets;
(h) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
(i) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment,

such as insurance or guarantees, and a description of the secondary source of payment;

(j) the name and address of the independent auditor of the pool;

(k) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the City to invest funds in and withdraw funds from the pool; and

(l) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

3. To maintain eligibility to receive funds from and invest funds on behalf of the City the investment pool must furnish to the investment officer the following:

   (a) investment transaction confirmations; and
   (b) a monthly report that contains, at a minimum, the following information:

      i. the types and percentage breakdown of securities in which the pool is invested.
      ii. the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
      iii. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
      iv. the book value versus the market value of the pool's portfolio, using amortized cost valuation;
      v. the size of the pool;
      vi. the number of participants in the pool;
      vii. the custodian bank that is safekeeping the assets of the pool;
      viii. a listing of daily transaction activity of the City;
      ix. the yield and expense ratio of the pool;
      x. the portfolio managers of the pool; and
      xi. any changes or addenda to the offering circular.

4. A public funds - investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. A public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a $1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool created to function as a money market mutual fund shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

C. Repurchase Agreements - Fully collateralized direct repurchase agreements having a defined termination date, secured by direct obligations of the U.S. Treasury or U.S. agencies and instrumentalities, in market value of not less than one-hundred and two percent (102 %) of the principal amount of the City funds disbursed, pledged to the City, held in the City's name and deposited at the time the investment is made with a third party selected or approved by the City and placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in the State of Texas

1. Maximum maturity at purchase shall not exceed ninety (90) days with a total weighted average maturity, at any point in time, not to exceed thirty (30) days.

2. Portfolio mix of repurchase agreements shall be:

   (a) Overnight repurchase agreements - No limit
   (b) 30-day repurchase agreements - Not to exceed 15%
   (c) 60-day repurchase agreements - Not to exceed 10%
   (d) 90-day repurchase agreements –Not to exceed 5%

D. Certificates of Deposits issued by national and state banks domiciled in the State of Texas that are guaranteed or insured by the FDIC or its successor(s)

1. All certificates of deposits, in excess of the FDIC, must be collateralized and collateral must be held by a third party selected or approved by the City and valued on a monthly basis. The percentage of collateralization will adhere to law for deposits.

2. Maximum maturity on any certificate shall be three (3) years from the time of purchase and the portfolio mix shall not exceed forty percent (40%).

E. Certificate of Deposits made in accordance with the following conditions:

1. A broker that has its main office or a branch office in Texas and is selected from a list adopted by the City
2. the funds are invested by the City through a depository institution that has its main office or a branch office in Texas and that is selected by the City
3. the broker or the depository institution selected by the City under Subdivision (2) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, whenever located, for the City’s account;
4. the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
5. the depository institution selected by the City under Subdivision (2), an entity described by Section 2257.041(d), or a clearing broker dealer registered with the Securities and Exchange Commission and operating pursuant to Security and Exchange Commission Rule 15c3 3 (17C.F.R. Section 240.15c3 3) as custodian for the Authority with respect to the certificates of deposit issued for the City’s account.

F. Municipals - Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized rating agency and having received a rating of not less than "A" or its equivalent.

1. Maximum maturity shall be two years from the date of purchase
2. The portfolio mix shall not exceed thirty percent (30%).

G. Federal Instruments - Eligible for purchase are notes and discount notes of the Federal Home Loan Mortgage Association, Federal National Mortgage Association and Student Loan Marketing Association.

1. Maximum maturity at purchase shall be four (4) years.
2. Maximum portfolio mix for these instruments, inclusive of all types, shall not exceed fifty percent (50%).

H. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or the State of Texas or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

I. No-load. SEC registered and regulated money market mutual fund with a minimum rating of AAA-, or at an equivalent rating by at least one (1) nationally recognized rating service.

J. Overnight balances remaining with the City's depository institution subject to a written depository agreement. These are interest-bearing accounts, fully collateralized by pledged U.S. and Texas State government securities.

K. Although additional types of securities and instruments are approved for investment, they are not eligible for investment by the City under this policy. An amended version of this policy approved by the City Council is required prior to investments in any other investment instrument not specified herein.

