

**A G E N D A**  
**CITY COUNCIL MEETING**  
**May 16, 2016 @ 6:00 p.m.**  
**Council Chambers - Government Center**  
**200 North 12<sup>th</sup> Street - Corsicana, Texas 75110**

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. INVOCATION**

**AT THIS TIME, THE COUNCIL WILL CANVASS THE ELECTION RESULTS OF THE CITY GENERAL ELECTION HELD ON SATURDAY, MAY 7, 2016, AND ADMINISTER THE OATH OF OFFICE TO ELECTED OFFICIALS.**

**4. MINUTES**

Consider approving the minutes for the Regular Meeting of May 9, 2016.

**5. PUBLIC FORUM**

Public Comments.

**6. PUBLIC HEARINGS**

- a. Receive public input regarding the creation and designation of the proposed Reinvestment Zone No. 16-02 pursuant to Chapter 312 of the Texas Tax Code.
- b. Receive public input regarding requests for funding from non-profit community organizations for the 2017 fiscal year budget.

**7. ORDINANCES**

Consider the creation and designation of Reinvestment Zone 16-02 pursuant to Chapter 312 of the Texas Tax Code; designating an authorized representative to act in all matters; and designating a liaison to act on all matters pertaining to the property development and tax abatement zone. **PAGE 14**

**8. RESOLUTIONS**

- a. Canvass the election results of the General Election held on Saturday, May 7, 2016. **PAGE 20**
- b. Consider authorizing participation in the City of Corsicana/Navarro County Cleanup Day on June 4, 2016, and approving to waive fees for residents of Corsicana/Navarro County. **PAGE 44**
- c. Consider authorizing an additional authorized Public Funds Investment Pool for the City of Corsicana. **PAGE 46**
- d. Consider approving a Tax Abatement for Polyguard Products Inc. **PAGE 49**

- e. Consider approving the settlement in Atmos Energy Corporation Mid-Tex Division Rate case. **PAGE 65**
- f. Consider reviewing and approving amendments to the City Council Policy, Fin. 001, Investment and Collateralization Policy. **PAGE 71**

**9. APPOINTMENTS**

**10. REPORTS and MISCELLANEOUS ANNOUNCEMENTS**  
Mayor/Council

**11. EXECUTIVE SESSION:** The Council will recess into closed or executive session to discuss real estate pursuant to Section 551.072 of the Texas Government Code.

**12. RETURN TO OPEN SESSION:** The Council will consider and act upon items discussed under Executive Session, as necessary.

**13. ADJOURN**

# **AGENDA INFORMATION**

- \* INFORMATION ON THE FOLLOWING PAGES IS SUBJECT TO CHANGE PRIOR TO COUNCIL MEETING.**

**ITEM NO. 4**

**Date:** May 16, 2016

**Subject:** Minutes

**Comments:**

A copy of the minutes for the Regular Meeting of May 9, 2016, are attached for review.

**Recommendation:** Approve the minutes as printed.

**CITY OF CORSICANA  
COUNTY OF NAVARRO  
STATE OF TEXAS**

**Council Regular Session**  
**May 9, 2016**

The Corsicana City Council met in a Regular Session on May 9, 2016, in the Corsicana Government Center Council Chambers, 200 N. 12<sup>th</sup> Street, Corsicana, Texas. Mayor Chuck McClanahan called the meeting to order at 6:01 p.m. The following members were present: Tom Wilson, Council Member Precinct 1; Ruby Williams, Mayor Pro Tem and Council Member Precinct 2; John McClung, Council Member Precinct 3; and Don Denbow, Council Member Precinct 4.

Connie Standridge, City Manager; Kerri Anderson Donica, City Attorney; Virginia Richardson, City Secretary/Director of Finance; Elizabeth Borstad, City Engineer; Allwin Barrow, Interim Police Chief and other interested citizens were also present.

The invocation was given by Rev. Lewis Palos of The Immaculate Conception Catholic Church.

**Approval of Minutes**

The motion was made by Ruby Williams, and seconded by Tom Wilson, *to approve the minutes for the Work Session and Regular Meeting of April 25, 2016.* Motion passed, 5-0.

**Public Forum**

- a. Julie Maupin, 1424 N. 22<sup>nd</sup> Street, Corsicana, TX 75110, wants to thank Councilman Tom Wilson for all of his years of service on the Council and various boards, as this was Mr. Wilson's last meeting as Council Member, Precinct 1.

Mayor McClanahan presented a plaque to Councilman Wilson to honor him for his years of service on the City Council.

**Public Hearings**

N/A

**Ordinances**

N/A

**Resolutions**

**Resolution 3871 (approved)**

This item was presented by City Manager Connie Standridge.

The motion was made by Tom Wilson, and seconded by John McClung, that Resolution 3871, approving an amendment to the contract with the Corsicana Convention and Visitors Bureau, be passed and approved. The motion passed, 5-0. Against: none.

**RESOLUTION NO. 3871**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, AUTHORIZING AN AMENDMENT TO THE CORSICANA CONVENTION AND VISITORS BUREAU CONTRACT (CCVB).**

**WHEREAS**, the City of Corsicana entered into a Publicity and Tourism Agreement with an entity known as the Corsicana Development Commission, now known as the Corsicana Convention and Visitors Bureau, hereafter referred to as "Entity," on March 24, 1995; and

**WHEREAS**, the City agreed to pay a portion of the hotel occupancy tax collected for the purpose of attracting and promoting tourism and the convention and hotel industry; and

**WHEREAS**, the City wishes to clearly outline the function and operation contemplated in the agreement; and

**WHEREAS**, the Board of Directors of the CCVB shall prepare a set of bylaws under which the board shall operate in which board member terms, rotation of board members, and approval of the board shall be determined; and

**WHEREAS**, said bylaws shall be submitted for approval by the City Council and shall not be changed without Council approval.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS**, that the City hereby amends said contract with the Corsicana Convention and Visitors Bureau.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana, Texas, this 9th day of May, 2016.

