



A G E N D A

**REGULAR MEETING
OF THE HIGHLAND VILLAGE CITY COUNCIL
TUESDAY, NOVEMBER 14, 2017, at 6:00 P.M.
HIGHLAND VILLAGE CITY COUNCIL CHAMBERS
1000 HIGHLAND VILLAGE ROAD, HIGHLAND VILLAGE, TEXAS**

**Convene Meeting in Open Session
Training Room – 6:00 P.M.**

**EARLY WORK SESSION
Training Room**

1. Discuss Market Cities and Position Strategy relating to Annual Employee Compensation and Benefits Comparisons
2. Discuss the City's Financial Policies
3. Discuss Regulations relating to Peddlers and Solicitors in Highland Village
4. Clarification of Consent or Action Items listed on today's City Council Regular Meeting Agenda of November 14, 2017

(Items discussed during Early Work Session may be continued or moved to Open Session and/or Late Work Session if time does not permit holding or completing discussion of the item during Early Work Session)

**CLOSED SESSION
Training Room**

5. Hold a closed meeting in accordance with the following sections of the Texas Government Code:
 - (a) Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)
 - (b) Section 551.074 – Personnel – Follow up Discussion regarding Council Appointee Reviews

**OPEN SESSION
City Council Chambers – 7:30 P.M.**

6. Call to Order
7. Prayer to be led by Councilmember John McGee
8. Pledge of Allegiance to the U.S. and Texas Flags to be led by Webelos Den from Pack 299

9. **Visitor Comments** *(Anyone wishing to address the City Council must complete a Speakers' Request form and return it to the City Secretary. In accordance with the Texas Open Meetings Act, the City Council is restricted in discussing or taking action on items not posted on the agenda. Action on your statement can only be taken at a future meeting. In order to expedite the flow of business and to provide all visitors the opportunity to speak, the Mayor may impose a three (3) minute limitation on any person addressing the City Council. A thirty (30) minute time allotment is set for this section, and the remaining speakers will be heard at the end of the Action Agenda.)*
10. **City Manager/Staff Reports**
 - **HVTV Update**
11. **Mayor and Council Reports on Items of Community Interest** pursuant to Texas Government Code Section 551.0415 the City Council may report on the following items: (1) expression of thanks, congratulations or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming City Council events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety

CONSENT AGENDA

All of the items on the Consent Agenda are considered for approval by a single motion and vote without discussion. Each Councilmember has the option of removing an item from this agenda so that it may be considered separately and/or adding any item from the Action Agenda to be considered as part of the Consent Agenda items.

12. **Consider Approval of Minutes of the Regular Meeting held on October 24, 2017**
13. **Consider Ordinance 2017-1236 Amending the Code of Ordinances by Repealing the Composting and Household Hazardous Waste Programs Fee (2nd and final read)**
14. **Consider Resolution 2017-2716 Authorizing the Purchase of Equipment and Camera for the Public Works Department**
15. **Consider Resolution 2017-2717 Authorizing the City Manager to Enter into Interlocal Cooperation Agreements with Denton County for Fire Protection Services and Ambulance Services**
16. **Receive Investment Report for the Quarter Ending September 30, 2017**

ACTION AGENDA

17. **Take action, if any, on matters discussed in closed session in accordance with the following sections of the Texas Government Code:**
 - (a) **Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)**
 - (b) **Section 551.074 – Personnel – Follow up Discussion regarding Council Appointee Reviews**
18. **Consider Ordinance 2017-1237 Repealing Ordinance 02-896 Adopting Revised Financial Policies of the City (1st of two reads)**

19. Consider Ordinance 2017-1238 Amending the Code of Ordinances Section 6.03.005 relating to Hours and Days of Operation for Peddlers and Solicitors (1st of two reads)
20. Consider Resolution 2017-2715 Casting the City of Highland Village Votes for Denton Central Appraisal District Board of Directors

LATE WORK SESSION

(Items may be discussed during Early Work Session, Time Permitting)

21. Discuss Options relating to the Use of Neighborhood Electric Vehicles (NEV), Low Speed Vehicles (LSV) and Golf Carts in Highland Village
22. Status Reports on Current Projects and Discussion on Future Agenda Items (A Councilmember may inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.)
23. Adjournment

I HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE PUBLIC BULLETIN BOARD AT THE MUNICIPAL COMPLEX, 1000 HIGHLAND VILLAGE ROAD, HIGHLAND VILLAGE, TEXAS IN ACCORDANCE WITH THE *TEXAS GOVERNMENT CODE, CHAPTER 551*, ON THE 10TH DAY OF NOVEMBER, 2017 NOT LATER THAN 4:00 P.M.


Angela Miller, City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (972) 899-5132 or Fax (972) 317-0237 for additional information.

Removed from posting on the _____ day of _____, 2017 at
_____ am / pm by _____.

CITY OF HIGHLAND VILLAGE

COUNCIL BRIEFING

AGENDA# 1

MEETING DATE: 11/14/17

SUBJECT: Discuss Market Cities and Position Strategy in regards to Employee Compensation and Benefits Comparisons

PREPARED BY: Jana Onstead, Director of Human Resources

BACKGROUND:

In support of the City's Organizational Values related to the City's workforce, the City of Highland Village has consistently supported a competitive and fiscally sustainable salary and benefits package. The City's benefits are top notch, and our pay schedules are developed with careful consideration of several factors, including: essential job functions, internal equity, supervisory responsibility, and market comparison.

Established in 2000, the compensation system has undergone several formal updates in 2003, 2005, and 2007. Over the years, we have done an excellent job with maintaining an attractive compensation and benefits package through annual market studies and position reviews. This has ensured that we have met the goal of maintaining a mid-market position in regards to salaries, and offering a benefits package that ranks in the top 25% of the market.

IDENTIFIED NEED/S:

The current list of comparative market cities has not been reviewed since 2007. Since that time, many changes have occurred both within the City of Highland Village and throughout the area, including an economic downturn and subsequent recovery, rising property values, population growth, and a reduction in the unemployment rate.

These events have resulted in significant changes for cities, and perhaps the comparative market cities that made sense for Highland Village in 2007 may not necessarily be the best benchmarks in the current economic environment.

OPTIONS & RESULTS:

With the assistance of the GIS Administrator and Information Systems Director, data was gathered on all area cities within a 40-mile radius utilizing NCTCOG and city budget documents. The following criteria were used to determine potential market cities:

- Population
- Growth Rate
- Full Time Employees (FTEs)
- FTEs per capita (per 1,000 citizens)
- Average Home Value
- Tax Rate
- Debt Rate
- Median Household Income
- Total Operating Budget

- % Operating Budget Dedicated to Personnel (compensation & benefits)

The data supports a change is needed in the market cities list.

PROGRESS TO DATE: (if appropriate)

Data showing the current market cities and proposed city changes will be provided at the meeting. Staff recommends continuing with the current strategy of targeting in general a mid-market position for salaries and top 25% for benefits.

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

The new list of market cities will be utilized in the annual salary comparisons to be conducted in Q2 of this year, and results will be considered with the FY 2018-2019 budget process.

RECOMMENDATION:

Discuss the recommended market city changes and strategy.

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA#	2	MEETING DATE:	11/14/17
SUBJECT:	Discuss the City's Financial Policies		
PREPARED BY:	Ken Heerman, Asst. City Manager		

BACKGROUND:

Financial policies are a key fixture of sound fiscal administration. These policies provide guidelines for the financial management staff in planning and directing the City's day-to-day financial operations. The last update to the City's financial policies was in 2002 and was adopted by ordinance. Following a comprehensive review and update of the policies to conform to current practice and changes to state law, a replacement financial policy, with addition of a debt management policy, is proposed.

IDENTIFIED NEED/S:

As the City Charter no longer requires adoption of the City's financial policies by ordinance, and to be consistent with general practice of the City approving policies by resolution, repealing of the ordinance is suggested. This is to be in conjunction with approval of the updated policies by resolution, concurrent with second read of the repealing ordinance.

OPTIONS & RESULTS:

The proposed updated policies follow this briefing, to be discussed as a work-session item this meeting, with intent to submit to Council for approval at the December 12th meeting.

PROGRESS TO DATE: (if appropriate)

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

RECOMMENDATION:

This is a discussion item only. Agenda Item #18 is related to the City's financial policies. At this time, Ordinance 2017-1237 is to repeal our existing policies. At the December 12th Council meeting, a resolution will be presented to adopt the City's revised financial policies.



FINANCE
1000 Highland Village Road
Highland Village, TX 75077
972-899-5089 F 972-899-5100
www.highlandvillage.org

Financial Policy

Adopted _____

Preamble

As a home-rule City, the City Charter serves as the basic law of the City. Article II addresses revenues: Section 2.04 establishes the power to tax, and Sections 2.06 and 2.07 establish power to provide utility rates. Article VI addresses financial procedures: specifically addressing a fiscal budget and five-year capital program (Sections 6.02 – 6.09), depository (Section 6.10), audit (Section 6.11), administration of budget and tax collection (Sections 6.12 – 6.15), debt issuance (Section 6.16), and purchasing authority (Section 6.17). Financial policies are subordinate to the Charter and are intended to be a tool to accomplish the standards established by the Charter and to ensure that the City is financially able to meet its current and future service needs. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of the City.

Municipal resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet immediate and long-term needs.

The policy framework includes the following objectives:

- 1.00 General Fund Reserve Policy: Maintain the General Fund reserves at a level sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations.
- 2.00 Utility Fund Reserve Policy: Maintain the Utility Fund reserves at a level to support continuity of operations and maintain a stable fee structure.
- 3.00 Revenues: Design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.
- 4.00 Expenditures: Ensure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.
- 5.00 Operating Budget: Establish guidelines for developing an operating budget to ensure financial stability and to express the Council's vision for how the City will serve its community.
- 6.00 Capital Asset Management: Review and monitor the status of the City's capital assets, setting priorities for addition, replacement, and renovation of such assets based on needs, funding alternatives, and availability of resources.
- 7.00 Long-Term Financial Planning: Establish a plan in providing stable tax and service levels to the community over a multi-year period to strategically and proactively recognize and address issues impacting financial position.

- 8.00 Debt: Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.
- 9.00 Investments: Invest the City's cash in such a manner so as to ensure the safety of principal and interest, to meet liquidity needs of the City, and to achieve the highest reasonable market yield.
- 10.00 Accounting, Auditing, and Financial Reporting: Comply with the prevailing federal, state, and local statutes and regulations, as well as current professional principles and practices.
- 11.00 Internal Controls: Establish and maintain an internal control structure designed to provide reasonable assurance in achieving effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.
- 12.00 Risk Management: Establish guidelines to effectively and efficiently mitigate hazard risks.
- 13.00 Economic Development: Initiate, encourage, and participate in economic development efforts to provide stable future resources and quality services to its citizens.
- 14.00 Procurement: Design, maintain and administer a purchasing system that ensures financial responsibility and transparency.

GOVERNMENTAL FUNDS RESERVE POLICY

- 1.00 Governmental Funds Reserve Policy: Maintain the governmental funds reserves at a level sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations.

1.01 Definition and Purpose of Fund Balances

Fund balance is the accumulated difference between assets and liabilities in a governmental fund. The City's financial statements will report up to five components of fund balance: (A) nonspendable; (B) restricted; (C) committed; (D) assigned; and (E) unassigned.

- A. Nonspendable fund balance consists of funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.
- B. Restricted fund balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
- C. Committed fund balance consists of funds that are set aside for a specific purpose by the City's highest level of decision making authority. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

The City Council has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of resolution. The passage of a resolution must take place prior to September 30th of the applicable fiscal year.

- D. Assigned fund balance consists of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Authority is given to the City Manager to assign funds for specific purpose in an amount not to exceed \$50,000 per purpose or \$200,000 in total. The City Council has the authority to assign funds for the intended use of a specific purpose or remove an assignment made by the City Manager.

- E. Unassigned fund balance consists of funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected operating deficit.

1.02 Definition and Purpose of Reserves

Committed, assigned and unassigned fund balances together comprise of “unrestricted fund balance.” Unrestricted fund balances are resources available to establish reserves.

1.03 General Fund Reserves

The City shall maintain a minimum General Fund unrestricted fund balance of 20% of current year operating expenditures with a target range of 20 - 25%.

General fund balance reserves will be established over a period of time resulting from revenues in excess of expenditures and one-time revenue sources. The City shall institute conservative budgeting practices and efficiently control expenditures to maintain the targeted level of reserves.

If the level of reserves exceeds target levels, a reduction may be accomplished with a budgeted draw-down of reserves for one-time capital expenditures. In addition, reserves may be used at the discretion of the City Council through an Ordinance amending the original budget to provide resources to supplement temporary decreased revenues or to provide temporary resources in the event of economic downturn. To provide resources for a public emergency affecting life, health, property or the public peace, the City Council may use reserves through an emergency Ordinance.

If reserves fall below the minimum balance, the reserves shall be replenished in the following year of use, if feasible. If replenishment is not possible in the following year, a plan will be approved to replenish the reserves within five years after use.

1.04 Debt Service Fund Reserves

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest of the City's general obligation (property tax supported) debt.

The Debt Service Fund reserves shall generally be maintained at a level equivalent to 10% of the current year debt service requirement, net of the Highland Village Community Development Corporation's reimbursement related to their associated debt service.

UTILITY FUND RESERVE POLICY

- 2.00 Utility Fund Reserve Policy: Maintain the Utility Fund reserves at a level to support continuity of operations and maintain a stable fee structure.

2.01 Definition and Purpose of Reserves

The reserve for the Utility Fund is measured as working capital, current unrestricted assets less current liabilities. The measure of working capital indicates the relatively liquid portion of total Utility Fund capital, which constitutes a margin or buffer for meeting obligations.

2.02 Utility Fund Reserves

The City shall maintain a minimum working capital balance of 55 days of operating expenses with a target of 90 days. The Utility Fund reserve will be funded over time by accumulation of positive operating income. Due to volatility of utility revenues, the reserve may be used temporarily to stabilize the water and sewer rate structure. The use of the reserve shall be approved by City Council through an Ordinance to amend the original budget.

In the event that the reserves fall below the stated balance, the reserves shall be replenished in the following year of use, if feasible. If replenishment is not possible in the following year, a plan will be approved to replenish the reserves within five years after use. The plan may include reducing expenses or adjustment to the water and sewer rate structure.

Working capital in excess of the minimum reserve may be invested according to the City's investment policy.

HIGHLAND VILLAGE COMMUNITY DEVELOPMENT CORPORATION RESERVE POLICY

2.00 Definition and Purpose of Reserves

The reserve for the Highland Village Community Development Corporation (HVCDC) Fund is measured as total fund balance net of bond proceeds and related capital expenditures.

2.01 HVCDC Reserves

The City shall maintain a minimum HVCDC unrestricted fund balance equivalent to 20% of current year operating expenditures (net of capital expenditures other than equipment), inclusive of transfer to Debt Service Fund for debt service issued by City on behalf of the HVCDC.

In the event that the reserves fall below the stated balance, the reserves shall be replenished in the following year of use, if feasible. If replenishment is not possible in the following year, a plan will be approved to replenish the reserves within five years after use.

Working capital in excess of the minimum reserve may be invested according to the City's investment policy.

REVENUES

- 3.00 Design, maintain and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services.

3.01 Revenue Goals

Diversification and Stabilization: The City shall strive to maintain a stable and diversified revenue system to protect the City from fluctuations in any one source due to changes in local economic conditions, which adversely impact that source.

Equity: The City shall make every effort to maintain equity in its revenue system structure. The City shall seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities and customers. The revenue base will have the characteristic of fairness and neutrality as it applies to cost of service and willingness and ability to pay.

Relation to Economic Development: The City's overall revenue structure should be designed to recapture some of the financial benefits resulting from local economic and community development. The City will strive to keep a total revenue mix that encourages growth and improvements and keeps the City economically competitive.

Revenue Collection and Administration: The City shall maintain high collection rates for all revenue by keeping the revenue system as simple as possible in order to facilitate payment. In addition, since revenue should exceed the cost of producing it, the City shall strive to control and reduce administrative costs. The City shall pursue to the full extent allowed by state law all delinquent taxpayers and others overdue in payments to the City.

3.02 Non-Recurring Revenues

Non-recurring revenues should be used only for one-time expenditures and not for ongoing expenditures. By definition, non-recurring revenues cannot be relied on in future budgets. Examples of non-recurring

revenues include insurance recoveries, sales of City assets or other one-time payments to the City.

The best use of non-recurring revenues is to invest in projects that will result in long-term operating cost savings. Appropriate uses of non-recurring revenues include early debt retirement, capital expenditures that will reduce operating costs, information technology projects that will improve efficiency and special projects that will not incur on-going operating costs.

3.03 Volatile Revenues

Sales tax revenue is a volatile source of revenue since it is a direct function of business cycles. The City shall budget sales tax revenue at a normal growth rate to on-going programs. Sales tax revenues that exceed the normal growth rate shall generally be used for one-time expenditures or to increase reserves for economic downturns. When sales tax revenue is less than the normal growth rate, it may be necessary to use reserves until appropriate expenditure reductions or other measures can be implemented.

Interest income is another source of volatile revenue. Interest earnings that exceed the average annual earnings over the normal growth rate shall be used for one-time expenditures or to increase reserves. Interest earned from investments shall be distributed to the general, utility and other City funds from which the money was provided, wherever possible.

3.04 New Revenues and Changes to Revenues

If a new revenue source or changes to a current revenue source is deemed necessary to maintain a diverse and stable revenue system, the following factors shall be considered.

- Stability of the revenue sources over its expected life.
- Suitability to the program or purpose it is intended to fund.
- Fair distribution of revenue burden as measured by ability to pay, the benefits received, or the community's definition of the fair share of the revenue burden.
- Acceptability to the community.
- Impact on economic competitiveness relative to other communities.
- The cost of administering a tax or fee should bear a reasonable relation to revenue collected.
- Minimal effect on private economic decisions.