V. MONITORING THE RATING CHANGES IN INVESTMENTS

Consistent with Section 2256.021, Texas Government Code, as amended, the Investment Officer shall monitor all investments that require a minimum rating under subchapter A of Chapter 2256 such that any such investment that does not have the minimum rating shall no longer constitute an authorized investment. Such investments that do not have the required minimum rating shall be liquidated within thirty (30) days of the investment's failure to maintain its required minimum rating.

VI. INVESTMENT STRATEGY FOR EACH OF THE FUND GROUPS

The investment strategy for each of the fund groups identified in the Scope section is set forth as follows:

A. **General Fund Investment Objectives**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments
5. The dollar weighted average maturity of 730 days or less will be calculated using the stated final maturity dates of each security.

B. **Special Revenue Funds Investment Objectives:**

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments

C. **Capital Projects Fund Investment Objectives**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments

D. **Enterprise Funds Investment Objectives**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments

E. **Trust and Agency Funds Investment Objectives**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments

2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments

F. **Debt Service Fund Investment Objectives**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of debt service required expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Short-term investments

G. **Investment Objectives of Any Other Funds Created by the City**:

1. Diversification to eliminate risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or specific class of investment instruments
2. Matching of regular operational expenditures of funds with investment interest, maturing investments and other income sources of the funds
3. Selection of maturities that provide for stability of income and liquidity
4. Investment of bond proceeds in accordance with the provisions of the bond ordinance, resolution or trust indenture authorizing the issuance of bonds.

H. **Priorities Used for Determination**

The separate investment strategies for these fund groups have been determined by using the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the City;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield

VII. INVESTMENT OFFICER

The Chief Financial Officer is designated the investment officer of the City and is responsible for investment decisions and activities which shall be conducted under the direction of the City Manager. The investment officer shall develop and maintain written and administrative procedures for operation of the investment program, which must be consistent with the pertinent federal and state laws and this Policy. In order to optimize total return through active portfolio management and preservation of capital, resources shall be allocated to the cash management program. The commitment of resources shall include financial and staffing considerations. The investment officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the investment officer is not available. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

A. **Training**

The investment officer, under Section 2256.008 of the Public Funds Investment Act, shall attend at least ten (10) hours of investment training within twelve months after assuming duties. At least ten (10) hours of training must be received every two (2) consecutive years beginning October 1st of the first year. This training shall be approved or endorsed by Government Treasurers Organization of Texas (GTOT), Government Finance Officers Association of Texas (GFOAT), the Texas Municipal League (TML), or North Central Texas Council of Governments.

B. **Internal Controls**

The investment officer is responsible for establishing and maintaining an internal control structure designed to prevent losses of public funds arising from fraud, theft, misuse, employee error, misrepresentations of third parties, unanticipated changes in financial markets or imprudent actions by any person involved in the investment program. Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. 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.

The internal control shall address the following points:

1. Control of Collusion **-** Collusion is a situation where two or more employees are working in conjunction to defraud their employer
2. Separation of Transaction Authority from Accounting and Record Keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial Safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by State Law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of Bearer Form Securities - Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of Authority to Subordinate Staff Member - Subordinate staff member must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. Written Confirmation of Telephone Transactions for Investments and Wire Transfers - Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax, if on letterhead, and the safekeeping institution has a list of authorized signatures.
7. Development of a Wire Transfer Agreement with the Lead Bank or Third Party Custodian - This agreement should outline the various controls, security provisions, and delineated responsibilities of each party making and receiving wire transfers.
8. Documentation of transactions and strategies.
9. Transfer of funds on behalf of the City shall only be to an account in the name of the City of Alvin at the City's depository bank.

C. Prudence

Investments shall be made with judgment and care under circumstances then prevailing that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. The standard of care shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. In other words, in determining whether the investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration (i) the investment of all funds or funds under the City's control over which the officer has responsibility rather than a consideration as to the prudence of a single investment and (ii) whether the investment decision was consistent with this Investment Policy.

D. Limitation of Personal Liability

The investment officer and those delegated investment authority, acting in accordance with the law and this Policy and exercising due diligence and prudence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that the deviations are reported immediately to the City Council and the City Manager and appropriate action is taken to control adverse conditions.

All participants in the investment process must seek to act responsibly as custodians of the public trust. Investment officials shall endeavor to avoid any transaction that might impair public confidence in the City of Alvin's ability to govern effectively.