**Resolution 3872 (approved)**

This item was presented by City Manager Connie Standridge.

The motion was made by Don Denbow, and seconded by John McClung, that Resolution 3872, approving an amendment to the contract with the Corsicana-Area Chamber of Commerce for the consideration of lease and rental of premises, be passed and approved. The motion passed, 5-0. Against: none.

**RESOLUTION NO. 3872**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, AMENDING A CONTRACT WITH THE CORSICANA CHAMBER OF COMMERCE FOR THE CONSIDERATION OF LEASE AND RENTAL OF PREMISES.**

**WHEREAS**, the Lease Agreement dated October 16, 1979, between the City of Corsicana, Texas, and the Corsicana-Area Chamber of Commerce, amended August 6, 1996, between the City of Corsicana and the Corsicana

Chamber of Commerce is due to expire October 1, 2023; and

**WHEREAS**, the Lease Agreement between the City, as Lessor, and the Corsicana-Area Chamber of Commerce (Corsicana and Navarro County Chamber of Commerce), as Lessee, is for the provision of lease and rental of premises; and

**WHEREAS**, the premises to be leased and rented is located at 120 North 12<sup>th</sup> Street; and

**WHEREAS**, this amendment extends the lease period to October 1, 2046; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS**, that the City hereby amends the Lease Agreement with the Corsicana-Area Chamber of Commerce (Corsicana and Navarro County Chamber of Commerce) to expire on October 1, 2046.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana this 9<sup>th</sup> day of **May, 2016**.

### **Resolution 3873 (approved)**

This item was presented by City Engineer, Elizabeth Borstad with an explanation given by Connie Standridge, City Manager.

The motion was made by John McClung, and seconded by Ruby Williams, that Resolution 3873, accepting the design of the access ramp at the Navarro County Courthouse, be passed and approved. The motion passed, 5-0. Against: none.

#### **RESOLUTION NO. 3873**

#### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, ACCEPTING THE DESIGN OF THE ACCESS RAMP AT THE NAVARRO COUNTY COURTHOUSE.**

**WHEREAS**, the County has worked extensively with the Courthouse Restoration Design Team, General Contractor, Texas Historical Commissioner, and City of Corsicana to develop a new ramp design that will meet accessibility codes and reduce the slope as much as possible to accommodate the current Corsicana Fire and Rescue Engine Ladder Truck; and

**WHEREAS**, the County is confined to the set elevations of 450.63' elevation at the edge of the basement slab and 446.84' elevation at the existing curb and gutter. Thus, from the 450.63' elevation, there must be maintained a slope not greater than 2% for 74' to honor the ADA Accessibility Codes for handicap parking, and beyond the 74' of 2% slope there must be an increase in the slope to 5.5% for the distance of 38'7" to where the ramp intersects the perimeter sidewalk, and, per code, there must be a reduction in the slope back to no greater than 2% slope for remaining 13' which is the intersection of the curb and gutter at the previously mentioned 446.84' elevation; and

**WHEREAS**, these are the minimum slopes that must be used with the expressed distances between the two points; and

**WHEREAS**, the County requests that the County efforts in modifying this existing ramp to the new designed maximum extent possible are acknowledged with a signature(s) below; and

**WHEREAS**, additionally, this signed document will satisfy the requirements for fire rescue access for the remodel, and that the Certificate of Occupancy will be granted once ALL other inspections pertaining to the Historic Restoration of the Navarro County Courthouse are approved.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS,** that the signers below, representing the City of Corsicana in our respective capacities, do hereby agree to the above statements and assure the County that the design will suffice for measures to facilitate the Corsicana Fire and Rescue Ladder Truck access to said designed ramp, and thus also assure the ability to function as intended, now and in the future, given the stated parameters or, the City, will modify the truck or the street to assure performance in the event of a deployment to the Courthouse for Fire and Rescue purposes.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana, Texas, this **9th** day of **May, 2016.**

**Resolution 3874 (approved)**

This item was presented by City Engineer Elizabeth Borstad.

The motion was made by Ruby Williams, and seconded by Tom Wilson, that Resolution 3874, granting approval to awarding the contract to XIT Paving and Construction for the North 24<sup>th</sup> Street Reconstruction and Utilities – Phase 2 project, be passed and approved. The motion passed, 5-0. Against: none.

**RESOLUTION NO. 3874**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, TO AWARD THE CONTRACT FOR NORTH 24<sup>th</sup> STREET RECONSTRUCTION AND UTILITIES – PHASE 2.**

**WHEREAS,** the City has solicited bids for the North 24<sup>th</sup> Street Reconstruction and Utilities – Phase 2; and

**WHEREAS,** two (2) contractors submitted complete bids; and

**WHEREAS,** XIT Paving and Construction submitted the lowest bid for the North 24<sup>th</sup> Street Reconstruction and Utilities – Phase 2; and

**WHEREAS,** the proposed construction cost is \$3,899,939.73.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, THAT** XIT Paving and Construction be awarded a contract for the North 24<sup>th</sup> Street Reconstruction and Utilities – Phase 2.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana, Texas, this **9th** day of **May, 2016.**

**Resolution 3875 (approved)**

This item was presented by City Secretary/Director of Finance Virginia Richardson.