3.05 Revenue Estimates

The City shall estimate revenues objectively to minimize revenue shortfall during the year. Multi-year revenue forecast shall be provided to give the

City additional lead time to react to expected revenue shortfalls, or to more strategically manage predicted revenue surges.

3.06 User Fees

For services that benefit specific users, the City shall establish and collect fees to recover the costs of those services. The City Council shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the City shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure and to recommend adjustments where necessary.

3.07 Utility Rates

It is the intention of the City that the utility fund be self-supporting. As a result, utility rates shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements and provide adequate levels of working capital. The City shall seek to eliminate all forms of subsidization to utility from the general fund.

3.08 Administrative Services Charges

Components of utility rates include transfers to the general fund for an administrative fee, which will be charged to the utility fund for services of general overhead such as administration, finance, personnel, data processing and legal counsel. This fee will be substantiated by a reasonable allocation basis of utilization of services.

3.09 Property Tax Revenues

The City shall endeavor to reduce its reliance on property tax revenues by revenue diversification, implementation of user fees, and economic development. The City shall also strive to minimize the property tax burden on Highland Village citizens.

All real and business personal property located within the City shall be valued at fair market value for any given year based on the current appraisal supplied to the City by the Denton Central Appraisal District. All delinquent taxes shall be aggressively pursued each year. Tax accounts delinquent greater than 150 days shall be turned over to the Delinquent Tax Attorney as provided in the agreement between the Denton County Tax Assessor/Collector and the City. A penalty shall be accessed to compensate the attorney as allowed by State law and in accordance with the attorney's contract.

3.10 Grants

Grants Guidelines: The City shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and

high priority needs previously identified by Council. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

Grant Application: All grant applications shall be reviewed for their cash match requirement, their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the City's policy objectives. If there are cash match requirements, the source of funding shall be identified prior to application. Under the knowledge and direction of the City Manager, departments are responsible for submitting the grant application. A copy of the grant application, award letter, and any other correspondence shall be forwarded to the Finance Department.

Request for Reimbursement and Financial/Performances Reports: Departments and the Financial Department shall work in conjunction to process and submit request for reimbursements and required Financial and Performances Reports. A copy of all reports shall be forwarded to the Finance Department.

Grant Program Termination: The City shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified.

EXPENDITURES

- 4.00 Ensure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

- 4.01 Funding Operations

- The City shall commit to a level of expenditures sufficient to ensure the ongoing health, safety, and welfare of the community. All operating expenditures must be supported by the operating revenues. Expenditures shall not expand beyond the City's ability to pay for them with the current revenues.

- 4.02 Personnel Compensation

- The City strives to foster a workforce comprised of professional, highly qualified, and customer friendly employees. In an effort to achieve this goal, the City shall maintain compensation packages that are sufficient to attract and retain quality employees and to be competitive with other public-sector employers.

- To contain personnel cost, the following policies must be achieved.

- Council must explicitly authorize all new positions before they are filled.
- Productivity-enhancing options must be analyzed before a new position is created.
- Overtime must be pre-authorized before it is incurred.

4.03 Funding Non-Current Liabilities

Asset Maintenance and Replacement: Within the resources available each fiscal year, the City shall strive to maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to continue service levels.

The City will annually forecast its equipment and infrastructure replacement and maintenance needs for the next five years. A maintenance and replacement schedule will be developed and followed. Future maintenance needs for all new capital assets will be estimated and considered as a decision criterion.

Pensions and Other Post Employment Benefits: The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

The plan provisions are adopted by the City through ordinance and are within the options available in the governing state statutes of TMRS. Plan provisions for the City are as follows:

- Employee deposit rate - 7%
- Matching ratio (city to employee) – 2 to 1
- Years required for vesting – 5
- Service retirement eligibility (expressed as age/years of service) – 60/5, 0/20
- Updated service credit – 100% repeating, transfers
- Annuity increase (to retirees) – 70% of CPI

The following are actuarial assumptions as established by TMRS:

- Actuarial cost method – entry age normal
- Amortization method – level percent of payroll
- GASB 25 equivalent single amortization period – 30.0 years; closed period
- Amortization period for new gains/losses – 30 years
- Asset valuation method – 10-year smoothed market
- Investment rate of return – 7.0%
- Projected salary increases – varies by age and service
- Inflation rate – 3.00%

- Cost-of-living adjustments – 2.1%

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary; retired employees are insured for \$7,500; this coverage is an "other post employment benefit."

The City shall contribute the full amount of the annual required contribution each year with a target funding of 100 percent or more funded ratio.

OPERATING BUDGET

- 5.00 Establish guidelines for developing an operating budget to ensure financial stability and to express the Council's vision for how the City will serve its community.

5.01 Key Budget Features

Scope: The City's operating budget shall include all operating funds including, but not limited to, the General Fund, Utility Fund, Debt Service Fund, and all Special Revenue Funds. Additionally, the Highland Village Economic Development Corporation, a blended component unit of the City shall be in the primary government's budgeting process.

Length of Budget Period: The budget shall be adopted for a period of one fiscal year. The budget period shall begin on the first day of October and end on the last day of September. Multi-year forecasting may be utilized for long-term planning.

Basis of Budgeting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and Special Revenue Funds. The Capital Project Fund is appropriated on a project-length basis.

The annual budget for the Utility Fund is prepared on a modified accrual basis. Under the modified accrued basis, capital expenditure and the redemption of bonds and leases are recorded as expenditures. Depreciation and amortization cost are not budgeted.

Level of Control: The legal level of control for City budget shall be at the departmental and category level (personnel, services and supplies, and capital outlay).

Balanced Budget: The operating budget shall be balanced with current revenues, inclusive of beginning resources that exceed fund balance targets, greater than or equal to current expenditures/expenses.

Budget Shortfall: As the budget is based on projections for the upcoming fiscal year, it is possible for a decrease in revenues or for unexpected large expenditures to result in a budget shortfall. The choice of strategies often depends on the amount of time remaining in a fiscal year and severity of the shortfall, or if the shortfall is anticipated to be temporary or on-going. The primary objective is to ensure the City achieves its fund balance targets at year-end – while minimizing service level reduction.

When necessary, the following budget balancing strategies will be used, in order of priority:

Stage 1

- **Delay budgeted items not yet implemented.** Consider delaying scheduled equipment replacement and review supplemental items that were approved in previous year budget process not yet implemented or purchased, to see if they can be delayed.
- **Revenue transfers.** Consider transfer of excess revenues from various special funds, if available, to the general fund.
- **Use of one-time revenues.** Review use of one-time, non-recurring revenues to fund ongoing expenditures (i.e. funding general fund projects such as street overlays with existing bond proceeds).
- **Delay filling of vacancies.** Delay filling of vacant positions as needed.
- **Targeted cuts.** Review reduced funding for low priority programs. Defer or cancel the purchase of capital items. Consider delay of street and drainage improvement projects. Consider suspension of employee training and travel.
- **Program streamlining or reorganization.** Restructuring and overhauling City functions to address overlapping jurisdictions, management inefficiencies, consolidating programs, creating cost savings, make services more efficient, re-examine basic business practices and operations including payroll, travel reimbursements, purchasing strategies.

Stage 2 – If measures available from Stage 1 strategies are not sufficient to close gap:

- **Service Level Reduction.** Identify programs to be eliminated, or private sector to assume responsibility for public services
- **Fee / Tax Rate increases.** Review expanding the base and increasing the rates for existing fees / taxes. Creating new taxes and /or raising user fees.

- **Freeze contributions.** Consider placing a freeze on all contributions to outside agencies.
- **Across the board cuts.** Consider a fixed percentage cut imposed on all or most departments, programs, etc.
- **Debt Finance.** Consider issuance of short-term tax anticipation notes to offset general fund deficits.
- **Reduction of Staffing.** Consider layoffs of existing personnel following identification of acceptable service level reductions as determined by the City Manager in accordance with Section 2.13 of the City Personnel Policies.

Budget Form and Information: The budget shall be sufficiently detailed to identify all significant sources and uses of funds. The format will include estimated beginning fund balances, sources, uses, and the estimated year end fund balances for each fund. Actual prior year data and projected current year results shall be presented for comparative purposes.

Long-term Financial Forecasts: A five-year forecast shall be developed in order to address the future financial viability of the City. Additionally, anticipated future capital projects shall be identified.

Performance Measures: The City shall identify performance measures based upon Council's goals and objectives. The performance measures will assist the City in making resource allocation decisions. The measures will illustrate trends, targets, and other criteria by which the City's efforts on given programs can be evaluated on a periodic basis.

5.02 Principle for Budgeting

Long-term Strategic Financial Plan: The City's budget shall be developed to incorporate the Council's goals and objectives for the community. A multi-year forecast shall be completed each year to provide context for the current year budget.

Past Spending Patterns: The City shall regularly examine past spending patterns in order to reduce or eliminate services that are no longer affordable or relevant and to make sure that the portfolio of services continues to match community expectations.

Prioritize Services: Essential services shall receive first priority for funding. The City will attempt to maintain current service levels for all essential services. The City will identify low-priority services for reduction or elimination, if necessary, before essential services.

Assign Cost to Users: For programs that only apply to a distinct segment of the community, the City will seek finance strategies that assign the cost of public service directly to those receiving the benefit, rather than spreading the cost across the whole community.

Maintain Existing Services over Providing New Services: The City will seek to maintain the quality of existing core services before it adds new services unless there is an explicit decision to lower the quality of existing service in favor of providing a new service.

Fund Liabilities: The operating budget shall include the current portion of long term liabilities, including long-term debt associated with investing in capital infrastructure, the annual costs of maintaining and replacing capital assets, and contributions to employee pensions or other post-employment benefits.

Budget Savings: In the event a department spends less than its entire annual budget allocation and have funds remaining at fiscal year end, those funds will be rescinded and reallocated in the next budget.

5.03 Equipment Replacement

The City staff shall prepare a long-term small equipment replacement schedule. This schedule will serve as a planning tool to identify replacements needs and to plan and secure funding for replacement.

A vehicle replacement schedule shall also be maintained for rolling stock / vehicle replacement, Benchmark replacement criteria will be established (mileage, age, hours of operation, repair frequency, etc.)

Generally established replacement standards:

Police vehicles – 125,000 miles or 10 years

Operations work trucks – 100,000 miles or 10 years

Fire vehicles

Administration – 125,000 miles or 10 years

Fire Engine – 15 years

Ambulance – 7 years

Each year, vehicles are evaluated in relation to the established criteria for consideration of replacement. As needed, high-cost vehicles (i.e. Fire engines, ambulances) will be considered for capital lease financing to accommodate level year-to-year city-wide capital expenditures.

5.04 Budget Process

In accordance with Article VI of the City Charter, the budget with an accompanying message shall be submitted to the Council no later than forty-five days prior to the end of the fiscal year (August 15th).

The budget message shall explain the budget both in fiscal terms and in terms of the work programs. It shall describe the important features of the budget and indicate any major changes from the current year in financial policies, expenditures, revenues together with the reasons for such changes, summarize the City's debt position, and include such other material as the City Manager deems desirable.

The Assistant City Manager/Finance Director shall prepare the budget with the cooperation of all City departments. It is then submitted to the City Manager, who makes the necessary changes and transmits the budget to the Council.

Budget workshops will be utilized to open budget discussions between the Council and staff. The City will adhere to Truth in Taxation requirements established by the State regarding public notice of budget information as well as public hearings to allow citizens the opportunity to provide their input into the budget process. The City Manager's Recommended Budget will be posted to the City's website prior to the public hearings.

Upon adoption of the budget, the Finance Department and the City Manager will prepare an Annual Budget and Program of Services. This document will be submitted to the Government Finance Officers Association (GFOA) to pursue the GFOA Distinguish Budget Presentation Award. The Annual Budget and Program of Services will be posted to the City's website.

5.05 Budget Control System

Department Directors are responsible for maintaining budgetary discipline. Reports that compare budget-to-actual financial performance are available to each department to aid in the monitoring of their budgets.

Summary financial reports will be presented to the Council by the Assistant City Manager/Finance Director within 45 days after the end of each reporting month. Significant budget to actual variances are to be noted with related explanation. The financial report shall accurately reflect the City's actual revenue, expenditure/expense, and fund balance/net position compared to budgeted amounts.

5.06 Amendments to the Budget

At any time during the fiscal year, upon written request by the City Manager, the Council may by ordinance transfer part or all unencumbered appropriation balance from one department to another or within that departmental budget. At any time during the fiscal year, the City Manager may transfer part or all of the unencumbered appropriation balance, within a departmental budget, from one department line item to another within a category (personnel, services and supplies, and capital outlay).

Any amendment providing for additional expenditures shall also provide for reductions in other expenditure, supplemental revenues, or utilize reserves exceeding target levels to fund such amendments.

To meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations. Such

appropriations may be made by emergency ordinance. Emergency ordinances may be enacted without two separate readings by favorable vote of not less than four of the entire Council and shall contain a statement as to the nature of the emergency and the length of time the ordinance will be in effect, not to exceed ninety days. To the extent that there are no available unappropriated revenues to meet such appropriations, the Council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time. These notes and renewals of any fiscal year shall be paid not later than the last day of the next fiscal year.

CAPITAL ASSET MANAGEMENT

6.00 Capital Asset Management: Review and monitor the status of the City's capital assets, setting priorities for addition, replacement, and renovation of such assets based on needs, funding alternatives, and availability of resources.

6.01 Capital Improvement Planning

Scope: The City shall develop and update annually a five-year capital improvement plan. Projects to be included in the capital improvement plan include land, buildings, infrastructure, and related improvements that either increase the useful life or increase the asset's ability to provide service.

Project Identification: Submittals for projects shall include all of the following information so that management can evaluate the project's feasibility:

- The project's full cost including acquisition, design/engineering, right-of-way, construction, and permitting/inspection cost.
- Anticipated funding sources.
- The projects proposed timing, including any dependencies or preconditions that might affect scheduling.

Participants: The City Manager shall submit the five-year construction improvement plan to Council as part of the annual budget process. The Assistant City Manager/Finance Director shall compile requests submitted by the departments and verify the availability of funding sources for appropriation.

Selecting Projects: Selection of projects shall be guided by the following set of criteria:

- Results of formal needs assessments
- Alignment with City Council goals
- Expected useful life of the asset
- Implications of project deferral

- Feasibility of implementation
- Operating budget impact
- Regional benefits/linkages
- Enhancement to quality of life
- Economic impact
- Environmental impact

To facilitate intergenerational equity, projects with shorter useful lives should be funded with current resources, whereas projects with longer useful lives can be funded bonds or lease arrangements.

Operating Budget Impacts: The City shall fully review operating budget impacts as part of the construction improvement planning by evaluating the asset's full lifecycle cost. Lifecycle costing determines the total cost of ownership of an asset over its useful life, including purchase price, installation, operation, maintenance and upgrading, disposal, and other costs.

Balanced Construction Improvement Plan: Expenditures included in the construction improvement plan must equal estimated resources available for capital spending. The City may present to Council a schedule of anticipated future projects with a description of the anticipated funding source that are not yet appropriated.

Funding Strategies: The City may fund projects either through debt financing or the allocation of current resources. The City's debt policy should be considered when using debt financing. Other sources of funding can include one-time resources such as grants or shared-participation or dedicated streams of revenues, such as sales tax allocation for the Highland Village Community Development Corporation for the construction of City trails and soccer facilities.

6.02 Capital Budgeting

The first year of the adopted capital improvement plan shall be the capital budget for that fiscal year. If project costs at the time of bid award are less than the budgeted amount, the balance will be unappropriated and returned to fund balance or allocated to another project. If project costs at the time of bid award are greater than budget amounts, the following five options are available:

- Eliminate the project.
- Defer the project for consideration to the next budget period.
- Change the scope or phasing of the project to meet the existing budget.
- Transfer funding from another specified, lower priority project.
- Appropriate additional resources as necessary from fund balance.

6.03 Project Management

Every construction improvement plan project shall have a designated project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.

6.04 Capital Asset Maintenance

Inventory and Measure Physical Condition: The City shall develop and maintain an inventory of capital assets with an initial, individual cost in excess of \$5,000 and with estimated useful lives in excess of four years. This inventory will facilitate the review of the capital assets to assess the need for maintenance or replacement.

Standards by Asset Class: The City shall develop standards designated for each asset class. These standards shall be compared to the actual conditions of the asset to identify where maintenance/rehabilitation is most needed and structure budgets accordingly. Related department directors (e.g. Public Works Director, Parks and Recreation Director, and Information Services Director) shall set and evaluate these standards through a combination of professional expertise and citizen input.

Evaluate Infrastructure and Set Priorities: Once the need for asset maintenance/rehabilitation is identified, City staff shall evaluate and establish priority projects for infrastructure investment decisions.

Maintenance Funding Policies: The City shall ensure that adequate resources are allocated to preserve the City's existing infrastructure before targeting resources to build new facilities that also have operating and maintenance obligations. Resources for maintenance shall be identified in the operating budget. Use of long-term debt financing for maintenance is prohibited unless it is expected to be an improvement and extend the asset's useful life.

Monitor and Communicate Progress: The City shall identify maintenance and improvement costs of identified projects over a five-year period annually in the Annual Budget and Program Services document.

LONG-TERM FINANCIAL PLANNING

- 7.00 Long-Term Financial Planning: Establish a plan in providing stable tax and service levels to the community over a multi-year period to strategically and proactively recognize and address issues impacting financial position.

7.01 Scope of the Plan

Annually, the City staff shall develop a long-term financial plan that forecast operating revenue and expenditures for the next five years.