E. Ethics and Conflicts of Interest

If the investment officer has a personal business relationship with an entity seeking to sell an investment to the City, he/she shall file a statement with the Texas Ethics Commission and City Council disclosing the personal business interest. If the investment officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Government Code, to an individual seeking to sell an investment to the City, he/she shall file a statement with the Texas Ethics Commission and City Council disclosing the relationship.

F. Reporting Requirements

The investment officer shall generate quarterly reports, which shall be submitted to the City Manager, Mayor, and City Council at the second regularly scheduled Council Meeting after the end of each quarter. The report shall cover the investment transactions for all funds identified in the Scope section for the preceding quarter. The report will include the following:

1. A detailed description of the City's investment position on the date of the report;
2. A summary statement of each pooled fund group that states the:

   (a) beginning market value for the reporting period;
   (b) additions and changes to the market value during the period; and
   (c) ending market value for the period; and
   (d) fully accrued interest for the reporting period.

3. A statement delineating the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
4. The maturity date of each separately invested asset that has a maturity date;
5. The account or fund or pooled group fund in the City for which each individual investment was acquired;
6. Overall weighted average maturity of the portfolio;
7. Overall current yield of the portfolio;
8. A statement of compliance of the investment portfolio as it relates to the investment strategy expressed in this Policy and the requirements of the Public Funds Investment Act;
9. Any additional information sufficient to permit an independent audit.

   The report shall be signed by the investment officer. The City, in conjunction with its annual financial audit, shall conduct a compliance audit of management controls on investments and adherence to this Policy.

G. Compliance

Quarterly reports must be formally reviewed at least annually by an independent auditor and reported to the governing body. (The City is exempt from this review if it only invests in money market mutual funds, investment pools or accounts offered by its depository bank in the form of CDs or money market accounts) PFIA 2256.023 (d).

VIII. REVIEW AND ADOPTION OF INVESTMENT POLICY

The City of Alvin Investment Policy shall be reviewed on an annual basis by the City Council and shall be formally adopted by Resolution of the City Council.

IX. DIVERSIFICATION LIMITATIONS

At a minimum, diversification standards by security type and issuer shall be:

U.S Treasury and Securities with U.S. Government guarantee	Not to Exceed 50%
U.S. Government Agencies and Instrumentalities	Not to Exceed 50%
Certificates of Deposits	Not to Exceed 40%
CDARS	Not to Exceed 40%
Money Market Funds	Not to Exceed 30%
Local Government Investment Pools	Not to be less than 50%
Repurchase Agreements:	
Overnight repurchase agreements	No limit
30-day repurchase agreements	Not to Exceed 15%
60-day repurchase agreements	Not to Exceed 10%
90-day repurchase agreements	Not to Exceed 5%

X. EXISTING INVESTMENTS

Any investments currently held that do not meet the guidelines of this Policy shall be reviewed to determine ability to liquidate. If the security cannot be liquidated because of material adverse changes in value since the time of purchase, and holding the security to maturity does not negatively affect disbursement or cash flow, a recommendation of holding the security to maturity is acceptable. At all times, liquidations shall be effected taking into account the prudent person standard.

XI. PROHIBITED INVESTMENTS

There is an absolute prohibition on investments in any of the following investment instruments:

A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; interest-only strips.

B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; principal-only strips.

C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.

D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; inverse floaters.

E. The City will not invest in mortgage backed derivative products.

F. The City will not invest in commercial paper.

G. The City is not authorized to invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in §2256.014 Section (b) of the Public Funds Investment Act.

XII. INVESTMENT OF BOND PROCEEDS

Bond proceeds may be invested in accordance with the provisions of the bond ordinance, resolution or trust indenture authorizing the issuance of the bonds. To the extent of any inconsistency between the provisions of this Policy and the operative bond instrument, the investment terms contained in the operative bond instrument shall control; provided however, that no such investment of bond proceeds shall be made in investments which are not authorized by this Policy.

XIII. PERFORMANCE STANDARDS

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should earn a market average rate of return during a market/economic environment of stable interest rates. The market price of investments acquired with public funds should be monitored at least quarterly. Portfolio performance shall be compared to appropriate benchmark on a regular basis. The City's portfolio shall be compared to the rate of return of the Three (3) month Treasury Bill as reported by the U.S. Department of the Treasury..