The motion was made by John McClung, and seconded by Don Denbow, that Resolution 3875, granting approval to change the date of the second regular scheduled City Council session of May 2016 from May 23, 2016 to May 16, 2016, be passed and approved. The motion passed, 5-0. Against: none.

**RESOLUTION NO. 3875**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, APPROVING CHANGING THE DATE OF THE SECOND REGULAR SCHEDULED COUNCIL SESSION OF MAY 2016.**

**WHEREAS**, the City Council meets twice monthly in regular session in accordance with Section 10 of the City Charter; and

**WHEREAS**, the regular scheduled sessions of the City Council are currently held on the second and fourth Mondays of each month; and

**WHEREAS**, the City of Corsicana City Council election was held on May 7, 2016; and

**WHEREAS**, the City is required to canvass the votes of the election by a certain date following the election; and

**WHEREAS**, to satisfy the requirement it is necessary to move the Council session regularly scheduled for May 23, 2016, to Monday, May 16, 2016; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS**, that the second Council session of May 2016 be rescheduled for Monday, May 16, 2016.

**PASSED** and **APPROVED** by majority vote of the City Council of the City of Corsicana, Texas this 9<sup>th</sup> day of May, 2016.

**Resolution 3876 (approved)**

This item was presented by City Manager Connie Standridge.

The motion was made by Don Denbow, and seconded by Tom Wilson, that Resolution 3876, authorizing to waive fees for permits associated with two future films to be made in the City of Corsicana, and to authorize the use of the name of City of Corsicana in the films, be passed and approved. The motion passed, 5-0. Against: none.

**RESOLUTION NO. 3876**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, AUTHORIZING WAIVING OF FEES FOR PERMITS ASSOCIATED WITH TWO CURRENTLY PLANNED FILMS, AND FOR THE USE OF THE NAME OF THE CITY OF CORSICANA IN THE FILMS.**

**WHEREAS**, the City of Corsicana wishes to promote the film industry in Corsicana; and

**WHEREAS**, the City of Corsicana recognizes the importance of drawing attention to the City; and

**WHEREAS**, there are currently two film projects proposed in the City of Corsicana, which will be named in the future; and

**WHEREAS**, the City will absorb the cost and waive fees for permits associated with the two current films; and

**WHEREAS**, the City approves the use of the name of the City of Corsicana in the two current films.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS**, that the City of Corsicana desires to promote the film industry in Corsicana by waiving fees for permits associated with two currently planned films, and to approve the use of the name of the City of Corsicana in the films.

**PASSED** and **APPROVED** by majority vote of the City Council of the City of Corsicana, Texas this 9<sup>th</sup> day of May, 2016.

**Appointments:**

- a. Confirm the Mayor's appointments to the Airport Advisory Board.

This item was presented by Mayor McClanahan.

The motion was made by Tom Wilson, and seconded by Ruby Williams, that the appointments to the Airport Advisory Boards be passed and approved. The motion passed 5-0. Against: none.

**Airport Advisory Board** - Two (2) Year Term - Consists of eight (8) members, five (5) of which shall be residents of the City of Corsicana, two (2) of which shall be ex-officio members residing within Navarro County, outside the City of Corsicana, and one (1) ex-officio member who shall be the Airport Manager. Ex-Officio members shall be non-voting members. This board was established to study and recommend to the City Council steps and procedures to realize immediate and long range goals for the maintenance and improvement of the Corsicana Municipal Airport.

<b>Dr. Dave Campbell</b>	2018	<u>County Appointments:</u>
John Harper	2018	Bobby Grantham
Brad Tekell	2018	Steve Richmond
Mike Harwood	2018	
Chris McKeown	2018	Airport Manager: Gary Farley

**Airport Board of Adjustment** - Two (2) Year Term - Consists of five (5) members. **Appointed by Airport Zoning Board** to serve as an appeals board to hear and decide appeals from any order, requirement, decision or determination made by the City Manager in the enforcement of the Airport Zoning Ordinance.

Brantley Humbert  
Vacant  
Vacant  
Vacant  
Jack Smith

**Airport Zoning Board** - Five (5) Year Term - Composed of five (5) members; two (2) appointed by the City Council and two (2) appointed by Navarro County Commissioners Court. The fifth member shall be elected by a majority of the members appointed by the City and County and shall serve as Chairman of the Board. This board shall have the powers and exercise the duties as prescribed by state law in regulating and restricting the height of structures and objects of natural growth, and otherwise regulating the use of property in the vicinity of the Corsicana Municipal Airport by creating the appropriate zones and establishing the boundaries thereof.

Chairman (vacant)

County Appointments:

Mike Harwood                      2018  
Dr. Dave Campbell                2018

Bobby Grantham  
Mark Jones

**Reports/Miscellaneous Announcements:**

Mayor/Council

May 12, 2016	Tour of Fire Station #2, 4955 S. Second Street, 4:00 to 5:30 p.m.
May 14, 2016	18 <sup>th</sup> Annual Corsicana Airsho, Gates open 8:30 a.m.
May 18, 2016	Friends of the Library partnering with Chili's, 10% of your bill will be given back to the Friends of the Library, 4:00 to 10:00 p.m.
May 20, 2016	Police Memorial Day Ceremony, 10:00 a.m. at Bunert Park

**Adjournment**

There being no further business, the Mayor declared the meeting adjourned at 6:26 p.m.