Additionally, a five-year forecast shall be developed identifying anticipated future capital projects and the related funding source. The long-term financial plan will be updated with the annual budget process.

7.02 Find Imbalances

Long-term forecasts shall start with a baseline assumption that current service levels will be maintained, enabling Council and management to consider the long-term financial implications of current spending patterns. Long-term forecast shall also analyze long-term trends and projects of revenues, expenditures, debt, and non-current liabilities in order to uncover potential long-term imbalances.

7.03 Long-Term Balance

The City Manager's budget message shall alert the Council to potential long-term positive and adverse trends, and further, provide an analysis of these trends. Alternative strategies needed to address imbalances shall be discussed.

DEBT MANAGEMENT

- 8.00 Debt Management: Managing debt is a critical element of financial policy, as it demonstrates a commitment to long-term financial planning objectives, and helps to ensure that government maintains a sound debt position. Refer to Debt Management Policy for guidelines for debt financing to provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.

INVESTMENTS

- 9.00 Investments: Invest the City's cash in such a manner so as to ensure the safety of principal and interest, to meet liquidity needs of the City, and to achieve the highest reasonable market yield. Refer to Investment Policy for guidelines regarding objectives of safety, liquidity, diversification, and internal control for City's investment activities.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

10.00 Accounting, Auditing, and Financial Reporting: Comply with the prevailing federal, state, and local statutes and regulations, as well as current professional principles and practices.

10.01 Council Oversight

City staff shall be primarily responsible for developing and maintaining a comprehensive framework of internal control and risk management. The City Council has oversight responsibility. . The oversight responsibilities fall into the following categories:

- **Oversight of the independent audit** - responsible for the appointment, compensation, retention, and oversight of the work of any external accountants engaged for the purpose of preparing or issuing an independent audit, review, or attest services.
- **Oversight of the financial reporting and internal control** – responsible for providing independent review and oversight of the City’s financial reporting processes and comprehensive framework of internal controls.
- **Fraud, waste, and abuse reporting** – ensure there are confidential and anonymous means for concerned parties to report potential fraud, abuse, or questionable accounting practices.

10.02 Accounting

Basis of Accounting: The City’s annual financial reporting shall be in conformity with the general accepted accounting principles (GAAP) and accounting records will be maintained in accordance with state and federal law and regulations.

Write-Off of Accounts Receivable: City staff shall make every effort to collect a receivable before determining it to be uncollectible and recommend write-off. A receivable must meet the following criteria to be eligible for write-off:

- More than 270 days overdue.
- Standardized collection procedures have been exhausted.
- A determination has been made that the debt is uncollectible and/or that further measures to collect the receivable are inappropriate.
- The characteristics of the receivable are such that write-off is appropriate (the receivable is small relative to the costs that would be incurred for more intensive collection efforts).
- The reasons for the write-off are documented adequately and made available for audit.

On an annual basis, the Assistant City Manager / Finance Director shall compile a listing of accounts that meet the preceding criteria and submit to the City Manager. Accordingly, the City Manager has authority to approve write-offs with an outstanding balance up to

\$5,000. For accounts exceeding \$5,000, City Council authorization is required.

Capital Asset Policy: Capital assets include land, improvements to land, easements, building, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible and intangible assets that are used in operations that have initial useful lives extending beyond a four year period.

Major Asset Classes and Capitalization Thresholds: Capitalization thresholds shall be applied to individual items in a group of similar items. The following summarizes the major asset classes and their capitalization thresholds:

- Land (land and right of ways) - \$50,000 and an indefinite useful life.
- Land improvements (fences, retaining walls, parking lots, trail systems, and most landscaping) - \$50,000 and an estimated useful life of at least 20 years.
- Buildings and improvements - \$100,000 and an estimated useful life of at least 30 years. Improvements are capitalized if they increase the original estimated useful life or cost by 25%.
- Infrastructure and improvements (roads, bridges, tunnels, drainage systems, water systems, lighting systems, water storage tanks, and water pumping stations acquired in fiscal years after July 1, 1980) - \$250,000 and an estimated useful life of at least 20 years. Improvements must lengthen the estimated useful life by at least 10 years.
- Equipment (vehicles, furnishings, and similar moveable items) - \$5,000 and an estimated useful life of 5 to 10 years.
- Intangibles (computer software) - \$5,000 and an estimated useful life of 5 to 10 years.
- Construction in Progress – Cost incurred to construct or develop a capital asset before it is substantially ready to be placed into service, at which time the asset will be reclassified into the appropriate major class.

Capitalizable Costs: Cost of a capital asset should include the cost of the asset and any direct ancillary charges necessary to place the asset into its intended location and condition for use. The following summarizes the costs that are to be included and excluded from the capitalizable cost.

Included in Capitalizable Cost

- Acquisition costs – Cost associated with acquiring an asset, including legal and title fees, closing costs, appraisal and negotiation fees, surveying fees, land preparation costs, demolition costs, audit and accounting fees, and transportation charges.
- Interest incurred during acquisition.

- Improvements that provides additional value by either lengthening a capital asset's estimated useful life and/or increasing a capital asset's ability to provide service either with greater effectiveness or efficiency.
- Data conversion costs related to software acquisition.
- Estimated fair value of donated assets.

Excluded from Capitalizable Cost

- Master plan studies
- Feasibility studies
- General and administrative costs
- Training

Discrete Components of Larger Assets: A single asset may comprise one or more discrete components with a significant shorter useful life. In such cases, the cost of the component shall be included in the cost of the larger asset, with the component's eventual replacement treated as a repair.

Determining Estimated Fair Value for Donated Capital Assets: The City shall estimate the fair value of a donated asset as the amount it would have to pay to acquire the asset on its own. In the situations in which a developer has donated infrastructure, the City can use the developer's costs of acquisition. Documentation and estimates of fair market value shall be performed and maintained by the Finance Department.

Depreciation and Amortization: Depreciable capital assets will be depreciated/amortized using the straight line method over the estimated useful life. Useful lives will be estimated for individual assets based on the City's past experience with similar assets. Annually, the City shall evaluate the useful life estimates by reviewing the balance of fully depreciated capital assets still in service and/or review disposed assets that had significant remaining net book value. Depreciation/amortization will be applied to individual items and will start in the month of acquisition and end on the month of disposal.

Control Over Non-Capital Items: Some items that do not meet the capitalization threshold, still require special attention to ensure legal compliance (items acquired through grant contracts), to protect public safety and avoid potential liability (police weapons), or to compensate for a heightened risk of theft (computer and audio visual equipment). Each department shall be responsible of the control over their controlled non-capital items. The Information Services department shall be responsible over all data processing equipment and supplies. An inventory of all controlled non-capital items shall be maintained by the respective department. At the close of each fiscal year, every department shall prepare a report that provides a complete list of those items, along with an

explanation of changes from the previous years. Periodically, the Finance Department shall verify the data on the list for each department.

Tagging of Capital and Non-Capital Items: The vehicle identification number will be used to tag vehicles and other motorized equipment. Serial numbers will be used to identify equipment. Computer equipment will be tagged. The Information Services department will tag the computer equipment (CPUs and monitors) in a place that is visual and accessible.

Disposals: It shall be the responsibility of the department directors and supervisors to identify capital assets that are subject to disposal due to surplus or obsolescence. A notification with written approval from the department director must be received by the Finance Department. The notification shall consist of a listing of the items disposed with the stated reason, related identification numbers for each item, and recommended disposition. Approved methods of disposition shall include public auction, solicitation of written bids, negotiated sale to one or more designated buys (another government agency at fair market value), or trade-in on new equipment.

Physical Inventory: The Finance Department shall periodically perform physical inventories of capital assets.

Control Over Bank Accounts: The depository shall be designated by Council in accordance with such regulations and subject to the requirements established by ordinance and law. For purpose of investments, multiple accounts shall be allowed.

Budgeting and Accounting: Accounting information shall be compatible with the needs of budgeting and financial planning. The Council may review staff-level policies, procedures, and practices.

10.03 Financial Reporting

External Reporting: The Comprehensive Annual Financial Report (CAFR) shall be prepared in accordance with GAAP. The CAFR shall be presented to Council within 120 calendar days of the City's fiscal year end. If the City staffing limitations preclude such timely reporting, the Assistant City Manager will inform the Council of the delay and the reasons therefore. The City shall annually seek to obtain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

10.04 Independent Audit

The Council shall provide for an independent annual audit of the City's and its component unit's financial statements. The Council may provide

for more frequent audits as it deems necessary. The Auditor's report will be completed with 120 calendar days of the City's fiscal year end.

The City will not require auditor rotation however; the Council may circulate a request for proposal for auditor services every five years. The City shall use multi-year contracts for a period of no less than five years. The following criteria shall be used in selecting a qualified auditor:

- The auditor should be a certified public accountant, licensed to practice in the state of Texas.
- The auditor should have demonstrated experience and skill in governmental accounting and auditing.
- The auditor should have sufficient resources to complete the audit in a timely fashion.
- Price should not be the primary factor in selection of the auditor.
- The auditor should be fully independent, conforming with the independence standard promulgated in the General Accountability Office's Government Auditing Standards.

INTERNAL CONTROLS

11.00 Internal Controls: Establish and maintain an internal control structure designed to provide reasonable assurance in achieving effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

11.01 Control Environment

The City shall maintain an internal control environment that provides reasonable assurances against control risks.

Segregation of Duties: A single person shall not be in the position to commit an irregularity and then conceal it. No one single individual shall be able to authorize and record transactions, and obtain custody of the related assets.

Security of Assets and Records: Access to assets and records shall be controlled based on the needs of the employee's job. Assets and records shall be protected against theft or environmental damage, backing up computer records, and providing for the recovery of records and the continued operation of the finance function in the wake of a disaster.

Period Reconciliation and Verification: Accounting records shall be compared periodically and data in the accounting records shall be compared to the data purports to represent.

Authorization: All transactions shall be authorized in accordance with City policies.

11.02 Responsibility

City Manager: Approve and support internal control policies developed and recommended by the Assistant City Manager / Finance Director.

Assistant City Manager / Finance Director: Develop internal control policies, test controls to ensure their effectiveness, and review and update control procedures on regular basis and in response to deficiencies uncovered by testing. Maintain specific types of controls such as employee position control, capital asset inventories, and inventories of non-capitalized items that are susceptible to theft. Weigh the cost of controls against the benefit they produce. Assist department managers in developing written procedures that support the internal control policies in their related departments and provide regular training on internal control to facilitate the implementation of the written procedures.

Department Directors: Ensure that internal controls are followed throughout their department and all internal control recommendations are implemented.

11.03 Communication of Internal Controls

Written documentation of procedures and training on those procedures shall be the primary means for communicating information about internal controls to employees.

RISK MANAGEMENT

12.00 Risk Management: Establish guidelines to effectively and efficiently mitigate hazard risks.

12.01 Objectives

The objectives of risk management shall be to protect City assets from hazard risks such as fire, theft, accidents, and weather conditions to ensure continuity of service, maintain a safe work and service environment, and to ensure the efficiency of risk management activities.

12.02 Responsibility

City Manager: Approve and support safety and internal control policies and procedures.

Assistant City Manager: Obtain general liability and property insurance coverage on all insurable City assets. Develop internal control policies.

City Secretary: File and ensure settlement of insurance claims and handle third party injury accidents.

Human Resources Director: Directs the overall activities of the safety program, develops the safety manual, facilitates safety committee meetings and reviews of injury and property damage reports, and administers worker compensation insurance and claims.

City Attorney: Ensures compliance with Federal and State laws related to risk, workers compensation, health and safety. Advises and recommends in contracts, specifically regarding indemnity and hold harmless provisions. Represents City interests in legal proceedings in courts or administrative agencies.

Department Directors/Managers/Supervisors: Maintain a safe and healthy working environment for employees. Ensure compliance of safety and internal control policies and procedure within their department. Timely report employee injury and property damage to the Human Resources Department and Safety Committee. Report theft and property damage to the City Secretary Office and Finance Department.

Safety Committee: Sets the overall goals and objectives of the safety program, investigates injuries and accidents, performs safety surveys, reviews and recommends changes in processes, procedures, training, and facilitates any other proactive initiatives that promote, enhance, and refine the safety program.

Employee: Support and comply with safety and internal control policies and procedures.

12.03 Implementation

The City shall manage risk by taking reasonable action which will lessen the possibility of loss or injury in the workplace to all employees and systemically identify loss exposures which can have an adverse effect on the material well being of the City or its employees or citizens.

12.04 Risk Financing

The City shall procure insurance compensation for the losses which would adversely affect the City and its employees and citizens.

ECONOMIC DEVELOPMENT

13.00 Economic Development: Initiate, encourage, and participate in economic development efforts to provide stable future resources and quality services to its citizens. The City may consider Economic Development Agreements in order to

promote local economic development and to stimulate business and commercial activity in the City in accordance with the City's Economic Development Policy.

PROCUREMENT

14.00 Procurement: Design, maintain and administer a purchasing system that ensures financial responsibility and transparency.

14.01 Guiding Values for Public Procurement

The City shall adopt a procurement policy guided on the following set of values:

- Accountability. Taking ownership and being responsible to stakeholders for our actions.
- Ethics. Acting in a manner true to the values.
- Impartiality. Unbiased decision making and action.
- Professionalism. Upholding high standards of job performance and ethical behavior.
- Service. Obligation to assist stakeholders.
- Transparency. Easily accessible and understandable policies and procedures.

14.02 Objectives

Cost: The evaluation of vendor proposals shall not only seek the lowest initial purchase price, but also include the long-term maintenance, operating costs, and other indirect cost of a purchase.

Quality: Quality is an integral evaluation component when reviewing vendor proposals. The City shall secure goods and services at the lowest possible cost commensurate with quality requirements.

Timeliness: Consideration shall be given to the timeliness the vendor can deliver the goods and services to their destination.

Managing Risk: Some purchases may bear an inherit risk. The risk shall be accessed and evaluated prior to making the decision on making a purchase.

Accomplishing Social and Economic Objectives: The City shall comply with State Law regarding to solicitation of quotes from local Historically Underutilized Businesses (HUBs) for purchases of more than \$3,000, but less than \$50,000.

Maximizing Competition: The City shall maintain a full and open competitive procurement process. All responsible sources shall be permitted to compete in the purchasing process.

Maintaining Integrity and Transparency: The City staff shall abide by the following purchasing ethics statements:

- Employees shall not obligate the City, financially or otherwise, by any means, including but not limited to purchase orders and contracts, when the employee has a personal, material, financial, or other interest in the obligation.
- Employees are prohibited from directly or indirectly soliciting or accepting any rebate, kickback, gift, gratuity, or favor for personal gain from any individual, corporation, or group.
- Employees may not participate in vendor program that involves an offer for gift cards, rebates, cash payments or other incentives based on selection of and purchases made from such vendor, unless such program is set forth in a response to a request for bid and proposal such that the program is publicly disclosed and able to be taken into consideration when determining the lowest, most responsible bid/proposal. Any gift cards, rebates, cash payments or other incentive provided pursuant to an agreement that has been entered following a competitive procurement procedure shall be the property of the City and used for the benefit of the City.
- Employees shall not accept any form of gratuities, with the exception of marketing or promotional mementos with value not to exceed \$50. City officers shall complete and file with the City Secretary a Local Government Officer Conflicts Disclosure Statement when required by Chapter 176 of the Local Government Code. This statement is required when the officer has a certain business or family relationship with a vendor.
- City vendors shall complete and file with the City Secretary a Conflict of Interest Questionnaire when required by Chapter 176 of the Local Government Code.
- The City shall not contract with any person that is suspended, debarred, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal agency or that debarred or suspended by the State of Texas.
- Except for contracts for the purchase of goods and services that (i) require an expense of \$50,000 or less and (ii) has not involved the City Council in the process of selecting the vendor, all vendors shall complete, and the City shall acknowledge, a Certificate of Interested Parties (Form 1295) prior to signing any contract with a vendor as required by Texas Govt. Code sec. 2252.908

14.03 Purchasing Authority

Purchases more than \$50,000: Before the City may enter into a contract for the construction of public works or the purchase of most goods and services that require an expenditure of more than \$50,000 from one or more municipal funds, the city must comply with statutory procedures for competitive sealed bidding or competitive sealed proposals, including high technology items and insurance. The best value bid or proposal

must be awarded by Council through resolution prior to the execution of the contract.

The City Manager (and Assistant City Manager in the absence of the City Manager) shall be authorized to approve and, where necessary, negotiate and sign contracts for, the purchase of goods or services in the amount of \$50,000 or less. The City Manager shall also be authorized to approve change orders if the contract is for construction of public works in the amount of \$50,000 or less. Such changes may not increase or decrease the original contract price by more than 25 percent. The City Manager may accordingly delegate purchasing authority to departments at determined approval levels for efficiency of operations. In addition, the City Manager may delegate contracting authority to department directors in accordance to their respective delegated purchasing approval level.

Purchasing between \$3,000 and \$50,000: As provided by statute, the City must seek quotes from at least two historically underutilized businesses in the related category of the items to be purchased if the City makes an expenditure of between \$3,000 and \$50,000. The City is only excused from this notification requirement if there are no such businesses located in Denton County.

Purchases less than \$3,000: The City is not required to obtain quotes or sealed bids or proposals for purchases less than \$3,000.

14.04 Exceptions to Bidding

Public Health, Safety or Welfare: The Local Government Code allows for exceptions of the statutory procurement requirement when making purchases that is necessary to preserve or protect the calamity, public health or safety of the City's residents.

Specialized Services: The City is prohibited from using competitive bidding procedures to obtain the services of architects, engineers, certified public accountants, bond counsel, land surveyors, physicians, optometrists, landscape architects, geoscientists, state-certified real estate appraisers, or for planning services. Instead, the City must first select the most highly qualified provider and then attempt to negotiate a fair and reasonable price. The City may elect, but is not required to perform competitive bidding procedures for attorneys other than bond counsel.