XIV. QUALIFIED INSTITUTIONS

A Depository Bank shall be selected through the City's banking services procurement process, which shall include a formal request for proposal (RFP). In selecting a depository, the credit worthiness of institutions and the ability to meet the City's banking needs shall be considered, and the Chief Financial Officer shall conduct a comprehensive review of each prospective depository. No deposit of public funds shall be made except in a qualified depository as established and defined by state laws. Banks and Savings and Loan Associations seeking to establish eligibility for the competitive certificates of deposit purchase programs shall submit a current audited financial statement and must comply with the requirements of the Public Funds Investment Act and other applicable laws.

The City shall maintain a list of financial institutions and brokers/dealers that have been selected by credit worthiness and authorized to provide investment services pursuant to this Policy. These may include "primary" dealers reporting to the Market Reports Division of the Federal Reserve Board of New York, also known as the "Primary Government Security Dealers" unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. Investment officials shall not knowingly conduct business with any firm with whom public entities have sustained losses on investments. All Securities dealers shall provide the City with references from public entities they are currently serving.

Brokers/Dealers that desire to become qualified bidders for investment transactions must submit the following documents: audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) certificate, and 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 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 and interpretation of subjective investment standards.

"Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

A. For an organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the Financial Industry Regulatory Authority;

B. For a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or

C. For an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the certification on behalf of the investment pool.

An annual review of all qualified financial institutions and broker/dealers will be conducted by the investment officer and adopted by the council.

XV. SAFEKEEPING

All instruments purchased by the City shall be held in third party safekeeping by an institution designated as primary agent and shall be conducted on a delivery versus payment basis. The primary agent shall issue a safekeeping receipt with securities held in the City's name to the City listing the specific instrument, rate, maturity and other pertinent information. The City shall enter into a formal agreement with an institution of such size and expertise as is necessary to provide the services needed to protect and secure the investment assets of the City, as may be required by state or federal law. Safekeeping procedures shall be reviewed annually by the City's independent auditor and the Committee.

XVI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

Before the City invests surplus funds, a "bid" process shall be conducted. Bids will be solicited from at least three financial institutions or brokers/dealers. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments which meet the maturity requirement.
The City will consider a successful bid that conforms to this Policy and the law and that provides the highest rate of return with the required maturity. Records will be kept of the bids offered, the bids accepted, and a brief explanation of the decision, which was made regarding the investment.

XVII. COLLATERALIZATION

Collateralization is required for all uninsured collected balances, plus accrued interest, if any. Except for government securities, as security for deposits, the financial institution or broker/dealer shall pledge securities equal to 102 percent of the investment or be adequately covered by FDIC insurance.

Evidence of the pledged collateral shall be maintained by the Chief Financial Officer and held by an independent third party with whom the City has a current custodial agreement. Any financial institution requesting substitution of collateralized securities must contact the Investment Officer for approval and settlement. The substituted security's value will be equal to or greater than the required security value. Written notification of the substitution must be provided to the bank or safekeeping agent prior to any security release.

Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure.

In cases where the City purchased any securities from its depository institution, under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), valid collateral pledges for deposits against the FDIC must meet the following requirements:

A. The security agreement must be in writing.

B. It must be executed contemporaneously with the acquisition of the asset by the depository institution.

C. It must be approved by the depository institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board of committee.

D. It must be an official record of the depository institution continuously since it was executed.

EXHIBIT "B"