Attested This, the 16<sup>th</sup> day  
of May 2016

Attested This, the 16<sup>th</sup> day  
of May 2016

\_\_\_\_\_  
Finance Director/City Secretary

\*\*\*\*\*                \*\*\*\*\*                \*\*\*\*\*

\_\_\_\_\_  
Mayor

\*\*\*\*\*                \*\*\*\*\*                \*\*\*\*\*

**ITEM NO. 5**

**Date:** May 16, 2016

**Subject:** **Public Forum**

**Comments:** Receive comments from public, if any.

**Recommendation:** No action required.

**ITEM NO. 6**

**Date:** May 16, 2016

**Subject:** Public Hearings

**Comments:**

- a. Receive public input regarding the creation and designation of the proposed Reinvestment Zone No. 16-02 pursuant to Chapter 312 of the Texas Tax Code.
- b. Receive public input regarding requests for funding from non-profit community organizations for the 2017 fiscal year budget.

**Recommendation:** N/A

**ITEM NO. 7**

**Date:** May 16, 2016

**Subject:** **Ordinance Designating Reinvestment Zone 16-02**

**Comments:** In order for certain financial incentives to be extended to a company in consideration for development or redevelopment, the real property must first be designated by the local leading taxing jurisdiction as a Reinvestment Zone.

The proposed Reinvestment Zone 16-02 would be specifically created for Polyguard Products, Inc. The area of the proposed Reinvestment Zone 16-02 consists of approximately 34.31 total acres, more or less, and is located in the Jehu Peoples Survey, Abstract No. 9, in the City of Corsicana, Navarro County, Texas.

Reinvestment Zone No. 16-02 would be designated for the purpose of creating the proper economic and social environment to induce the investment of private resources in the productive business enterprises located in areas of the City and to provide employment to residents of the City. It would be reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the Reinvestment Zone that would contribute to the economic development of the municipality.

More specifically, tax abatement incentives may be granted to Polyguard Products, Inc. in consideration for proposed improvements to the real property and tangible personal property additions as authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, and the Tax Abatement Guidelines, Criteria and Policies of the City of Corsicana.

**Recommendation:** Approve Ordinance designating Reinvestment Zone No. 16-02 for Polyguard Products, Inc.

**MOTION:**

**I MOVE TO APPROVE THE ORDINANCE DESIGNATING REINVESTMENT ZONE NUMBER 16-02 FOR POLYGUARD PRODUCTS, INC.**

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, TO CREATE AND DESIGNATE REINVESTMENT ZONE 16-02 PURSUANT TO CHAPTER 312, TEXAS TAX CODE; DESIGNATING AN AUTHORIZED REPRESENTATIVE TO ACT IN ALL MATTERS; DESIGNATING A LIAISON TO ACT ON ALL MATTERS PERTAINING TO THE PROPERTY DEVELOPMENT AND TAX ABATEMENT ZONE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the City of Corsicana, Texas (the "City") desires to promote the development of a certain area within its jurisdiction by designating it a reinvestment zone; and

**WHEREAS**, the City Council desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in areas of the City and to provide employment to residents of the City; and

**WHEREAS**, the City Council desires to promote the development or redevelopment of a certain geographic area within its jurisdiction by the creation of a reinvestment zone for commercial/industrial reinvestment, as authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code (the "Act"); and

**WHEREAS**, the City held a public hearing on May 16, 2016, after publishing notice of such hearing, and giving written notice to all taxing units overlapping the territory inside the proposed reinvestment zone; and

**WHEREAS**, the City at such hearing invited any interested person, or his attorney, to appear and contend for or against the creation of the reinvestment zone, whether all or part of the territory described in the ordinance calling such hearing should be included in such proposed reinvestment zone, and considered the concept of tax abatement; and

**WHEREAS**, by the approval of a Resolution on October 27, 2014, the City has approved Tax Abatement Guidelines, Criteria and Policies; and

**WHEREAS**, the City has approved a Resolution on October 27, 2014, stating intent to participate in tax abatement; and

**WHEREAS**, it is the belief of the City Council that the premises do not include any property that is owned or leased by a member of the City Council or by a member of the City of Corsicana Planning and Zoning Commission or any other board or commission of the City having responsibility for the approval of the agreement. The parties recognize, and understand, that any property so owned is excluded by law from the property tax abatement.

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

**SECTION 1.  
FINDINGS OF CITY COUNCIL**

The City Council, after conducting such hearings and having heard such evidence and testimony, has made the following findings and determinations based upon the testimony presented to it:

- A. That a public hearing on the adoption of the reinvestment zone has been properly called, held and conducted and that notices of such hearings have been published as required by law and delivered to all taxing units overlapping the territory inside the proposed reinvestment zone; and
- B. That the boundaries of the reinvestment zone should be approximately 34.31 acres as described and depicted in the attached Exhibit "A and B"; and
- C. That creation of the reinvestment zone for commercial/industrial tax abatement with the boundaries as described in Exhibit "A and B" will result in benefits to the City and to the land included in the zone, the improvements sought are feasible and practical, and would be a benefit to the land included in the reinvestment zone after the expiration of an agreement entered into under Section 312.204 of the Act; and
- D. That the reinvestment zone defined in Exhibit "A and B" meets the criteria for the creation of a reinvestment zone as set forth in Section 312.201 of the Act; and
- E. That it would reasonably be likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would contribute to the economic development of the municipality.