Competitive bidding does not apply to the purchase of services performed by blind or severely disabled persons.

Items Available from Only One Source: Competitive bidding requirements do not apply to items that are available from only one source due to patents, copyrights, secret processes, or natural monopolies. This exception also applies to the purchase of electricity, gas, water and other utility services and advertising other than legal notices. Plans and specifications prepared for a procurement shall not be

written in a manner that requires a specific brand, manufacturer, model, or other characteristic that effectively results in a sole source procurement unless the specific brand, manufacturer, model or other characteristic must be specified to allow the items purchased to integrate with existing City equipment or systems that are not being replaced as part of the project that requires the procurement.

Distress or Auction Purchases: The City is not required to comply with competitive bidding procedures when purchasing personal property at an auction by a state licensed auctioneer or at a going-out-of-business sale.

Purchases from Other Governmental Entities: The City may purchase either property or services from another governmental entity, such as a county or another city, a state agency or council of governments through an Interlocal Agreement or Cooperative Purchasing Programs without following competitive bidding procedures.

Other State Law Exceptions; Compliance with Law: Regardless of whether or not expressly set forth in these policies, the City Manager and his designees are authorized to use such other exceptions provided under state law to the requirements for purchasing goods and services through a competitive bid or proposal process as they determine to be reasonable and in the best interest of the City. Conversely, City employees shall at all times comply with applicable state laws regarding the procurement of goods and services, and shall not engage in any act prohibited by law to avoid the requirement to procure goods and services through a competitive process

City of Highland Village

Debt Management Policy

I. Purpose

The City recognizes the foundation of any well-managed debt program is a comprehensive debt management policy. A debt management policy (i) sets forth the parameters for issuing debt and managing the outstanding debt portfolio and (ii) provides guidance to decision makers regarding the purposes for which debt may be issued, types and amounts of permissible debt, timing and method of sale that may be used, and structural features that may be incorporated. Adherence to a debt management policy (i) demonstrates a commitment to long-term financial planning objectives (ii) helps ensure that the City maintains a sound debt position and protects the quality of its credit; and (iii) better ensures optimization of the City's bond rating.

II. Debt Limits

A. Legal Restrictions

As a Home Rule Charter City, the City of Highland Village is not limited in the amount of debt it may issue. However, The Texas Constitution, Article XI, Section 5 provides that the general property tax is limited to \$2.50 per \$100 of assessed valuation. Because the property tax is comprised of two components, Operations and Maintenance (O&M), plus Interest and Sinking (I&S)(which is the payment of principal and interest on legal debt instruments), the constitutional limits on the City's property tax rate effectively establishes an absolute ceiling on the amount of debt that may be funded by property tax revenues.

B. Policy Guidelines

An appropriate balance of funding between the two components of the property tax rate is desired with the City nearing build-out and overall priorities shifting from growth to maintenance. The percentage of the property tax rate related to debt needs to be reduced in order to provide sufficient on-going operational funding from property tax revenues. In light of this, suggested benchmarks of the I&S portion of the property tax rate are a ceiling of 20%, with a target range of 12 – 16%.

III. Issuance of Debt Obligations

The City's debt policy shall be implemented in accordance with comprehensive debt management guidelines that provide for the following:

A. Financing Alternatives

The City of Highland Village shall assess all financial alternatives for funding capital improvements prior to issuing debt. Pay-as-you-go financing should be considered before issuing any debt. Pay-as-you go financing may include: intergovernmental grants from federal, state and other sources, current revenues and fund balances; private sector contributions; public/private partnerships; and/or leasing payments. Once the City has determined that "pay-

as-you-go" is not a feasible financing option, the City may use Short-term or Long-term debt to finance capital projects.

1. Short Term Debt and Interim Financing - Maturity of seven (7) years or less

Short term obligations may be issued to finance projects or portions of projects. Typically, tax notes will be considered for smaller issues (less than \$1M). The City may also secure interim financing which shall eventually be refunded with the proceeds of long term obligations. Short-term obligations may be backed with a tax or revenue pledge, or a pledge of other available resources. Capital leases may be used to purchase high-priced equipment to manage year-to-year capital expenditure levels.

2. Long Term Debt (Bonds) - Maturity over seven (7) years.

Long-term general obligation or revenue bonds shall be issued to finance significant capital improvements for purposes set forth by voters in bond elections and the Capital Improvement Program (CIP). Additionally, revenue bonds may be issued in response to public need without voter authorization. Long-term debt may be incurred for only those purposes as provided by State law.

B. Issuance Policies:

All City debt shall be issued in accordance with the following policies:

1. Financial Advisor

A Financial Advisor(s) will be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with objective advice and analysis on debt issuance. This includes, but is not limited to:

- Provide analysis of the City's financial capacity to authorize issue and service any debt instruments that are considered;
- Monitor market opportunities, providing interpretation of market conditions which factor into timing of issuance;
- Assist with structuring and pricing of debt;
- Coordinate assembly of data necessary for preparation of necessary petitions, ordinances, notices as may be required for elections to authorize debt instruments;
- Maintain liaison with Bond Counsel utilized by the City in preparation of legal documents regarding authorization, sale and issuance of debt instruments;
- Prepare official statements of disclosure as required;
- Advise and facilitate obtaining of credit ratings as necessary when issuing debt;
- Appointments shall be effective for a term of five (5) years from the date of acceptance by the City, with additional one (1) year automatically renewed periods until terminated.

2. Debt Structuring

Unless otherwise justified, the issuance and sale of all City bonds, notes, loans and other evidences of indebtedness shall be subject to the following conditions:

- If possible, debt issues should generally be timed to coincide with expiring debt with purpose of maintaining level debt service payments;
- Principal and interest retirement schedules should be structured to generally reflect equal payments, but also accommodate the debt service payments of existing debt as needed to achieve level debt service or desired debt percentage of tax rate;
- Principal and interest on all outstanding debt shall be paid in a full and timely manner;
- Bond issues should be planned to minimize the frequency of issuance, and limit aggregate debt issuance in a calendar year to \$10M to enable issuance to reflect bank qualified status to likewise minimize cost of issuance and obtain favorable rates.
- Debt shall be incurred only for those purposes as provided by State law;
- Capital improvements should be developed, approved and financed in accordance with City Ordinances and the capital improvement budgeting process;
- The payment of debt shall be secured by the full faith, credit and taxing power of the City, in the case of General Obligation Bonds, and by the pledge of specified, limited revenues in the case of revenue bonds;
- Debt incurred shall generally be limited to obligations with serial and term maturities but may be sold in the form of capital appreciation bonds or other structures if circumstances warrant;
- The average life of the debt incurred should be no greater than the projected average life of the assets being financed, not to exceed 20 years.
- Bond Rating - The City endeavors to obtain GO bond ratings of "AA+" Standard and Poor's and "AA" Fitch or better.
- Original Issue Discount - An original issue discount will be permitted only if the City determines that such discount results in a lower true interest cost on the debt.
- Redemption Provision - All long-term debt with a term of ten years or longer should have an early redemption option and every effort must be made to avoid features that limit potential refunding opportunities in the future. The optional redemption date should be no later than ten years from issuance.
- Capitalized Interest - The nature of the City's revenue stream is such that funds are generally continuously available and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the City has constructive use/benefit of the financed project. Unless otherwise required, the City will avoid the use of capitalized interest to avoid unnecessarily increasing the bond size.
- Credit Enhancements – The City currently enjoys advantageous bond ratings, and will likely obtain the most favorable rates solely based on this. However, if needed, the City will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings can be shown will enhancement be considered.

- Bond Insurance - The City may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination will be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds.
- Debt Service Reserve – With issuance of revenue bonds, when required, a reserve fund will be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies.

3. Methods of Sale

Debt obligations of the City may be sold by competitive or private placement methods unless otherwise limited by state law. The selected method of sale shall be the option which is expected to result in the lowest cost and most favorable terms given the financial structure used, market conditions, and prior experience. The City shall select a method of sale that shall maximize the financial benefit to the City.

a) Competitive Sale

(1) Award of Competitive Bids - All bond prices shall be computed based on True Interest Cost (TIC). TIC is defined as the rate at which, as of the date of the bonds, discounts semi-annually all future payments on account of principal and interest on the bonds to the price bid, not including interest accrued to the date of delivery of the bonds. City debt priced by competitive bid shall be sold to the bidder proposing the lowest true interest cost to the City, provided the bid conforms to the official notice of sale.

(2) Method of Accepting Bids - The City shall accept bids in person or by electronic means. The City shall not accept bids by telephone. The City reserves the right to reject bids that are late or include calculation errors

(3) Bidders - Financial advisors shall not be permitted to bid as a syndicate manager on competitive sales for bonds for which they serve as financial advisors.

b) Negotiated Sale

When certain conditions favorable for a competitive sale do not exist and when a negotiated sale will provide significant benefits to the City that would not be achieved through a competitive sale, the City may elect to sell its debt obligations through a private or negotiated sale. Such determination may be made on an issue-by-issue basis, for a series of issues, or for part or all of specific financing program.

The following practices are recommended to be observed in the event of a negotiated sale:

- (1) Underwriters should be selected in coordination with recommendations from the City's financial advisor. Criteria to be used in the appointment of qualified underwriters shall include, but are not limited to:

- Demonstrated ability of the firm to structure & market an issue of debt utilizing the contemplated credit structure(s) efficiently and effectively;
 - Experience of assigned personnel;
 - Approach to proposed scope of work, including quality and applicability of proposed financing ideas;
 - Demonstrated capability to sell bonds to retail investors.
 - Demonstrated secondary market support for debt, which the firm underwrites, especially if for the specific credit which is to be pledged;
 - Fees and expenses;
- (2) The City's Financial Advisor, who is familiar with and abreast of the condition of the municipal market, will facilitate structuring the issue, pricing, and monitoring sales activities;
 - (3) The financial advisor used for a particular bond issue will not act as underwriter of the same bond issue;
 - (4) Financial professionals will disclose the name or names of any person or firm, including attorneys, lobbyists and public relations professionals compensated in connection with a specific bond issue;
 - (5) Financial professionals submitting joint proposals or intending to enter into joint accounts or any fee-splitting arrangements in connection with a bond issue are to fully disclose any plan or arrangements to share tasks, responsibilities and fees earned, and disclose the financial professionals with whom the sharing is proposed, the method used to calculate the fees to be earned, and any changes thereto.
 - (6) The City may choose to privately place debt with a sophisticated investor, if the cost to the City is less than selling bonds in the open market.

C. Bond Types

1. General obligation (GO) bonds – Debt that is secured with ad valorem tax revenues and is approved by voters.

The following are the general guidelines to be considered when considering calling an election for seeking approval for the issuance of GO Bonds:

- a) GO bonds should be used to finance only those assets which have been determined to be essential in the development of the City;
- b) GO bonds are generally utilized for new initiatives such as City facilities or programs to validate general support of city residents;
- c) GO bonds shall generally be structured with level principal payments, with variation as desired such as to match maturity of refunded bonds or maintain target debt percentage of tax rate.
- d) Capitalized Interest - No capitalized interest shall be funded with GO bond proceeds;
- e) Reserve Fund - No reserve funds shall be funded with GO bond proceeds.

2. Certificates of Obligation (CO) – A type of debt that is secured with ad valorem tax revenues and approved by City Council but subject to voter approval if, following the timely presentation of a petition containing the required number of signatures of qualified City voters, a special election is called to vote on a proposition on whether the certificates should be issued.

The following are general guidelines to be considered when issuing CO's:

- a) CO's should be used to finance only those assets which have been determined to be essential in the development of the City;
- b) CO's are generally utilized for projects previously approved by voters or those that maintain City Infrastructure, such as street / drainage maintenance and water / wastewater system maintenance;
- c) CO's shall generally be structured with level principal payments, with variation as desired such as to match maturity of refunded bonds or maintain target debt percentage of tax rate.
- d) Capitalized Interest - No capitalized interest shall be funded with CO proceeds;
- e) Reserve Fund - No reserve funds shall be funded with CO proceeds;

3. Revenue Bonds – Debt secured solely by the revenue base (i.e. utility revenues, dedicated sales tax revenues) of the City's operations. Voter approval is not required. Revenue bonds are subject to more stringent issuance requirements than general obligation bonds, typically requiring a debt service reserve fund as well as covenants that must be maintained. For debt related to the Utility Fund, a debt service coverage ratio of at least 1.25 is desired (Utility net revenues available for debt service compared to debt service).

4. Combination Tax and Revenue Certificate of Obligation - For debt issues associated with utility related improvements, a Combination Tax and Revenue Certificate of Obligation can be utilized. As it is a CO, it is approved by City Council and is subject to voter approval if, following the timely presentation of a petition containing the required number of signatures of qualified City voters, a special election is called to vote on a proposition on whether the certificates should be issued. It is likewise secured with ad valorem tax revenue, however also with a limited pledge of the surplus revenues from the operations of the City's waterworks and sewer system. Associated debt service is considered self-supporting similar to revenue bonds, however without the more stringent issuance requirements for revenue bonds. As with revenue bonds, a debt service coverage ratio of at least 1.25 is desired (Utility net revenues available for debt service compared to debt service).

5. Refunding Bonds

The City shall consider refunding outstanding debt in order to:

- Generate interest rate savings
- Restructure principal and/or
- Eliminate burdensome bond covenants

Refunding Criteria:

- Unless otherwise justified, a refunding transaction shall require a present value savings of at least three (3) percent of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses.
- Refunded maturities shall not extend beyond the final refunded maturity; each year's principal shall be equal to or greater than the refunded principal payment.
- Surplus monies in debt service funds or debt service reserve funds associated with the refunded bond issue may be used as a source of funds for the refunding issue.

Refunding Types:

(1) Current Refundings:

- Requires that the refunding escrow may not exceed 90 days.

(2) Advanced Refundings:

- Requires the refunding escrow duration to exceed 90 days.
- Governmental bonds issued after 1985 may not be advance refunded with tax-exempt bonds more than once. Consequently, the City should carefully weigh the benefits and opportunity costs of such an action.

6. Derivatives

The use of any kind of derivative instrument such as interest rate agreements or swaps is *not* permitted.

IV. Investor and Rating Agency Communications

A. Disclosure

It is the City's policy to provide primary and secondary disclosure to all investors in the City's bonds and CO's on a periodic basis as required by the Securities and Exchange Commission (SEC) Disclosure Rule 15c2-12 and SEC Antifraud Provision Rule 10b-5 and Municipal Securities Rulemaking Board (MSRB) Rule G-36 as stated below: SEC Disclosure Rule 15c2-12 requires that issuers of municipal securities undertake in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information to various information repositories. SEC Antifraud Provisions Rule 10b-5 requires that disclosure made by issuers of municipal securities be both accurate and complete in all material respects at the time the disclosure is provided. MSRB Rule G-36 requires filing by the broker dealer of the Official Statement within 10 days of the Bond Purchase Agreement execution. The City acknowledges the responsibilities of the underwriting community and shall assist underwriters in their efforts to comply with SEC Disclosure Rule 15c2-12, SEC Antifraud Rule 10b-5 and MSRB Rule G-36.

1. Official Statement Filing - Primary Disclosure

The City shall file its official statements with the MSRB and all nationally recognized municipal securities information repositories.

2. Comprehensive Annual Financial Report (CAFR)

Upon request, the City shall provide a copy of its CAFR within 180 days following the end of its fiscal year and shall disseminate other information that it deems pertinent to

the market in a timely manner. The City shall file its CAFR with the MSRB and all nationally recognized municipal securities information repositories.

3. Annual Information Statement (AIS) - Secondary Disclosure

The City shall publish its Annual Information Statement (undertaking) within 210 days following the end of its fiscal year. The City shall file its AIS with the MSRB and all nationally recognized municipal securities information repositories, annually.

4. Every financial report, bond prospectus and Annual Information Statement ("AIS") shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association ("GFOA"), Securities and Exchange Commission ("SEC") and the Internal Revenue Service (IRS) to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers.

B. Credit Ratings

1. The City shall make every reasonable effort to maintain or improve its underlying high quality credit ratings;

2. The City shall seek a credit rating on all new bond issues, which are being sold in the public market. However, exceptions to this requirement, such as when privately placing a security with a sophisticated investor, are permissible, if warranted by the circumstances;

3. The City shall continue to apply for ratings on credits which have been rated by one or more of the rating agencies in the past;

4. The City shall maintain a line of communications with the bond rating agencies (Moody's, Standard & Poor's, and Fitch), informing them of major financial events in the City as they occur. All communications, both oral and written, in response to requests for information shall be made by the Assistant City Manager / Director of Finance or designee;

5. The City shall report annually all financial information, including the CAFR (after being accepted by the City Council), to agencies which provide credit ratings or credit enhancement for the City's outstanding;

6. The City shall provide full disclosure of operations to the bond rating agencies. The City staff, with the assistance of disclosure counsel, bond counsel and tax counsel, shall prepare the necessary materials for presentations to the bond rating agencies.

V. Investment of Bond Proceeds

All bond proceeds of debt issues shall be invested in accordance with Federal and State laws and the City's Investment Policy.

VI. Arbitrage Compliance

It is the City's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law.

- The City shall maintain investment allocations by source of funds and record pro rata interest income of the commingled bond funds monthly.
- Project cash flows shall be carefully planned to insure the applicability of rebate exceptions, if feasible.
- Rebate computations should be performed annually, but no less often than every five years until the bonds mature.
- The City shall report to the IRS as required and shall make rebate payments as required by Federal law.
- The City shall structure its financings in such a way as to reduce or eliminate future arbitrage rebate liability, wherever feasible.