List of Authorized Broker/Dealers

AMEGY BANK
ALLEGIANCE BANK
AMERICAN BANK
BANK OF AMERICA
BANK OF HOUSTON
BANK OF NEW YORK
BANK OF TEXAS
BANK OF THE WEST
BBVA COMPASS
CAPITAL ONE
CAPITAL BANK
CENTRAL BANK
CHASEWOOD BANK
CITIBANK N.A.
COMERICA BANK
COMMERCIAL STATE BANK
COMMUNITY BANK OF TEXAS
COMMUNITY STATE BANK
COASTAL SECURITIES
ENCORE BANK
ENTERPRISE BANK
FEDERATED INVESTORS,INC.
FIDELITY INVESTMENTS
FIRST BANK OF CONROE
FIRST BANK OF TEXAS
FIRST BANK AND TRUST
FIRST COMMUNITY BANK
FIRST NATIONAL BANK
FIRST NATIONAL BANK BASTROP
FIRST TEXAS BANK
FISERV INVESTOR SERVICES
~~FIRST SOUTHWEST ASSET MANAGEMENT INC~~
FOUNDERS BANK
FROST BANK
GREEN BANK
HERITAGE BANK
HERRING NATIONAL BANK
HILLTOP SECURITIES
HOMETOWN BANK N.A.
HOUSTON COMMUNITY BANK
HOUSTON SAVINGS
ICON BANK
INDEPENDENCE BANK
INTERNATIONAL BANK OF COMMERCE
JP MORGAN CHASE
LIBERTAD BANK
LEGACY TEXAS BANK
LOCAL GOVT INVESTMENT COOPERATIVE
LONE STAR BANK
LONE STAR INVESTMENT POOL
MAIN STREET BANK
MERRILL LYNCH, INC.
MIDSOUTH BANK NA
METRO BANK
MEMORIAL CITY BANK
MOODY NATIONAL BANK
MORGAN KEEGAN, INC.
MORGAN STANLEY
NEW FIRST NATIONAL BANK OF ROSENBERG
OASIS CAPITAL BANK
OMNI BANC
PARTNERS BANK OF TEXAS
PATRIOT BANK
PLAINS CAPITAL BANK
PLAINS STATE BANK
POST OAK BANK
PREFERRED BANK
PROSPERITY BANK
RBC CAPITAL MARKETS
REGIONS BANK
SECURITY STATE BANK
SPIRIT OF TEXAS BANK
~~SOUTHWEST SECURITIES~~
STATE BANK OF TEXAS
STERLING BANK
TEXPOOL
TEXSTAR INVESTMENT POOL
TEXAN BANK (formerly Bank of Fort Bend)
TEXAS CAPITAL BANK
TEXAS CLASS INVESTMENT POOL
TEXAS COMMUNITY BANK
TEXAS FIRST BANK
TEXAS INDEPENDENT BANK
TEXAS SAVINGS BANK
TEXAS CITIZENS BANK
THE BANK OF RIVER OAKS
THE RIGHT BANK FOR TEXAS
TRADITION BANK
TRUSTMARK NATIONAL BANK
TRI STAR FINANCIAL
UNITY NATIONAL BANK
US BANK
VISTA BANK TEXAS
WALLIS STATE BANK
WELLS FARGO
WESTBOUND BANK
WHITNEY BANK
WOODFOREST NATIONAL BANK

MBIA TEXAS CLASS

Broker-Dealer Certification

The City acknowledges that the only means the firm has to preclude unauthorized investment transactions between the firm and the City is to confirm that all provisions of the City's investment policy are followed in investment transactions conducted between the firm and the City, and, the second paragraph below should be read accordingly.

I, **Gilbert Ramon**, as a qualified representative for the firm, **Hilltop Securities Inc.**, do hereby certify that I, the broker covering this account, have received and reviewed the investment policy of the City of Alvin, Texas.

I acknowledge that HilltopSecurities has implemented reasonable internal procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and HilltopSecurities 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 and interpretation of subjective investment standards.

Gilbert Ramon

Gilbert Ramon, Vice President
May 6, 2020

Government Treasurers' Organization of Texas

Certification of Investment Policy

Presented to the

City of Alvin

for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas.

Government Treasurers' Organization of Texas
President

Investment Policy Review Committee
Chairperson

For the two-year period ending March 31, 2021

AGENDA COMMENTARY

Meeting Date: 5/21/2020

Department: City Council **Contact:** Paul Horn, Mayor

Agenda Item: Consider the Mayor's appointment of Mayor Pro-tem.

Type of Item: ☐Ordinance ☐Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☒Other

Summary:

City Council Position	Council member	Year Elected	Term Expires	Served as Mayor Pro-tem
At Large 1	Brad Richards	2012, 2015, 2018	2021	Yes
At Large 2	Joel Castro	*2018, 2019	2022	No
District A	Martin Vela	2019	2022	No
District B	Adam Arendell	2012, 2015, 2018	2021	Yes
District C	Keith Thompson	*2014, 2015, 2018	2021	Yes
District D	Glenn Starkey	2016, 2019	2022	Current
District E	Gabe Adame	2014, 2017	2020	Yes

*= filled unexpired term

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account:____________ **Amount:** ____________ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☒ Required ☐ **Date Completed:**____________________

Supporting documents attached:

Recommendation: Move to approve the Mayor's appointment of City Council member ________________ to serve as Mayor pro-tem.

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☐

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