**SECTION 2.**

Pursuant to the Act, the City hereby creates a reinvestment zone for commercial/industrial tax abatement encompassing the approximately 34.31 acres as described and depicted in Exhibit "A, A-1, and B" attached hereto and the reinvestment zone is hereby designated and shall hereafter be designated as Reinvestment Zone Number 16-02, City of Corsicana, Texas.

**SECTION 3.**

The City Council hereby declares that, upon designation of the reinvestment zone, the City may provide, on a case-by-case basis, tax abatement incentives in accordance with the Act and the Guidelines, Criteria and Policies for the City of Corsicana, Texas.

**SECTION 4.**

The City Council directs and designates its City Manager as the City's authorized representative to set all matters pertaining to the nomination and designation of the area describes herein as a reinvestment zone.

**SECTION 5.**

The City Council further directs and designates the Economic Development Director of the City of Corsicana, Texas, as liaison for communication with the Texas Department of Economic

Development to oversee reinvestment zone activities and communications with applicable businesses.

**SECTION 6.**

This Ordinance shall become effective from and after its passage.

**SECTION 7.**

This Ordinance shall be cumulative of all provisions of ordinances of the City of Corsicana, Texas, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

**SECTION 8.**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 9.**

The zone shall take effect on the effective date of this Ordinance and shall be in effect for five (5) years from that date, unless a longer period is authorized by law.

**PASSED and APPROVED** on this 16th day of **May, 2016**.

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Chuck McClanahan, Mayor

**ATTEST:**

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Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

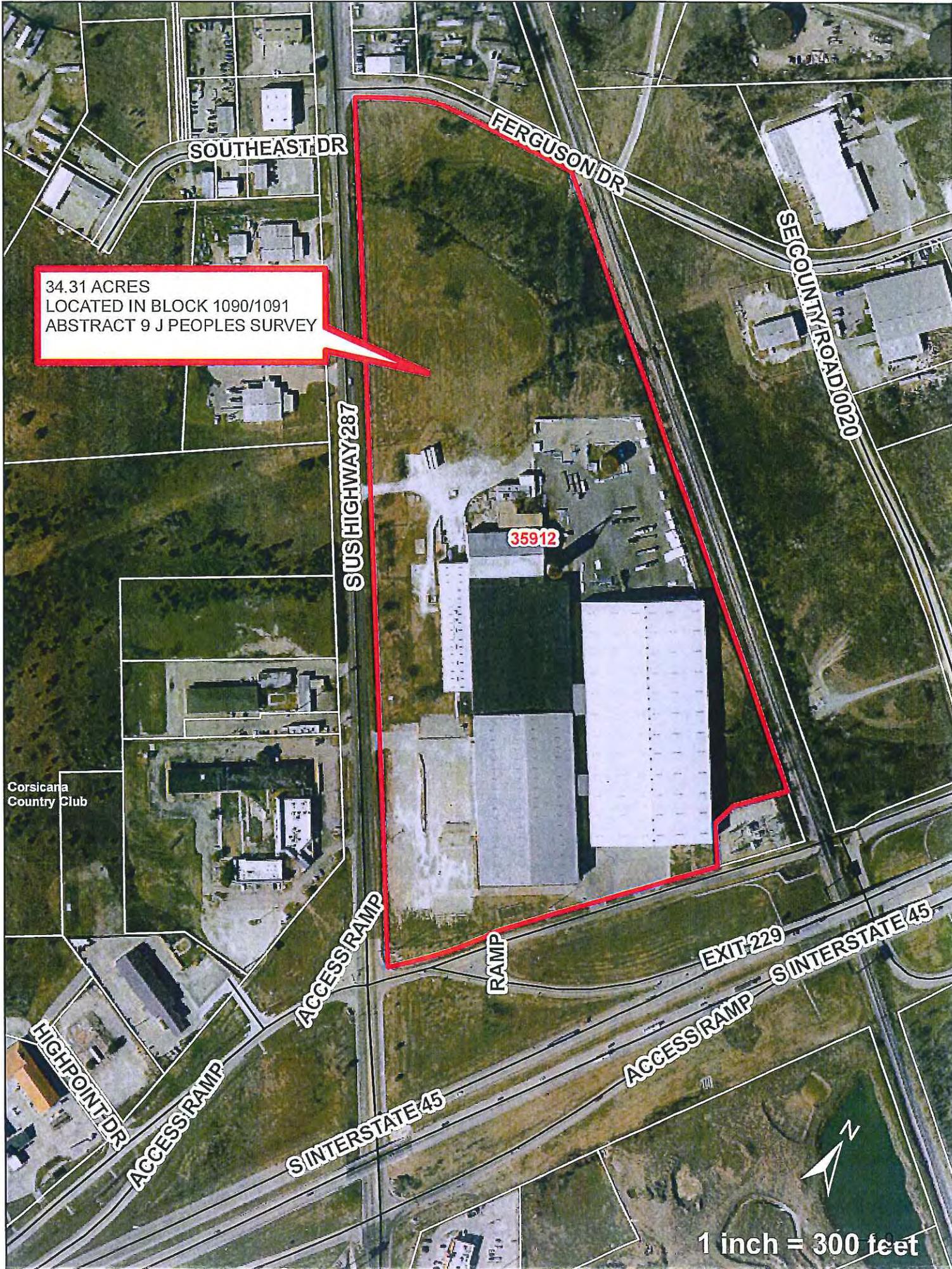
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Kerri Anderson Donica, City Attorney

**EXHIBITS ATTACHED:**

- A Location Map and Description
- B Aerial Map of Property (with NCAD property ID numbers)





34.31 ACRES  
LOCATED IN BLOCK 1090/1091  
ABSTRACT 9 J PEOPLES SURVEY

SOUTHEAST DR

FERGUSON DR

SEGOUIN ROAD 0020

SUS HIGHWAY 287

35912

Corsicana  
Country Club

ACCESS RAMP

RAMP

EXIT-229

S INTERSTATE 45

HIGHPOINT DR

ACCESS RAMP

S INTERSTATE 45

ACCESS RAMP



1 inch = 300 feet

**ITEM NO. 8A**

**Date:** May 16, 2016

**Subject:** Canvass of City of Corsicana's May 7, 2016 General Election

**Comments:** On Saturday, May 7, 2016, the City of Corsicana held its General Election, for the Council Member, Precinct II position. Before the elected officer may take office, Council (the canvassing board) must pass a resolution, canvassing the election.