VII. Legal and Regulatory Requirements

A. The Assistant City Manager / Finance Director, Financial Advisor and the City's Bond Counsel shall coordinate their activities to ensure that all securities are issued in the most efficient and cost-effective manner possible.

1. Ensure that in the opinion of bond counsel, all securities are issued in compliance with the applicable City, state, and federal statutes and regulations.
2. Bond Counsel shall review all documents related to the issuance of securities by the City.

CITY OF HIGHLAND VILLAGE

COUNCIL BRIEFING

AGENDA# 3

MEETING DATE: 11/14/17

SUBJECT: Discuss Regulations relating to Peddlers and Solicitors in Highland Village

PREPARED BY: Angela Miller, City Secretary

COMMENTS

Many homes in the city received damage due to hail storms that occurred earlier this year in Highland Village and homeowners were inundated by solicitors representing home repair companies. Mayor Wilcox stated she had received complaints from residents and voiced concern about the hours solicitors are allowed to operate. She asked staff to see what is allowed in other cities.

Per City ordinance, solicitors are required to register with the City and are made aware of the rules and regulations, as well as allowed hours of operation. Solicitors are not allowed at a private residence before 9:00 a.m. or after sunset, Monday through Saturday. Sunset means the time of day identified by the National Weather Service as the time for sunset for that day for the city. No soliciting is allowed in the Highland Village on Sunday.

Below is information from area cities:

City	Hours of Operation	Days of Operation
Argyle	9:00 am – 8:00 pm	Monday - Sunday
Coppell	9:00 am until 30 minutes following sunset	Monday - Saturday
Denton	9:00 am – 6:00 pm	Monday – Saturday
Flower Mound	9:00 am – 9:00 pm (not after dark)	Monday – Saturday
Frisco	9:00 am – dusk 10:00 am – dusk *dusk: 30 minutes before sunset	Monday – Friday Saturday - Sunday
Grapevine	9:00 am – dusk *dusk: 30 minutes before sunset	Monday - Saturday
Keller	9:00 am – dusk	Monday – Saturday
Lewisville	8:00 am – 8:00 pm	Monday - Sunday
Southlake	9:00 am – after dark or 9:00 pm (whichever is earlier)	Monday - Sunday

The current ordinance has also been reviewed by the Police Department for any additional updates. Currently, permits expire within 90-days from the date of issuance. Each permit may be renewed once for an additional 90-day term at no additional cost, unless additional solicitors are added to the permit, which requires a fee of \$50 per additional solicitor. Permits issued by Flower Mound, Lewisville, Keller and Southlake are 180-day permits. In an effort to be more cost/time effective, staff suggests going to 180-day permit.

This item is provided to give Council the opportunity to discuss revising the hours of operation for solicitors in Highland Village and to discuss extending permits from 90-days to 180-days. There is an ordinance on the action agenda for tonight's meeting, which can be approved on 1st read, if Council wishes to take any action.

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 8 **MEETING DATE: 11/14/17**

SUBJECT: Pledge of Allegiance

PREPARED BY: Angela Miller, City Secretary

COMMENTS

Webelos Den from Pack 299 will lead the Pledge of Allegiance to the U.S. and Texas Flags.

The Pledge to the Texas Flag is as follows:

“Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 11

MEETING DATE: 11/14/17

SUBJECT: Mayor and Council Reports on Items of Community Interest

PREPARED BY: Angela Miller, City Secretary

COMMENTS

Pursuant to Texas Government Code Section 551.0415 the City Council may report on the following items: (1) expression of thanks, congratulations or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming City Council events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 12	MEETING DATE: 11/14/17
SUBJECT:	Consider Approval of Minutes of the Regular Meeting held on October 24, 2017
PREPARED BY:	Angela Miller, City Secretary

BACKGROUND:

Minutes are approved by a majority vote of Council at the Council meetings and listed on the Consent Agenda.

IDENTIFIED NEED/S:

Council is encouraged to call the City Secretary's Office prior to the meeting with suggested changes. Upon doing so, staff will make suggested changes and the minutes may be left on the Consent Agenda in order to contribute to a time efficient meeting. If the change is substantial in nature, a copy of the suggested change will be provided to Council for consideration prior to the vote.

OPTIONS & RESULTS:

The City Council should review and consider approval of the minutes. Council's vote and approval of the minutes reflect agreement with the accuracy of the minutes.

PROGRESS TO DATE: (if appropriate)

The City Manager has reviewed the minutes and given approval to include the minutes in this packet.

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

N/A

RECOMMENDATION:

To approve the October 24, 2017.

**MINUTES OF THE REGULAR MEETING OF THE
HIGHLAND VILLAGE CITY COUNCIL
HELD AT THE HIGHLAND VILLAGE MUNICIPAL COMPLEX
LOCATED AT 1000 HIGHLAND VILLAGE ROAD
TUESDAY, OCTOBER 24, 2017**

The City Council of the City of Highland Village, Texas met in Early Work Session on the 24th day of October, 2017 prior to the Regular Council Meeting.

Call to Order

Mayor Charlotte J. Wilcox called the meeting to order at 6:05 p.m.

Roll Call

Present:	Charlotte J. Wilcox	Mayor
	Michelle Schwolert	Mayor Pro Tem
	Michael Lombardo	Councilmember
	Barbara Fleming	Deputy Mayor Pro Tem
	Fred Busche	Councilmember
	John McGee	Councilmember
	Daniel Jaworski	Councilmember
Staff Members:	Michael Leavitt	City Manager
	Kevin Laughlin	City Attorney
	Ken Heerman	Assistant City Manager
	Angela Miller	City Secretary
	Doug Reim	Police Chief
	Scott Kriston	Public Works Director
	Laurie Mullens	Director of Marketing & Communic
	Andrew Boyd	Media Specialist

EARLY WORK SESSION

1. Discuss Results of the Recent Solid Waste and Recycling Survey and the Upcoming Request for Proposals for Solid Waste and Recycling Services

Public Works Director Scott Kriston reported the City's current solid waste contract with Waste Management will expire on August 31, 2018. There are 5,162 residential roof tops in Highland Village that receive the following services under the current contract:

- ❖ Garbage Collection – once a week pick up; up to 10 bags and containers
- ❖ Recycling Collection – once a week pick up; contractor supplies container
- ❖ Yard Waste – once a week pick up; up to 20 bundles and brown Kraft bags
- ❖ Bulk Waste - \$100 + disposal fee(s) paid by the resident for pick up

Mr. Kriston presented a map of the city that showed collection days for the different areas of the City. He also reported the number of missed pickups in Highland Village from September 15, 2015 to January 3, 2017 totaled 338 documented complaints.

Director of Marketing and Communications Laurie Mullens then updated everyone on the recent Garbage and Recycling Survey that was conducted online. She reported the survey link was shared on Facebook, the City's website, and NextDoor and received 745 total responses. Ms. Mullens reviewed the ten (10) survey questions and responses. The next steps will be to share the survey results with the community and to provide information on special services the City provides, such as prescription disposal, hazardous household waste, paper shredding days. She reported there will be a follow

up survey, which will include follow up on some previous questions, as well as questions regarding yard waste collection for composting and automated collection and bulk pick up.

Since the contract with Waste Management will be ending in less than one year, Mr. Kriston reported City staff will issue a Request for Proposals (RFP) for solid waste and recycling services in the near future. A preliminary schedule for the proposal process was presented. City Manager Michael Leavitt stated a draft RFP would be presented to Council prior to being put forward and reported staff desires to engage the services of a consultant to help guide the preparation of the RFP. He reported a consultant will provide information regarding new services, what should be included in the future of solid waste services for the next five to ten years, and what area cities are including in their services to its residents.

Councilmember Busche stated he wanted to include some aspect of the RFP to know if a company is being environmentally conscious and that he wants more focus on recycling. Councilmember McGee voiced concern with using a consultant and stated the results of survey, or a follow up of the survey, could be used to draft the RFP. Assistant City Manager Ken Heerman reported a consultant could assist with issues such as pricing, differences in residential and commercial services, structuring of an agreement, penalties. City Attorney Kevin Laughlin reported he has been involved in several contract negotiations relating to solid waste services and that it helps to have someone with industry expertise during the process. Mayor Wilcox suggested adjusting the timeline so that a contract is approved by the end of April.

2. Discuss Awarding of Grant Funds to Community Non-Profit Organizations for Fiscal Year 2017-2018

Mayor Wilcox reported the City received seventeen (17) applications for funding from non-profit organizations, with this year's requests totaling \$66,465.75. Council members discussed the allocation of funds for non-profit organizations and came to a consensus for awarding funding for Fiscal Year 2017-2018, which totals \$41,000 in allocations.

3. Clarification of Consent or Action Items listed on today's City Council Regular Meeting Agenda of October 24, 2017

Relating to Agenda Item #14, City Manager Michael Leavitt reported the motion from the October 10, 2017 City Council meeting approving the first read of Ordinance 2017-1235 reflected a distance of 419 feet for the prohibited parking area from the Highland Forest Drive and Justin Road intersection. He stated if that distance is changed it will require a repeat of the first read of the ordinance.

Mr. Leavitt reported Agenda Item #16 is on the action agenda for tonight's regular meeting and if Council wishes to take action, it could be moved up to consent.

Early Work Session ended at 7:19 p.m.

CLOSED SESSION

4. Hold a closed meeting in accordance with the following sections of the Texas Government Code:

- (a) Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)**

Council did not meet in Closed Session.

OPEN SESSION

5. Call to Order

Mayor Charlotte J. Wilcox called the meeting to order at 7:33 p.m.

Roll Call

Present:	Charlotte J. Wilcox	Mayor
	Michelle Schwolert	Mayor Pro Tem
	Michael Lombardo	Councilmember
	Barbara Fleming	Deputy Mayor Pro Tem
	Fred Busche	Councilmember
	John McGee	Councilmember
	Daniel Jaworski	Councilmember
Staff Members:	Michael Leavitt	City Manager
	Kevin Laughlin	City Attorney
	Ken Heerman	Assistant City Manager
	Angela Miller	City Secretary
	Doug Reim	Police Chief
	David Harney	School Resource Officer
	Scott Kriston	Public Works Director
	Laurie Mullens	Director of Marketing & Communic
	Andrew Boyd	Media Specialist

6. Prayer to be led by Councilmember Fred Busche

Councilmember Busche gave the invocation.

7. Pledge of Allegiance to the U.S. and Texas Flags to be led by Cub Scout Pack #1163

Cub Scout Pack #1163 led the Pledge of Allegiance to the U.S. and Texas Flags.

8. Visitor Comments *(Anyone wishing to address the City Council must complete a Speakers' Request form and return it to the City Secretary. In accordance with the Texas Open Meetings Act, the City Council is restricted in discussing or taking action on items not posted on the agenda. Action on your statement can only be taken at a future meeting. In order to expedite the flow of business and to provide all visitors the opportunity to speak, the Mayor may impose a three (3) minute limitation on any person addressing the City Council. A thirty (30) minute time allotment is set for this section, and the remaining speakers will be heard at the end of the Action Agenda.)*

No one wished to speak.

9. City Manager/Staff Reports

• HVTV Update

The latest vide report from HVTV News was shown:

Bond Election – early voting is currently underway for the November 7 election to consider propositions for street and park improvements; early voting will continue through Friday, November 3; qualified registered voters of Highland Village may vote at

any Denton County polling location during that time; voters must vote at their designated precinct on Election Day

Highland Village Fall Festival – this annual event will be held at Unity Park on November 4th and is free to the public; will be held from 10:00 am to 2:00 pm; there will be music, carnival games, bounce houses, face painting, artisan displays, craft and food vendors will also be onsite. For more information visit www.HVparks.com

Salute our Veterans Luncheon – the next Salute Our Veterans Luncheon will be held on Friday, November 10 from 11:00 am to 1:00 pm at the Hilton Garden Inn in Lewisville; contact Crystal Babcock regarding sponsorships to allow veterans and a guest to attend at no charge; sponsorships start at \$40.00, which covers the cost of two lunches, and continues in \$20 increments

10. **Mayor and Council Reports on Items of Community Interest pursuant to Texas Government Code Section 551.0415 the City Council may report on the following items: (1) expression of thanks, congratulations or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming City Council events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety**

Councilmember McGee thanked everyone for their hard work on Saturday at the Fallen Officer Bike Race and 5K. Deputy Mayor Pro Tem Fleming recognized Cooper Chionh from Boy Scout Troop 99 who was in attendance for the meeting.

- **Proclamation – Art Month**

Mayor Wilcox presented a proclamation to members of the Cross Timbers Artist Guild members Linda Chidsey, Aaron Bacon, and Lorraine Hayes declaring November 2017 as Art Month in the City of Highland Village.

- **Proclamation – Domestic Violence Awareness Month**

This proclamation is to bring awareness to the commitment to end domestic violence in our community.

- **Proclamation – Red Ribbon Week**

Mayor Wilcox presented a proclamation to Police Chief Doug Reim and Corporal/SRO David Harney. The proclamation promotes family and individuals living a healthy, drug-free lifestyle.

CONSENT AGENDA

Councilmember McGee requested Agenda Item #16 be moved up from the Action Agenda to the Consent Agenda. Mayor Wilcox moved the item up to the Consent Agenda.

11. **Consider Approval of Minutes of the Regular Meeting held on October 10, 2017**
12. **Consider Resolution 2017-2711 Authorizing the Purchase of a Submersible Pump from Xylem Water Solutions USA, Inc. for Lift Station #3**
16. **Consider Resolution 2017-2714 Authorizing an Agreement with Solid Waste Specialists, LLC to Provide Professional Services for the Development of a Request for Proposal for Solid Waste Collection Services**

Motion by Councilmember Busche, seconded by Deputy Mayor Pro Tem Fleming, to approve Consent Agenda Items #11, #12 and #16. Motion carried 7-0.

ACTION AGENDA

13. Take action, if any, on matters discussed in closed session in accordance with the following sections of the Texas Government Code:

(a) Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)

NO ACTION TAKEN

Council did not meet in Closed Session; no action was taken.

14. Consider Ordinance 2017-1235 Amending Section 20.05.001(b) of the Code of Ordinances relating to the Prohibition of Parking, Standing or Stopping of Vehicles on portions of Highland Forest Drive (2nd and final read)

APPROVED 2ND READ (7 – 0)

Police Chief Reim reported the homeowner at 2041 Highland Forest Drive requested the City review the parking restrictions relative to the area of Highland Forest Drive and Nelson Parkway. Currently, the restricted parking distance of 451 feet ends approximately half-way in front of the residence located at 2041 Highland Forest Drive. This is the only location affected and does not allow the residents or their visitors to park in front of their house.

At the October 10th Council meeting, Council approved Ordinance 2017-1235 providing that the distance of the prohibited parking area from the Highland Forest Drive and Justin Road intersection be reduced to 419 feet.

Councilmember McGee reported he had driven by to see the area and to try to understand why the signs were placed there originally. Homeowner Stacy Smith was present for the meeting and reported previous Police Chief Ed O'Bara had approached her with his concern of parking resulting from overflow from the Celebrations venue and asked if she would like no parking signs placed there. Ms. Smith said she asked him about her and her guests parking there and he told her it would only affect overflow traffic from Celebrations. Ms. Smith reported there have been no issues, until recently when her cleaning lady was parked in the no parking zone. Ms. Smith thanked Chief Reim and Mayor Wilcox for their help on this matter.

Motion by Councilmember Jaworski, seconded by Mayor Pro Tem Schwolert, to approve the second read of Ordinance 2017-1235 amending Section 20.05.001(b) of the Code of Ordinances relating to the prohibition of parking, standing or stopping of vehicles on portions of Highland Forest Drive. Motion carried 7-0.

15. Consider Approval of a Site Plan for the Property located at 2150 Village Parkway, Lot 7B, Block 2, The Marketplace at Highland Village, as submitted by ADR Designs on behalf of Helen Lee Corporation

SITE PLAN APPROVED (7 – 0)

Public Works Director Scott Kriston reported an application was received for a site plan to construct an approximately 13,994 square foot building for retail use. The site plan package includes a site plan, building elevations, signage, lighting plan, and landscape plans. The property is currently zoned Planned Development Retail (PD-R).

The proposed site plan is the second phase of the applicant's project and is very similar to the site plan that was approved by City Council on May 23, 2017 for Highland Village Phase I, 2100 Village Parkway, Lot 7A, Block 2, in the Marketplace at Highland Village. At their October 17, 2017 Planning and Zoning Commission meeting, the Commission approved sending the site plan forward to City Council for approval. The developer was present for the meeting.

Motion by Councilmember Busche, seconded by Councilmember Lombardo, to approve the Site Plan for the property located at 2150 Village Parkway, Lot 7B, Block 2, The Marketplace at Highland Village. Motion carried 7-0.

16. **Consider Resolution 2017-2714 Authorizing an Agreement with Solid Waste Specialists, LLC to Provide Professional Services for the Development of a Request for Proposal for Solid Waste Collection Services**

This item was moved up to the Consent Agenda.

17. **Consider Ordinance 2017-1236 Amending the Code of Ordinances by Repealing the Composting and Household Hazardous Waste Programs Fee (1st of two reads)**
APPROVED 1ST READ (7 – 0)

Assistant City Manager Ken Heerman reported the City has participated in composting and hazardous waste programs for a number of years. An initial fee of \$.70 per billing, later increased to \$.90 per billing was assessed on the City's utility bills to cover the associated costs of these two programs. In 2012, the City's solid waste vendor, Waste Management, rolled out a new service, Household Hazardous Waste At Your Door. The initial cost of this service was \$.56 per billing (\$.60 including sales tax). As this service was billed in conjunction with the garbage / recycling service, the compost fee was separated and this fee was correspondingly reduced to \$.30.

Mr. Heerman stated that over time, the actual charges associated with the Compost service was less than anticipated, resulting in a surplus of collected fees for this service. Staff recommendation is to eliminate this fee and utilize this surplus to fund compost services, which will be sufficient through the remaining solid waste contract term (August 2018) with Waste Management. Mr. Heerman stated that over the next year, all the various programs will be reviewed in development of a Request for Proposal to use for solicitation of a new contract for these services.

Motion by Councilmember Lombardo, seconded by Deputy Mayor Pro Tem Fleming, to approve the first read of Ordinance 2017-1236 amending the Code of Ordinances by repealing the Composting and Household Hazardous Waste Programs Fee. Motion carried 7-0.

18. **Consider Resolution 2017-2712 Approving an Increase in Charges relating to an Annual Rate Adjustment pursuant to the Solid Waste and Recycling Service Contract with Waste Management**

APPROVED (7 – 0)

Mr. Heerman stated the City received a request from Waste Management (WMI) for a rate increase. The proposed rate increase is allowed per the agreement between the City and Waste Management. Rate adjustments are based on two criteria: the Dallas/Fort Worth Consumer Price Index, as well as the change in diesel fuel prices for the Gulf Coast. The existing agreement with Waste Management was initiated in 2008 and renewed for an additional five-year term in 2013. The contract contains a stated option to have ability to update rates in October of each year. The last adjustment requested was in 2012.

Mr. Heerman reported Waste Management has provided the pertinent CPI and fuel price justification as required by the contract, which has been substantiated by City staff. The base rate adjustment requested reflects a 1.77% change in CPI coupled with a fuel price adjustment of .05%, providing a total increase of 1.82%. In accordance to the agreement, Waste Management must receive approval by Council. Also, as stipulated in the agreement, the approval shall not be unreasonably withheld and failing to take any action within 30 days of the request shall result in the request being deemed approved.

Based on the stated change in CPI index and Diesel fuel price index, the 1.82% increase by Waste Management would increase the base rate from \$13.03 to \$13.27. When including sales tax, the monthly bill to residents increases from \$14.11 to \$14.36 – a 25-cent increase. Senior citizen rates (with the 10% discount), will increase from \$12.82 to \$13.07.

Mr. Heerman further reported the City has also charged a separate additional \$.30 fee – to fund a composting program. The costs associated with this service have been less than anticipated, thus providing a surplus of collected funds. Mr. Heerman reported the ordinance presented to Council in tandem with this item drew down the surplus by eliminating this fee for the remainder of the current Waste Management contract (through August 2018). As a result, the \$.30 reduction will more than offset the garbage rate increase. These will be effective with the November billing cycle.

Motion by Deputy Mayor Pro Tem Fleming, seconded by Mayor Pro Tem Schwolert, to approve Resolution 2017-2712 approving an increase in charges relating to an Annual Rate Adjustment pursuant to the Solid Waste and Recycling Service Contract with Waste Management. Motion carried 7-0.

19. Consider Resolution 2017-2713 Awarding Grant Funds to Community Non-Profit Organizations for Fiscal Year 2017-2018

APPROVED (7 – 0)

Motion by Mayor Wilcox, seconded by Councilmember Jaworski, to approve Resolution 2017-2713 making the following allocations:

Section 1 – Family Service Organizations:

- ***Christian Community Action (CCA) - \$2,500***
- ***Denton County Friends of the Family, Inc. - \$2,500***
- ***Salvation Army Lewisville - \$2,500***
- ***Special Abilities of North Texas - \$2,500***
- ***Winning the Fight (WTF) - \$3,000***
- ***Youth and Family Counseling - \$3,500***

Section 2 – Children's Service Organizations:

- ***Casa of Denton County, Inc. - \$1,000***
- ***Communities in Schools of North Texas - \$2,000***
- ***Journey to Dream - \$2,500***
- ***PediPlace - \$2,500***
- ***Lewisville ISD Education Foundation (LEF) - \$4,000***

Section 3 – Community Service Organizations:

- ***Highland Village Lions Club - \$3,500***
- ***Friends of the Flower Mound Library - \$500***
- ***Lewisville Lake Symphony - \$3,500***
- ***Studio B Performing Arts Center - \$3,000***
- ***Greater Lewisville Community Theatre - \$1,000***

- **Chisholm Trail Retired Senior Volunteer Program (RSVP) - \$1,000**

Motion carried 7-0.

Mayor Wilcox thanked all of the organizations for the services they provide to the residents of Highland Village.

LATE WORK SESSION

20. Discuss the Use of Golf Carts in Highland Village

Police Chief Doug Reim reported recent legislative changes relating to the use of package delivery vehicles utilized by FedEx and UPS has sparked discussion and education on the subject of golf cart use on public streets in Highland Village. He provided definitions for a golf cart, neighborhood electric vehicle (NEV), utility type vehicle (UTV), recreational off-highway vehicle (ROV) and an all terrain vehicle (ATV). He reported the City does not have an ordinance prohibiting or regulating golf carts or NEV/LSVs, etc on public roads, therefore state law applies.

Chief Reim reported that City Attorney Kevin Laughlin informed, based on an Attorney General opinion, that the use of golf carts are currently legal in Master Planned Communities, and that Highland Shores and all Residential “Planned Development” (PDs) would be considered a “Master Planned Community” since the residential subdivision has been zoned as a PD, is subject to a uniform set of restrictive HOA covenants, and the property has been platted in accordance with City regulations. A map was shown of the areas that are a Master Planned Subdivision with HOA.

Council discussed insurance requirements and safety concerns regarding the use of golf carts on public roadways. Councilmember Lombardo stated if allowed, should be city-wide and not limited to certain areas and he would prefer they be licensed and insured. Councilmember Jaworski stated he does not want them allowed on our trails and that they be licensed to operate.

Mr. Leavitt stated staff is seeking direction from Council in addressing this city-wide:

- ❖ Option A – an ordinance allowing use city-wide and develop our criteria for inspection, insurance requirements, regulations and restrictions
- ❖ Option B – an ordinance that restricts their use city-wide

He reported staff will research and assemble draft ordinances – one prohibiting use and one allowing use – for Council to continue further discussion.

21. Status Reports on Current Projects and Discussion on Future Agenda Items (A Councilmember may inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.)

Mr. Leavitt reported a date needs to be discussed to canvass the results of the November 7th election. Potential dates discussed were November 17th or 20th.

Mayor Wilcox reported the Salute our Veterans Luncheon will be held on Friday, November 10. Deputy Mayor Pro Tem Fleming reminded everyone to vote.

22. Adjournment

Mayor Wilcox adjourned the meeting at 9:00 p.m.

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 13

MEETING DATE: 11/14/17

SUBJECT: Consider Ordinance 2017-1236 Repealing a \$.90 Fee to Fund the City's Compost and Hazardous Waste Programs

PREPARED BY: Ken Heerman, Assistant City Manager

BACKGROUND:

The City has participated in composting and hazardous waste programs for a number of years. An initial fee of \$.70 per billing, later increased to \$.90 per billing was assessed on the City's utility bills to cover the associated costs of these two programs. For the composting program, yard waste is collected on Mondays from residents and delivered to a vendor (LETCO) for processing. The collection and delivery component of this program is included in the Waste Management garbage rate, while the City incurs a separate charge from LETCO. For the hazardous waste program, the City previously, in conjunction with the UTRWD, had sponsored events, initially annually – later increased to semi-annual, in which residents brought hazardous waste materials for proper disposal at no charge to the resident.

In 2012, the City's solid waste vendor, Waste Management, rolled out a new service, Household Hazardous Waste At Your Door. The City withdrew from the UTRWD program, replacing it with this new service. The initial cost of this service was \$.56 per billing (\$.60 including sales tax). As this service was billed in conjunction with the garbage / recycling service, the compost fee was separated and this fee was correspondingly reduced to \$.30.

IDENTIFIED NEED/S:

Over time, the actual charges associated with the Compost service was less than anticipated, resulting in a surplus of collected fees for this service. Staff recommendation is to eliminate this fee and utilize this surplus to fund compost services, which will be sufficient through the remaining solid waste contract term (August 2018) with Waste Management. Over the next year, all the various programs will be reviewed in development of a Request for Proposal to use for solicitation of a new contract for these services.

RECOMMENDATION:

The first read of Ordinance 2017-1236 was approved by Council at their October 24th meeting.

Council to approve the second read of Ordinance 2017-1236 as presented.

CITY OF HIGHLAND VILLAGE, TEXAS

ORDINANCE NO. 2017-1236

**AN ORDINANCE OF THE CITY OF HIGHLAND VILLAGE, TEXAS,
REPEALING THE COMPOSTING AND HOUSEHOLD HAZARDOUS WASTE
PROGRAMS FEE; PROVIDING A SAVINGS AND SEVERABILITY CLAUSE;
PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City Council previously enacted Ordinance No. 08-1053 authorizing the assessment and collection of a fee to fund the City's composting and hazardous waste programs to provide for disposal of yard waste and household hazardous waste generated by the City's residents; and

WHEREAS, changes in the collection of household hazardous waste and costs relating to the City's composting program have resulted in charges for composting services have been less than anticipated, resulting in an accumulated credit balance from the compost fee assessed to residents; and

WHEREAS, the surplus balance in fees collected is sufficient to fund the compost program through the remainder of the term of the current solid waste collection contract on or about September 30, 2018;

WHEREAS, upon recommendation of City Administration, the City Council of the City of Highland Village, Texas, finds it to be in the public interest to repeal the composting program fee.

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

SECTION 1. Ordinance No. 08-1053 and the fees authorized to be assessed and collected therein are hereby repealed effective with the first utility billing occurring after the effective date of this Ordinance.

SECTION 2. 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 so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Ordinance as a whole

SECTION 3. This ordinance shall be effective from and after its date of passage and publication as required by law or charter.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS ON THE FIRST READING, THIS THE 24TH DAY OF OCTOBER, 2017.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS ON THE SECOND READING, THIS THE 14TH DAY OF NOVEMBER, 2017.

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney

(kbl:10/1617:92192)

CITY OF HIGHLAND VILLAGE

COUNCIL BRIEFING

AGENDA# 14

MEETING DATE: 11/14/17

SUBJECT: Consider Resolution 2017-2716 Authorizing the Purchase of a ROVER X 130 Sewer Camera from Green Equipment Company through the Houston-Galveston Area Council Purchasing Cooperative "HGACBuy" and a HAMM Double Drum Roller with Trailer from Kirby-Smith Machinery, Inc. through the Local Government Purchasing Cooperative "BuyBoard"

PREPARED BY: Scott Kriston, Director of Public Works

BACKGROUND:

During the budget process, the Fleet Maintenance division works with each division in evaluating their present vehicle and equipment inventory and any new needs for the upcoming budget year. The City criteria for equipment replacement is based on the repair history, age, hours of service and increased needs for each division.

IDENTIFIED NEED/S:

In this fiscal budget year 2017/2018, under the equipment replacement schedule, staff identified the equipment have met the City's criteria for replacement. Vehicles/Equipment being replaced will be sold at auction.

PROGRESS TO DATE: (if appropriate)

In the process of taking bids as required by state law, we have found that in working with the Texas Local Government Purchasing Co-Op ("BUYBOARD") and the Houston-Galveston Area Council Purchasing Co-Op ("HGACBuy"), vehicles and equipment meeting or exceeding all specifications for the equipment and provide the best price. On the equipment identified for replacement, BUYBOARD met the City's specification. BUYBOARD fees are included in the total price. On the sewer camera identified for replacement, HGACBuy met the City's specification. HGACBuy fees are included in the total price.

BUYBOARD obtained the needed equipment for the Streets Department through Kirby-Smith Machinery, Inc. and HGACBuy obtained the needed sewer camera for the Utility Department through Green Equipment Company.

<u>Division</u>	<u>Quantity</u>	<u>Description</u>	<u>Cost</u>
Streets	1	HAMM Double Drum Roller	\$40,328.00

Trail King trailer	<u>\$8,975.00</u>
Total Purchase Cost	\$49,303.00

<u>Division</u>	<u>Quantity</u>	<u>Description</u>	<u>Cost</u>
Utilities	1	ROVVER X 130 Sewer Camera	<u>\$69,305.60</u>
Total Purchase Cost			\$69,305.60
			<u>TOTAL</u>
			\$118,608.60

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

Approved in FY 2017-2018 Vehicle/Equipment Replacement Budget.

RECOMMENDATION:

To approve Resolution 2017-2716.

CITY OF HIGHLAND VILLAGE, TEXAS

RESOLUTION NO. 2017-2716

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS, AUTHORIZING THE PURCHASE OF A HAMM DOUBLE DRUM ROLLER WITH TRAILER FROM KIRBY-SMITH MACHINERY, INC. THROUGH THE CITY'S COOPERATIVE PURCHASING AGREEMENT WITH TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE ("BUYBOARD") AND THE PURCHASE OF A ROVVER X 130 SEWER CAMERA THROUGH THE CITY'S COOPERATIVE PURCHASING AGREEMENT WITH THE HOUSTON-GALVESTON AREA COUNCIL ("HGACBUY"); AND PROVIDING AN EFFECTIVE DATE

WHEREAS, pursuant to its review of the City's vehicle and equipment inventory in accordance with the City's replacement policies, City Administration has identified the need to purchase various motorized equipment and to replace existing equipment that has reached its useful age; and

WHEREAS, City Administration, while in the process of soliciting bids in accordance with state law, determined that the purchase of equipment complying with City specifications can be made for the lowest price from Kirby-Smith Machinery, Inc. through the City's cooperative purchasing agreement with the Texas Local Government Cooperative ("BuyBoard") and from Green Equipment Company through the City's cooperative purchasing agreement with the Houston-Galveston Area Council ("HGACBuy") and recommends the purchase of the motorized equipment to replace those items identified for replacement; and

WHEREAS, the City Council of the City of Highland Village finds it to be in the public interest to authorize the above-described purchase;

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

SECTION 1. The City Manager is hereby authorized to take such action a reasonable and necessary to purchase the following vehicles and/or equipment:

- A. A HAMM Double Drum Roller in the amount of \$40,328 and a Trail King trailer in the amount of \$8,975 from Kirby-Smith Machinery, Inc. through the City's cooperative purchasing agreement with BUYBOARD; and
- B. A ROVVER-X 130 Sewer Camera in the amount of \$69,305.60 from Green Equipment Company through the City's cooperative purchasing agreement with HGACBuy.

SECTION 2. This Resolution shall take effect immediately upon passage.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE,
TEXAS, ON THIS 14TH DAY OF NOVEMBER, 2017.**

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney
(kbl:11/8/17:93154)

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA#	15	MEETING DATE:	11/14/17
SUBJECT:	Consider Resolution 2017-2717 Authorizing the City Manager to Enter into Interlocal Cooperation Agreements with Denton County for Fire Protection Services and Ambulance Services		
PREPARED BY:	Angela Miller, City Secretary		

BACKGROUND:

The City of Highland Village received Interlocal Cooperation Agreements from Denton County to provide ambulance services and fire protection services to specified unincorporated areas of Denton County. The terms of the agreements are for the period of October 1, 2017 through September 30, 2018.

IDENTIFIED NEED/S:

The Interlocal Cooperation Agreements between Denton County and all municipalities are essential to inter-agency emergency services throughout the County.

OPTIONS & RESULTS:

The City of Highland Village participation in the Interlocal Cooperation Agreements promotes harmony and good will between all municipalities and Denton County and provides for Emergency Operations continuity between all participating jurisdictions.

PROGRESS TO DATE: (if appropriate)

The Interlocal Cooperation Agreements are the same as previous agreements and have been reviewed by the Office of the City Secretary, the City Attorney, and Fire Department Staff.

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

Per the Interlocal Cooperation Agreements, Denton County agrees to pay an estimated fee of \$7,943 for ambulance services. Similarly, Denton County will pay \$10,000 upon execution of the agreement for fire protection services and an additional \$550 per fire call, estimating three (3) fire calls for a total of \$1,650. The total estimated payment for fire protection services is to be \$11,650.

RECOMMENDATION:

To approve Resolution 2017-2717.

CITY OF HIGHLAND VILLAGE, TEXAS

RESOLUTION NO. 2017-2717

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO INTERLOCAL COOPERATION AGREEMENTS WITH DENTON COUNTY FOR AMBULANCE AND FIRE PROTECTION SERVICES TO UNINCORPORATED AREAS OF DENTON COUNTY DURING FISCAL YEAR 2017-2018; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Denton County has requested the City of Highland Village enter into Interlocal Cooperation Agreements to provide Ambulance and Fire Protection Services to unincorporated areas of Denton County for the Fiscal Year 2017-2018; and

WHEREAS, the provision of such services provides a benefit to the citizens of Denton County; and

WHEREAS, the City Council of the City of Highland Village finds it in the public interest to enter into the above described agreements;

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

SECTION 1. The City Manager is hereby authorized to sign on behalf of the City into the Interlocal Cooperation Agreements with Denton County for ambulance and fire protection services for Fiscal Year 2017-2018.

SECTION 2. This resolution shall take effect immediately upon passage.

PASSED AND APPROVED this the 14th day of November, 2017.

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney
(kbl:11/7/17:93106)

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 16

MEETING DATE: 11/14/17

SUBJECT: Investment Report for Quarter Ending September 30, 2017

PREPARED BY: Heather Miller, Assistant Finance Director

BACKGROUND:

The Public Funds Investment Act, Chapter 2256.023 of the Government Code requires the investment officer of each local government to submit its governing body a quarterly report of investment transactions. The City staff has compiled the following information for your review and to comply with this reporting requirement.

IDENTIFIED NEED/S:

N/A

OPTIONS & RESULTS:

The detailed transactions for June 30, 2017 through September 30, 2017 follow this briefing.