Also included is the summary of precinct returns, which combines Early Voting and Election Day results for each candidate for office.

**Recommendation:** Canvass the City of Corsicana's May 7, 2016 General Election results as certified by the Mayor (as presiding officer of the canvassing board.)

**MOTION:**

**I MOVE TO APPROVE CANVASSING THE CITY OF CORSICANA'S MAY 7, 2016, GENERAL ELECTION RESULTS, AS CERTIFIED.**

RESOLUTION NO. \_\_\_\_\_

**CANVASS OF CITY OF CORSICANA'S GENERAL ELECTION**

I, Chuck McClanahan, Mayor of the City of Corsicana, Texas, met with the City Council of the City of Corsicana, Texas sitting as the canvassing board to canvass the City of Corsicana's General Election of May 7, 2016, on May 16, 2016, at Corsicana, Texas.

I certify that the figures on the tally sheets correspond with the figures on the returns.

The May 7, 2016, election for the office of Council Member, Precinct I was cancelled, and pursuant to Resolution 3860 issued on March 14, 2016, Susan Hale, the unopposed candidate, was declared elected to the office of Council Member, Precinct I.

WITNESS MY HAND this 16<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Presiding Officer of Canvassing Authority

ATTEST:

\_\_\_\_\_  
Virginia Richardson, City Secretary

**SUMMARY OF PRECINCT RETURNS**

I, the undersigned, the presiding officer of the canvassing authority for City of Corsicana's General Election, held on the 7th day of May, 2016, Corsicana, Navarro County, Texas, do hereby certify that the following is a total of all votes received by each Candidate as shown by the precinct returns. I further certify that the following vote totals include early voting votes by precinct received under Section 87.1231 of the Texas Election Code.

<u>Name of Office</u>	<u>Name of Candidate</u>	<u>Total Votes Received</u>
Council Member, Precinct II	Ruby Williams	<u>113</u>
Council Member, Precinct II	Ralph Gonzalez	<u>28</u>

DATED this 16<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Presiding Officer of Canvassing Authority

ATTEST:

\_\_\_\_\_  
Virginia Richardson, City Secretary

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

Run Date:05/11/16 12:24 PM

Report EL30A Page 0001-01

0001 PRECINCT 104

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	82					
BALLOTS CAST - TOTAL . . . . .	7		2	1	4	0
VOTER TURNOUT - TOTAL . . . . .		8.54				

Board of Trustee (BGISD) BLOOMING GROVE ISD  
 Vote for 2

Jill Haden . . . . .	2	20.00	2	0	0	0
Jonathan J. Southard. . . . .	1	10.00	0	0	1	0
Troy Cox. . . . .	0		0	0	0	0
Harry Dotson . . . . .	6	60.00	2	1	3	0
Thomas (T.C.) Lawhon. . . . .	0		0	0	0	0
Chad Briggs. . . . .	1	10.00	0	0	1	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

Run Date:05/11/16 12:24 PM

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0002 PRECINCT 105

	TOTAL VOTES	%	EV MAIL	EV IVO.	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	217					
BALLOTS CAST - TOTAL . . . . .	33		5	8	20	0
VOTER TURNOUT - TOTAL . . . . .		15.21				

Board of Trustee (BGISD) BLOOMING GROVE ISD  
 Vote for 2

Jill Haden . . . . .	4	6.56	0	4	0	0
Jonathan J. Southard. . . . .	22	36.07	4	2	16	0
Troy Cox. . . . .	3	4.92	0	1	2	0
Harry Dotson . . . . .	11	18.03	0	6	5	0
Thomas (T.C.) Lawhon. . . . .	5	8.20	2	2	1	0
Chad Briggs. . . . .	16	26.23	2	1	13	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

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0003 PRECINCT 106

	TOTAL VOTES	%	EV MAIL	EV IVD	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	479					
BALLOTS CAST - TOTAL . . . . .	22		3	6	13	0
VOTER TURNOUT - TOTAL . . . . .		4.59				

Board of Trustee (BGISD) BLOOMING GROVE ISD

Vote for 2

Candidate	TOTAL VOTES	%	EV MAIL	EV IVD	ELECTION DAY	PROVISIONAL
Jill Haden . . . . .	3	7.50	2	0	1	0
Jonathan J. Southard. . . . .	10	25.00	0	2	8	0
Troy Cox. . . . .	8	20.00	1	4	3	0
Harry Dotson . . . . .	11	27.50	3	3	5	0
Thomas (T.C.) Lawhon. . . . .	1	2.50	0	1	0	0
Chad Briggs. . . . .	7	17.50	0	2	5	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
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0004 PRECINCT 109

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	61					
BALLOTS CAST - TOTAL . . . . .	2		0	1	1	0
VOTER TURNOUT - TOTAL . . . . .		3.28				