- TexPool (Texas Local Government Investment Pool, a public funds investment pool that matures October 1, 2017)
- TexSTAR (Texas Short Term Asset Reserve Program, a public funds investment pool, custodial, and depository services are provided by JP Morgan Chase Bank and subsidiary J.P. Morgan Investor Services Co. that matures October 1, 2017)
- Independent DDA (Demand Deposit Account that matures October 1, 2017 collateralized by a letter of credit held in custody by the Federal Home Loan Bank)
- Independent NOW (Negotiable Order of Withdraw that matures October 1, 2017 collateralized by a letter of credit held in custody by the Federal Home Loan Bank)
- Southside MMA (Money Market Account that matures October 1, 2017, collateralized by pledged securities held in custody by the Federal Home Loan Bank)
- Herring Bank CDARS (Certificates of Deposit placed through the Certificates of Deposit Account Registry Service that matures January 18, 2018 fully insured by the Federal Deposit Insurance Corporation)
- LegacyTexas Bank CD (Certificates of Deposit that matures August 3, 2018 collateralized by a letter of credit held in custody by the Federal Home Loan

Bank)

This information reports that the beginning market value for all cash and investments was \$13,320,742 and the ending market value on September 30, 2017 was \$12,497,996. The rate of return for the quarter ending September 30, 2017 in pooled, demand deposit, negotiable order of withdrawal, and money market accounts (0.94%) is less than the six-month term treasuries. The beginning pool, demand deposit, negotiable order of withdrawal, and money market accounts invested balance at June 30, 2017 was \$7,215,497 and the ending balance at September 30, 2017 was \$8,357,982 or 67% of the City's total portfolio. The weighted average maturity of the City's portfolio at September 30, 2017 is 48 days.

The average total portfolio yield for the quarter ending September 30, 2017 was 1.04 %.

The book value and market value for the City's total portfolio for the beginning and end of the reporting period is as follows:

	<u>Book Value</u>	<u>Market Value</u>
June 30, 2017	\$13,320,742	\$13,320,742
June 30, 2017	\$13,320,742	\$13,320,742

I hereby certify that the attached report is in compliance with the Public Funds Investment Act and that all investments held and transactions made during the reporting period were duly authorized and properly recorded and valued.



Heather Miller
Investment Officer



Ken Heerman
Assistant City Manager

¹ Note:

Par is the stated legal dollar value or principal value at maturity.

Book value is what we paid for the instrument adjusted by any accretion or amortization costs.

Market value is what we could reasonably sell the instrument for in the current market.

PROGRESS TO DATE: (if appropriate)

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

RECOMMENDATION:

Council to receive the Investment Reports for the period ending September 30, 2017.



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2017

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Highland Village is in compliance with the Public Funds Investment Act and the City of Highland Village Investment Policy and Strategies.

Ken Heerman, Assistant City Manager

Heather Miller, Assistant Finance Director

Disclaimer: These reports were compiled using information provided by the City of Highland Village. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2017			September 30, 2016		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW/Pools	0.94%	\$ 8,357,982	\$ 8,357,982	0.38%	\$ 7,195,226	\$ 7,195,226
Securities/CDs	1.24%	4,140,014	4,140,014	0.81%	4,263,932	4,263,932
Totals		\$ 12,497,996	\$ 12,497,996		\$ 11,459,159	\$ 11,459,159
Fourth Quarter-End Yield	1.04%			0.54%		
Average Quarter-End Yields - Fiscal Year (1):						
Highland Village	0.85%					
Rolling Three Month Treasury	0.75%			0.45%		
Rolling Six Month Treasury	0.78%			0.25%		
TexPool	0.74%			0.37%		
				0.31%		

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

Summary

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	September 30, 2017		June 30, 2017	
		Book Value	Market Value	Book Value	Market Value
MMA/NOW/Pools	0.94%	\$ 8,357,982	\$ 8,357,982	\$ 7,215,497	\$ 7,215,497
Securities/CDs	1.24%	4,140,014	4,140,014	6,105,245	6,105,245
Totals		\$ 12,497,996	\$ 12,497,996	\$ 13,320,742	\$ 13,320,742

Current Quarter Average Yield (1)

Total Portfolio 1.04%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.85%

Rolling Three Mo. Treas. Yield 1.05%

Rolling Six Mo. Treas. Yield 1.09%

Rolling Three Mo. Treas. Yield 0.75%

Rolling Six Mo. Treas. Yield 0.78%

Average Quarterly TexPool Yield 0.74%

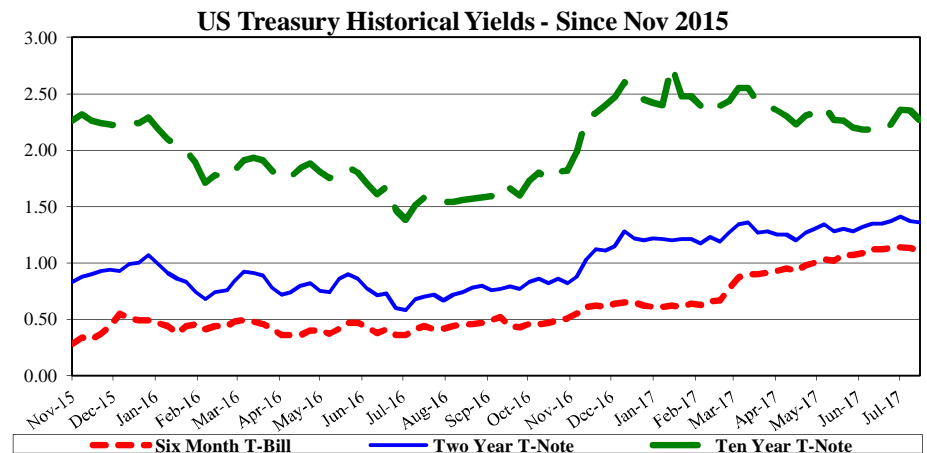
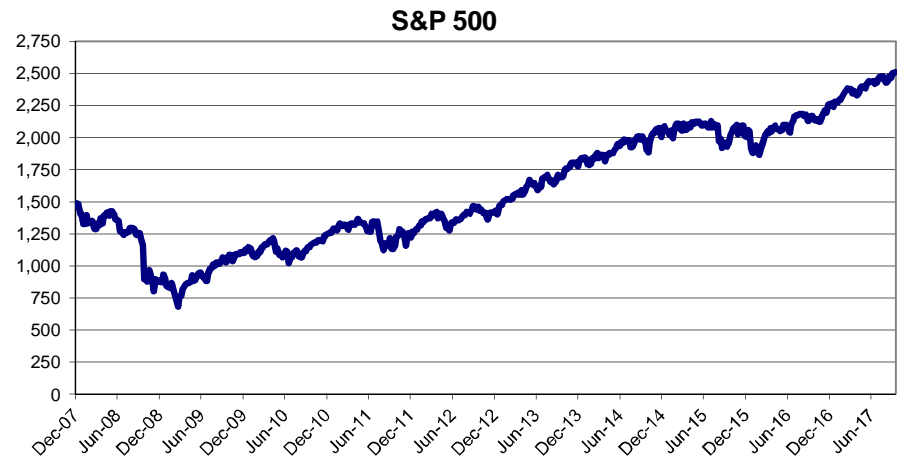
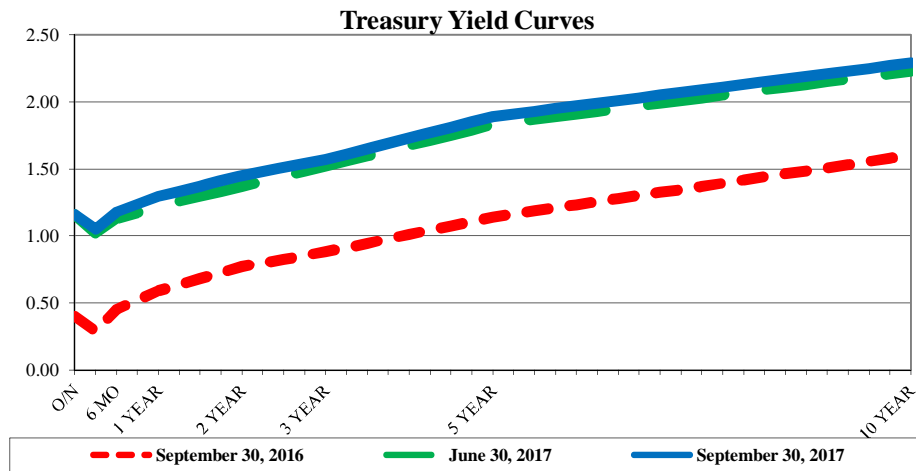
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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

Economic Overview

9/30/2017

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) since the June FOMC meeting. Recent announcements have increased the probability of a December rate increase. The FOMC announced a gradual portfolio reduction by limiting reinvestment of maturing holdings. Second Quarter 2017 GDP was revised to 3.1%. September Non Farm Payroll data was a storm influenced negative 33k, with downward revisions to August and July. Other US data generally showed positive with a few negative numbers. The Stock Markets achieved new highs. Monitoring estimated balances and needs will determine laddering opportunities.



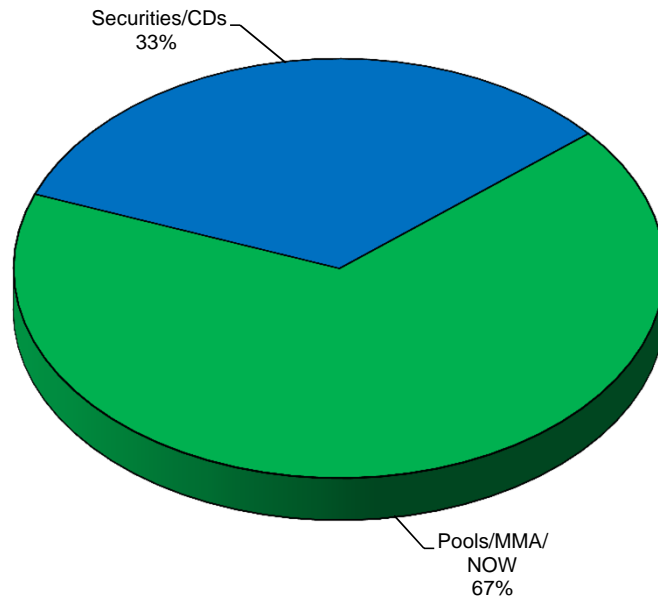
Investment Holdings
September 30, 2017

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Original Face/ Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool	AAAm	1.02%	10/01/17	09/30/17	\$ 2,394,671	\$ 2,394,671	1.00	\$ 2,394,671	1	1.02%
TexSTAR	AAAm	1.04%	10/01/17	09/30/17	1,447,370	1,447,370	1.00	1,447,370	1	1.04%
Independent DDA		0.35%	10/01/17	09/30/17	1,394,901	1,394,901	1.00	1,394,901	1	0.35%
Independent NOW		0.40%	10/01/17	09/30/17	294,953	294,953	1.00	294,953	1	0.40%
Southside MMA		1.17%	10/01/17	09/30/17	2,826,087	2,826,087	1.00	2,826,087	1	1.17%
Herring Bank CDARS		1.20%	01/18/18	01/18/17	3,439,152	3,439,152	100.00	3,439,152	110	1.20%
LegacyTexas Bank CD		1.45%	08/03/18	08/03/17	700,862	700,862	100.00	700,862	307	1.45%
					\$ 12,497,996	\$ 12,497,996		\$ 12,497,996	48	1.04%
									(1)	(2)

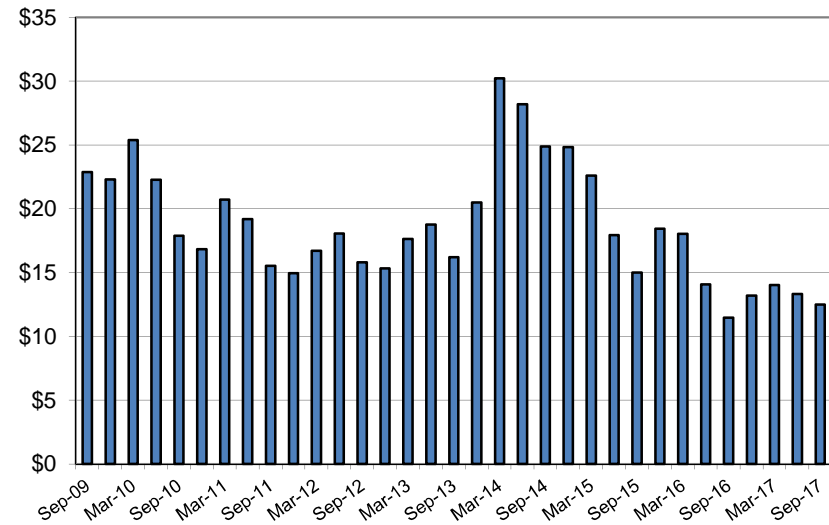
(1) Weighted average life - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered.

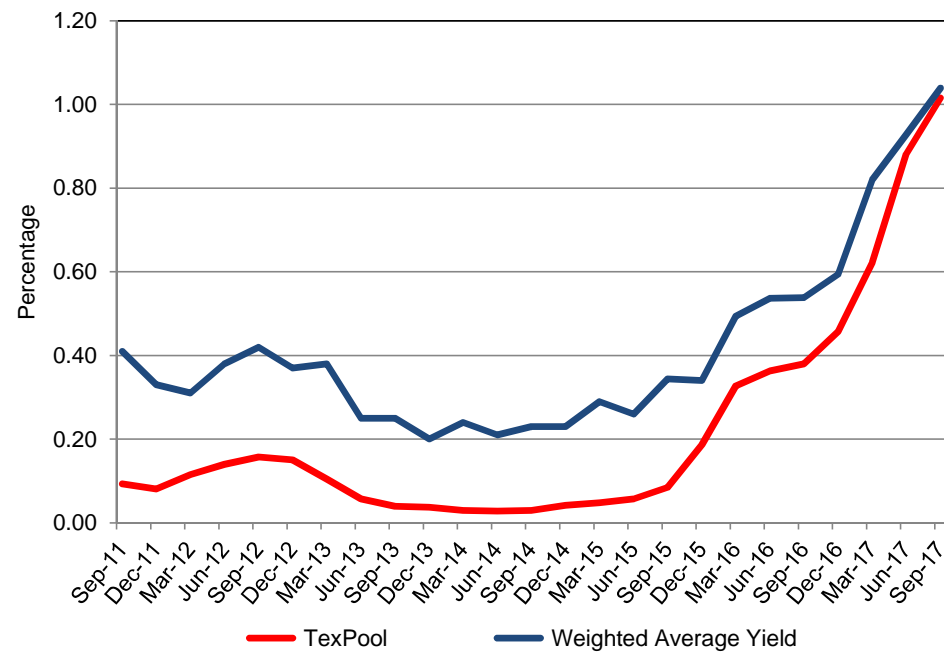
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2017		Purchases/ Accretions	Amortizations/ Sales/Maturities	September 30, 2017	
			Original Face/ Par Value	Book Value			Original Face/ Par Value	Book Value
TexPool	1.02%	10/01/17	\$ 2,200,401	\$ 2,200,401	\$ 194,271	\$ —	\$ 2,394,671	\$ 2,394,671
TexSTAR	1.04%	10/01/17	741,742	741,742	705,627		1,447,370	1,447,370
Independent DDA	0.35%	10/01/17	1,160,722	1,160,722	234,179		1,394,901	1,394,901
Independent NOW	0.40%	10/01/17	294,656	294,656	297		294,953	294,953
Southside MMA	1.17%	10/01/17	2,817,976	2,817,976	8,111		2,826,087	2,826,087
Wallis State Bank CD	0.85%	07/26/17	2,021,329	2,021,329		(2,021,329)	—	—
LegacyTexas Bank CD	0.85%	07/29/17	655,089	655,089		(655,089)	—	—
Herring Bank CDARS	1.20%	01/18/18	3,428,827	3,428,827	10,325		3,439,152	3,439,152
LegacyTexas Bank CD	1.45%	08/03/18	—	—	700,862		700,862	700,862
TOTAL			\$ 13,320,742	\$ 13,320,742	\$ 1,853,672	\$ (2,676,418)	\$ 12,497,996	\$ 12,497,996

Market Value Comparison

Description	Coupon/ Discount	June 30, 2017			Qtr-to-Qtr Change	September 30, 2017		
		Original Face/ Par Value	Market Price	Market Value		Original Face/ Par Value	Market Price	Market Value
TexPool	1.02%	\$ 2,200,401	1.00	\$ 2,200,401	\$ 194,271	\$ 2,394,671	1.00	\$ 2,394,671
TexSTAR	1.04%	741,742	1.00	741,742	705,627	1,447,370	1.00	1,447,370
Independent DDA	0.35%	1,160,722	1.00	1,160,722	234,179	1,394,901	1.00	1,394,901
Independent NOW	0.40%	294,656	1.00	294,656	297	294,953	1.00	294,953
Southside MMA	1.17%	2,817,976	1.00	2,817,976	8,111	2,826,087	1.00	2,826,087
Wallis State Bank CD	0.85%	2,021,329	100.00	2,021,329	(2,021,329)	—		—
LegacyTexas Bank CD	0.85%	655,089	100.00	655,089	(655,089)	—		—
Herring Bank CDARS	1.20%	3,428,827	100.00	3,428,827	10,325	3,439,152	100.00	3,439,152
LegacyTexas Bank CD	1.45%	—		—	700,862	700,862	100.00	700,862
TOTAL		\$ 13,320,742		\$ 13,320,742	\$ (822,745)	\$ 12,497,996		\$ 12,497,996

**Allocation by Fund
September 30, 2017
Book and Market Value**

Utility Funds	TexPool	TexSTAR	Independent DDA	Independent NOW	Southside MMA	Certificates of Deposit		Total	Interest This Quarter
						01/18/2018	08/03/2018		
Interest & Sinking	\$ 666,563	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 666,563	\$ 1,324
Replacement Reserve	451,641							451,641	1,131
Operations	343,021				265,723			608,744	1,621
Impact Fees	107,897				42,404		700,862	851,163	1,828
2013 CO Utility Capital Projects		332,394			506,235			838,630	2,308
Sub Total	\$ 1,569,122	\$ 332,394	\$ —	\$ —	\$ 814,362	\$ —	\$ 700,862	\$ 3,416,741	\$ 8,212
General Funds									
Operations	\$ 484,726	\$ 1,000,618	\$ —	\$ 231,097	\$ 2,011,725	\$ 3,439,152	\$ —	\$ 7,167,317	\$ 25,489
Pooled Cash			1,394,901					1,394,901	771
Interest & Sinking	99,055	62,870						161,925	584
Drainage Utility	241,752							241,752	546
Sub Total	\$ 825,533	\$ 1,063,488	\$ 1,394,901	\$ 231,097	\$ 2,011,725	\$ 3,439,152	\$ —	\$ 8,965,896	\$ 27,390
General Capital Project Funds									
Park Development	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 2
2015 Tax Note Capital Projects		45,692						45,692	206
Sub Total	\$ 2	\$ 45,692	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 45,694	\$ 208
Corp Leased Park Funds									
Corp LeasedTXDot Mitigation	\$ —	\$ 3		\$ 63,856	\$ —	\$ —	\$ —	\$ 63,859	\$ 196
Sub Total	\$ —	\$ 3	\$ —	\$ 63,856	\$ —	\$ —	\$ —	\$ 63,859	\$ 196
HV Community Development Funds									
Operations	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ 4
HVCDC TXDot Mitigation		5,792						5,792	15
Sub Total	\$ 15	\$ 5,792	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,807	\$ 19
Totals	\$ 2,394,671	\$ 1,447,370	\$ 1,394,901	\$ 294,953	\$ 2,826,087	\$ 3,439,152	\$ 700,862	\$ 12,497,996	\$ 36,025

**Allocation by Fund
June 30, 2017
Book and Market Value**

Utility Funds	TexPool	TexSTAR	Independent DDA	Independent NOW	Southside MMA	Certificates of Deposit			Total	Interest This Quarter
						07/26/2017	07/29/2017	01/18/2018		
Interest & Sinking	\$ 480,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,194	\$ 573
Replacement Reserve	450,510								450,510	883
Operations	342,162				264,961				607,123	1,280
Impact Fees	192,211				42,282		655,089		889,582	1,854
2013 CO Utility Capital Projects		334,643			504,782				839,426	1,831
Sub Total	\$ 1,465,077	\$ 334,643	\$ -	\$ -	\$ 812,025	\$ -	\$ 655,089	\$ -	\$ 3,266,835	\$ 6,421
General Funds										
Operations	\$ 297,355	\$ 240,997	\$ -	\$ 97,699	\$ 2,005,951	\$ 2,021,329	\$ -	\$ 3,428,827	\$ 8,092,159	\$ 21,255
Pooled Cash			1,160,722						1,160,722	631
Interest & Sinking	234,058	62,709							296,767	564
Drainage Utility	198,065								198,065	379
Sub Total	\$ 729,478	\$ 303,706	\$ 1,160,722	\$ 97,699	\$ 2,005,951	\$ 2,021,329	\$ -	\$ 3,428,827	\$ 9,747,713	\$ 22,829
General Capital Project Funds										
Park Development	\$ 735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 735	\$ 1
2015 Tax Note Capital Projects		97,613							97,613	190
Sub Total	\$ 735	\$ 97,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,347	\$ 191
Corp Leased Park Funds										
Corp LeasedTXDot Mitigation	\$ -	\$ 3		\$ 196,956	\$ -	\$ -	\$ -	\$ -	\$ 196,960	\$ 196
Sub Total	\$ -	\$ 3	\$ -	\$ 196,956	\$ -	\$ -	\$ -	\$ -	\$ 196,960	\$ 196
HV Community Development Funds										
Operations	\$ 5,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,111	\$ 0
HVCDC TXDot Mitigation		5,777							5,777	11
Sub Total	\$ 5,111	\$ 5,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,888	\$ 11
Totals	\$ 2,200,401	\$ 741,742	\$ 1,160,722	\$ 294,656	\$ 2,817,976	\$ 2,021,329	\$ 655,089	\$ 3,428,827	\$ 13,320,742	\$ 29,648

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 18	MEETING DATE: 11/14/17
SUBJECT:	Consider Repealing Ordinance 02-896 Adopting Revised Financial Policies
PREPARED BY:	Ken Heerman, Asst. City Manager

BACKGROUND:

Financial policies are a key fixture of sound fiscal administration. These policies provide guidelines for the financial management staff in planning and directing the City's day-to-day financial operations. The last update to the City's financial policies was in 2002 and was adopted by ordinance. Following a comprehensive review and update of the policies to conform to current practice and changes to state law, a replacement financial policy, with addition of a debt management policy is proposed.

IDENTIFIED NEED/S:

As the City Charter no longer requires adoption of the City's financial policies by ordinance, and to be consistent with general practice of the City approving policies by resolution, repealing of the ordinance is suggested. This is to be in conjunction with approval of the updated policies by resolution, concurrent with second read of the repealing ordinance.

OPTIONS & RESULTS:

The proposed updated policies will be presented and discussed as a work-session item this meeting, with intent to submit to Council for approval at the December 12th meeting.

PROGRESS TO DATE: (if appropriate)

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

RECOMMENDATION:

Council to approve the first read of an Ordinance 2017-1237 repealing Ordinance 02-896.

CITY OF HIGHLAND VILLAGE, TEXAS

ORDINANCE NO. 2017-1237

**AN ORDINANCE OF THE CITY OF HIGHLAND VILLAGE, TEXAS,
REPEALING ORDINANCE NO. 02-896 ADOPTING REVISED FINANCIAL
POLICIES; PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City Council previously enacted Ordinance No. 02-896 adopting the revised Financial Policies of the City; and

WHEREAS, City Administration has reviewed the Financial Policies and is recommending that the Financial Policies be revised to conform to current practices and procedures of the City and to conform to and/or take advantages of changes in state law since the adoption of Ordinance No. 02-896; and

WHEREAS, the City Charter no longer requires adoption of the City's financial policies by ordinance; and

WHEREAS, City Administration intends to present for adoption a resolution adopting revised City Financial Policies at a future meeting, and because City policies are historically adopted by resolution unless otherwise required by law to be adopted by ordinance, the City Manager has recommended repeal of Ordinance No. 02-896 in order to prevent any conflict between the current and revised Financial Policies; and

WHEREAS , upon recommendation of City Administration, the City Council of the City of Highland Village, Texas, finds it to be in the public interest to repeal Ordinance No. 02-896.

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

SECTION 1. Ordinance No. 02-896 is hereby repealed.

SECTION 2. This ordinance shall be effective from and after its date of passage and publication as required by law or charter.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS ON THE FIRST READING, THIS THE 14TH DAY OF NOVEMBER, 2017.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS ON THE SECOND READING, THIS THE _____ DAY OF _____, 2017.

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney

(kbl:11/8/17:93160)

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 19

MEETING DATE: 11/14/2017

SUBJECT: Consider Ordinance 2017-1238 Amending the Code of Ordinances relating to Hours/Days of Operation and Expiration of Permits for Peddlers and Solicitors

**PREPARED BY: Doug Reim, Police Chief
Angela Miller, City Secretary**

BACKGROUND:

Many homes in the city received damage due to hail storms that occurred earlier this year in Highland Village and homeowners were inundated by solicitors representing home repair companies. Mayor Wilcox reported she received complaints from residents and voiced concern about the hours solicitors are allowed to operate. She asked staff to explore what is allowed in other cities.

The current ordinance has also been reviewed by the Police Department for any additional updates. Currently, permits expire within 90-days from the date of issuance. Each permit may be renewed once for an additional 90-day term at no additional cost, unless additional solicitors are added to the permit, which requires a fee of \$50 per additional solicitor. In an effort to be more cost/time effective, staff suggests going to 180-day permit.

IDENTIFIED NEED/S:

This item is provided if Council wishes to revise the hours of operation for solicitors and/or if they wish to extend the expiration of permits from 90-days to 180-days.

RECOMMENDATION:

For Council approval of the first read of Ordinance 2017-1238 amending the hours/days of operation and expiration of permits for Peddlers and Solicitors.

CITY OF HIGHLAND VILLAGE, TEXAS

ORDINANCE NO. 2017-1238

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS AMENDING THE CODE OF ORDINANCES OF THE CITY OF HIGHLAND VILLAGE, CHAPTER 6 "BUSINESS REGULATIONS," ARTICLE 6.03 "PEDDLERS AND SOLICITORS," SECTION 6.03.005 "HOURS AND DAYS OF OPERATION" BY AMENDING THE TIME OF DAY DURING WHICH A PERSON MAY OPERATE AS A PEDDLER OR SOLICITOR IN THE CITY; SECTION 6.03.046 "ISSUANCE OR DENIAL; EXPIRATION" BY AMENDING THE TIME FOR WHICH A PERMIT IS VALID" BY AMENDING THE TIME FOR WHICH A RENEWAL PERMIT IS VALID; PROVIDING FOR A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY OR FINE NOT TO EXCEED \$500.00 PER OFFENSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council finds it to be in the public interest to amend the Code of Ordinances §6.03.005 to establish fixed times of day during which a person, acting as a peddler or solicitor, may seek orders at a private residence;

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

SECTION 1. The City of Highland Village Code of Ordinances Chapter 6 "Business Regulations," Article 6.03 "Peddlers and Solicitors," Section 6.03.005 "Hours and Days of Operation" is amended to read as follows:

Sec. 6.03.005 Hours and days of operation

No person shall peddle, solicit, hawk, sell or take orders for or offer to take orders for any item or service at a private residence earlier than 9:00 a.m. or later than _____ p.m., Central Time, on any Monday through Saturday, unless the transaction is the result of a request made to such person by the occupant of such private residence. There shall be no solicitations on January 1st, July 4th, the fourth Monday in May, the 1st Monday in September, the fourth Thursday of November, December 25th, or on any Sunday.

SECTION 2. The City of Highland Village Code of Ordinances Chapter 6 "Business Regulations," Article 6.03 "Peddlers and Solicitors," Section 6.03.046 "Issuance or Denial; Expiration" is amended to read as follows:

Sec. 6.03.046 Issuance or denial; expiration

It shall be the duty of the chief of police or his authorized designee to issue or refuse to issue such permit not earlier than five days nor later than two weeks from the time the application is received by him. All the permits shall expire within 180 days from the date of issuance. The chief of police or his authorized designee may refuse to grant a permit if he discovers, in the course of his investigation, that the applicant, or any solicitor, has committed fraud or misrepresentation, has been convicted of a felony or a misdemeanor involving

moral turpitude, or has failed to furnish items required by this article in the permit application.

SECTION 3. 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 so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Ordinance as a whole.

SECTION 4. Any person, firm or corporation violating any of the provisions or terms of this Ordinance shall be punished by a fine not to exceed the sum of Five Hundred Dollars (\$500) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 5. This ordinance shall take effect upon its passage on Second Reading and publication of the caption in accordance with the provisions of the Charter of the City of Highland Village, and it is accordingly so ordained.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS, ON FIRST READING ON THIS THE 14TH DAY OF NOVEMBER, 2017.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS, ON SECOND READING ON THIS THE ____ DAY OF _____, 2017.

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney
(kbl:11/10/17:93107)

CITY OF HIGHLAND VILLAGE

COUNCIL BRIEFING

AGENDA# 20

MEETING DATE: 11/14/17

SUBJECT: Consider Resolution 2017-2715 Casting the City of Highland Village Votes for Denton Central Appraisal District (DCAD) Board of Directors

PREPARED BY: Angela Miller, City Secretary

BACKGROUND:

The Chief Appraiser of the Denton Central Appraisal District (DCAD) is responsible for initiating the process for taxing jurisdictions to select individuals to serve as the DCAD's Board of Directors. In odd-numbered years, the Chief Appraiser notifies jurisdictions within Denton County of the list of candidates. The Chief Appraiser also notifies the jurisdictions of the number of votes, based on tax levies; they are entitled to cast for Board members.

Each jurisdiction must cast its votes by written resolution to the Chief Appraiser before December 15, 2017. The jurisdiction may cast its votes for one candidate or may distribute the votes among any number of candidates. The Chief Appraiser reported the City of Highland Village has 35 votes to cast this year. There is no provision for write-in candidates. When a voting unit casts its votes, it must cast the votes for a person that was nominated and is named on the ballot. The five candidates receiving the most votes will become the Board of Directors, serving a two year term beginning January 1, 2018 and ending December 31, 2019.

The current DCAD Board of Directors are: Charles Stafford (Chairman), Connie Smith (Vice Chairman), David Terre (Secretary), Mike Hassett, Robert Gallagher and Michelle French (Ex Officio Member).

IDENTIFIED NEED/S:

Each voting jurisdiction must cast its vote by written resolution and submit it to the Chief Appraiser by December 15, 2017. The candidates are listed below in alphabetical order by last name:

Candidate	Nominating Jurisdiction
Roy Atwood	Lewisville ISD City of Carrollton
Robert Gallagher *	Town of Trophy Club
Mike Hassett	Lewisville ISD City of Lewisville Town of Flower Mound Town of Trophy Club
George Pryor	Denton County
Connie Smith	City of Lewisville Town of Flower Mound Town of Trophy Club
Charles Stafford	Aubrey ISD Lewisville ISD City of Lewisville Town of Trophy Club

David Terre	Lewisville ISD Northwest ISD City of Frisco City of Lewisville City of The Colony Town of Trophy Club Denton County
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*Robert Gallagher has indicated he does not wish to be reappointed to the Board of Directors

OPTIONS & RESULTS:

The City may cast its votes for one candidate or split votes among several candidates.

PROGRESS TO DATE: (if appropriate)

The City has received six (6) nominee forms, which were provided to Council under separate cover.

BUDGETARY IMPACT/ORDINANCE CHANGE: (if appropriate)

N/A

RECOMMENDATION:

To approve Resolution 2017-2715 casting the City's votes for the DCAD Board of Directors.

CITY OF HIGHLAND VILLAGE, TEXAS

RESOLUTION NO. 2017-2715

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND VILLAGE, TEXAS CASTING ITS VOTES FOR ONE OR MORE CANDIDATES FOR APPOINTMENT TO THE DENTON CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, in accordance with applicable provisions of the Texas Tax Code and the by-laws of the Denton Central Appraisal District (DCAD), the City of Highland Village has a total of 35 votes to cast among one or more nominees to the DCAD Board of Directors; and

WHEREAS, the candidates nominated for terms commencing January 1, 2018, and ending December 31, 2019, are: Roy Atwood, Robert Gallagher, Mike Hassett, George Pryor, Connie Smith, Charles Stafford, and David Terre; and

WHEREAS, the City Council of the City of Highland Village wishes to cast the City's votes.

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

SECTION 1. The City Council hereby casts its 35 votes for appointment to the Board of Directors of the Denton Central Appraisal District as follows:

Candidate	Number of Votes
Roy Atwood	
Robert Gallagher	
Mike Hassett	
George Pryor	
Connie Smith	
Charles Stafford	
David Terre	

SECTION 2. The City Secretary is directed to send a copy of this Resolution to the Chief Appraiser of the Denton Central Appraisal District.

SECTION 3. This Resolution shall take effect immediately upon passage.

PASSED AND APPROVED this the 14th day of November, 2017.

APPROVED:

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Kevin B. Laughlin, City Attorney

(kbl:11/1/17:92845)

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 21

MEETING DATE: 11/14/17

SUBJECT: Discuss options relating to the Use of Neighborhood Electric Vehicles (NEV), Low Speed Vehicles (LSV) and Golf Carts in Highland Village

PREPARED BY: Angela Miller, City Secretary

COMMENTS

City staff will present options for Council's consideration relating to the use of Neighborhood Electric Vehicles, Low Speed Vehicles, and Golf Cars in Highland Village.

CITY OF HIGHLAND VILLAGE
COUNCIL BRIEFING

AGENDA# 22

MEETING DATE: 11/14/17

**SUBJECT: Status Reports on Current Projects and Discussion on Future
Agenda Items**

PREPARED BY: Angela Miller, City Secretary

COMMENTS

This item is on the agenda to allow a Councilmember to inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.



UPCOMING EVENTS

Expected Absences: None

November 14, 2017 **Regular City Council Mtg. 7:30 pm**

November 16, 2017 Public Art Advisory Board Mtg. 7:00 pm (if needed)

November 17, 2017 **Special City Council Mtg. to Canvass Election 10:00 am**

November 20, 2017 Park Board Mtg. 6:00 pm (if needed)

November 21, 2017 Planning & Zoning Commission Mtg. 7:00 pm (if needed)

November 23 - 24, 2017 **Thanksgiving Holiday (City Offices Closed)**

November 28, 2017 **Regular City Council Mtg. 7:30 pm (CANCELLED)**

December 7, 2017 Zoning Board of Adjustment Mtg. 7:00 pm (if needed)

December 12, 2017 **Regular City Council Mtg. 7:30 pm**

December 18, 2017 Park Board Mtg. 6:00 pm (if needed)

December 19, 2017 Planning & Zoning Commission Mtg. 7:00 pm (if needed)

December 21, 2017 Public Art Advisory Board Mtg. 7:00 pm (if needed)

December 26, 2017 **Regular City Council Mtg. 7:30 pm (CANCELLED)**

December 25-26, 2017 **Christmas Holiday (City Offices Closed)**

Please visit www.highlandvillage.org or the City Hall bulletin board for latest additions, updates and changes

By: Karen Bradley, Administrative Assistant - City Secretary Office