Board of Trustees (KISD) KERENS ISD

Vote for 3

Tyrone Martin . . . . .	1	16.67	0	1	0	0
Michael J. Crawford . . . . .	1	16.67	0	0	1	0
Kenny Gene Berry . . . . .	2	33.33	0	1	1	0
Matt Lynch . . . . .	2	33.33	0	1	1	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
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UNOFFICIAL RESULTS

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0005 PRECINCT 200

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	856					
BALLOTS CAST - TOTAL . . . . .	49		22	8	18	1
VOTER TURNOUT - TOTAL . . . . .		5.72				

Councilman, Pct 2 (Corsicana) CITY OF CORSICANA

Vote for 1

Ruby Williams . . . . .	39	79.59	18	5	15	1
Ralph Gonzalez. . . . .	10	20.41	4	3	3	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
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0006 PRECINCT 201

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	929					
BALLOTS CAST - TOTAL . . . . .	64		15	2	47	0
VOTER TURNOUT - TOTAL . . . . .		6.89				

Councilman, Pct 2 (Corsicana) CITY OF CORSICANA

Vote for 1

Ruby Williams . . . . .	55	85.94	14	1	40	0
Ralph Gonzalez. . . . .	9	14.06	1	1	7	0

Board of Trustee (MISD) MILRED ISD

Vote for 2

Leslie Hayes . . . . .	1	50.00	0	0	1	0
Waylon W. Ivie. . . . .	0		0	0	0	0
Tracy Jock . . . . .	1	50.00	0	0	1	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
May 7, 2016

UNOFFICIAL RESULTS

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0007 PRECINCT 202

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	881					
BALLOTS CAST - TOTAL . . . . .	28		4	5	19	0
VOTER TURNOUT - TOTAL . . . . .		3.18				

Councilman, Pct 2 (Corsicana) CITY OF CORSICANA

Vote for 1

Ruby Williams . . . . .	19	67.86	2	1	16	0
Ralph Gonzalez. . . . .	9	32.14	2	4	3	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

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Report EL30A Page 0008-01

0008 PRECINCT 203

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	2,002					
BALLOTS CAST - TOTAL. . . . .	230		24	23	183	0
VOTER TURNOUT - TDAL . . . . .		11.49				

Board of Trustees (KISD) KERENS ISD

Vote for 3

Tyrone Martin . . . . .	155	27.19	15	16	124	0
Michael J. Crawford . . . . .	117	20.53	14	12	91	0
Kenny Gene Berry . . . . .	157	27.54	14	11	132	0
Matt Lynch . . . . .	141	24.74	10	15	116	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
May 7, 2016

UNOFFICIAL RESULTS

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0009 PRECINCT 204

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	234					
BALLOTS CAST - TOTAL . . . . .	11		2	2	7	0
VOTER TURNOUT - TOTAL . . . . .		4.70				

Board of Trustees (KISD) KERENS ISD

Vote for 3

Tyrone Martin . . . . .	5	23.81	0	0	5	0
Michael J. Crawford . . . . .	6	28.57	1	2	3	0
Kenny Gene Berry . . . . .	5	23.81	1	0	4	0
Matt Lynch . . . . .	5	23.81	0	0	5	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
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UNOFFICIAL RESULTS

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0010 PRECINCT 205

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	1,089					
BALLOTS CAST - TOTAL . . . . .	128		12	49	67	0
VOTER TURNOUT - TOTAL . . . . .		11.75				

Board of Trustee (MISD) MILRED ISD

Vote for 2

Leslie Hayes . . . . .	65	30.66	7	25	33	0
Waylon W. Ivie . . . . .	82	38.68	6	33	43	0
Tracy Jock . . . . .	65	30.66	4	20	41	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

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0011 PRECINCT 206

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	618					
BALLOTS CAST - TOTAL . . . . .	85		3	22	60	0
VOTER TURNOUT - TOTAL . . . . .		13.75				

Board of Trustee (MISD) MILRED ISD

Vote for 2

Leslie Hayes . . . . .	25	18.66	0	4	21	0
Waylon W. Ivie. . . . .	59	44.03	1	14	44	0
Tracy Jock . . . . .	50	37.31	1	14	35	0

Board of Trustees (KISD) KERENS ISD

Vote for 3

Tyrone Martin . . . . .	0		0	0	0	0
Michael J. Crawford . . . . .	1	33.33	1	0	0	0
Kenny Gene Berry . . . . .	1	33.33	1	0	0	0
Matt Lynch . . . . .	1	33.33	1	0	0	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

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Report EL30A Page 0012-01

0012 PRECINCT 303

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	1,087					
BALLOTS CAST - TOTAL . . . . .	115		19	5	91	0
VOTER TURNOUT - TOTAL . . . . .		10.58				

Board of Trustees (DISD) DAWSON ISD

Vote for 2

Steve Burleson . . . . .	90	45.23	13	4	73	0
Russell E. Battles . . . . .	50	25.13	7	3	40	0
Kenneth D. Nesmith . . . . .	59	29.65	11	3	45	0

Mayor (Dawson) CITY OF DAWSON

Vote for 1

Stephen Sanders . . . . .	56	100.00	7	1	48	0
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Councilman (Dawson) CITY OF DAWSON

Vote for 3

Darrell Stevenson . . . . .	47	23.27	5	1	41	0
Cameron Shaw . . . . .	57	28.22	5	2	50	0
Tony Mikeska . . . . .	77	38.12	6	1	70	0
Orval Waller . . . . .	21	10.40	4	1	16	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
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UNOFFICIAL RESULTS

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0013 PRECINCT 304

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	612					
BALLOTS CAST - TOTAL . . . . .	75		6	17	52	0
VOTER TURNOUT - TOTAL . . . . .		12.25				

Board of Trustee (MISD) MILRED ISD

Vote for 2

Leslie Hayes . . . . .	36	30.00	2	8	26	0
Waylon W. Ivie. . . . .	53	44.17	4	11	38	0
Tracy Jock . . . . .	31	25.83	1	8	22	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
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UNOFFICIAL RESULTS

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0014 PRECINCT 305

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	15					
BALLOTS CAST - TOTAL . . . . .	0		0	0	0	0

Board of Trustee (MISD) MILRED ISD

Vote for 2

Leslie Hayes . . . . .	0		0	0	0	0
Waylon W. Ivie. . . . .	0		0	0	0	0
Tracy Jock . . . . .	0		0	0	0	0

PREC REPORT-GROUP DETAIL

Joint Elections  
Navarro County, Texas  
May 7, 2016

UNOFFICIAL RESULTS

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0015 PRECINCT 403

	TOTAL VOTES	%	EV MAIL	EV IVD	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	1,327					
BALLOTS CAST - TOTAL . . . . .	247		19	43	185	0
VOTER TURNOUT - TOTAL . . . . .		18.61				

Board of Trustee (BGISD) BLOOMING GROVE ISD

Vote for 2

Jill Haden . . . . .	44	9.95	9	8	27	0
Jonathan J. Southard . . . . .	102	23.08	5	15	82	0
Troy Cox . . . . .	69	15.61	4	13	52	0
Harry Dotson . . . . .	108	24.43	5	19	84	0
Thomas (T.C.) Lawhon . . . . .	38	8.60	4	8	26	0
Chad Briggs . . . . .	81	18.33	4	13	64	0

Board of Trustee (FISD) FROST ISD

Vote for 2

Josh Martin . . . . .	0		0	0	0	0
Jason Curl . . . . .	0		0	0	0	0
Becky Melton . . . . .	0		0	0	0	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
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0016 PRECINCT 404

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	1,100					
BALLOTS CAST - TOTAL . . . . .	273		13	25	235	0
VOTER TURNOUT - TOTAL . . . . .		24.82				

Board of Trustee (BGISD) BLOOMING GROVE ISD

Vote for 2

Jill Haden . . . . .	1	2.22	1	0	0	0
Jonathan J. Southard. . . . .	6	13.33	0	5	1	0
Troy Cox. . . . .	10	22.22	0	2	8	0
Harry Dotson . . . . .	16	35.56	0	4	12	0
Thomas (T.C.) Lawhon. . . . .	3	6.67	0	2	1	0
Chad Briggs. . . . .	9	20.00	0	5	4	0

Board of Trustee (FISD) FROST ISD

Vote for 2

Josh Martin. . . . .	172	39.54	5	10	157	0
Jason Curf . . . . .	150	34.48	3	7	140	0
Becky Melton . . . . .	113	25.98	8	8	97	0

Mayor (Frost) CITY OF FROST

Vote for 1

Veïma Baïlew . . . . .	58	46.40	0	3	55	0
Lance Reed . . . . .	67	53.60	2	4	61	0

Alderman (Frost) CITY OF FROST

Vote for 2

Penny Harris . . . . .	56	25.57	1	4	51	0
Justo Sepulveda, Jr.. . . . .	71	32.42	2	5	64	0
Kevin Freeman . . . . .	37	16.89	0	1	36	0
Linda Meskimen. . . . .	33	15.07	0	4	29	0
Carrie Pittenger . . . . .	22	10.05	0	0	22	0

Board of Trustees (DISD) DAWSON ISD

Vote for 2

Steve Burleson. . . . .	1	50.00	0	0	1	0
Russell E. Battles . . . . .	0		0	0	0	0
Kenneth D. Nesmith . . . . .	1	50.00	1	0	0	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
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0017 PRECINCT 405

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	761					
BALLOTS CAST - TOTAL . . . . .	26		5	4	17	0
VOTER TURNOUT - TOTAL . . . . .		3.42				

Board of Trustee (BGISD) BLOOMING GROVE ISD

Vote for 2

Jill Haden . . . . .	6	18.18	0	2	4	0
Jonathan J. Southard. . . . .	12	36.36	0	4	8	0
Troy Cox. . . . .	3	9.09	0	0	3	0
Harry Dotson . . . . .	6	18.18	0	0	6	0
Thomas (T.C.) Lawhon. . . . .	0		0	0	0	0
Chad Briggs. . . . .	6	18.18	0	0	6	0

Board of Trustees (DISD) DAWSON ISD

Vote for 2

Steve Burleson. . . . .	7	63.64	4	0	3	0
Russell E. Battles . . . . .	2	18.18	0	0	2	0
Kenneth D. Nesmith . . . . .	2	18.18	2	0	0	0

PREC REPORT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
 May 7, 2016

UNOFFICIAL RESULTS

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0018 PRECINCT 406

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
REGISTERED VOTERS - TOTAL . . . . .	241					
BALLOTS CAST - TOTAL . . . . .	15		0	2	13	0
VOTER TURNOUT - TOTAL . . . . .		6.22				

Board of Trustees (DISD) DAWSON ISD

Vote for 2

Steve Burleson . . . . .	11	45.83	0	1	10	0
Russell E. Battles . . . . .	4	16.67	0	1	3	0
Kenneth D. Nesmith . . . . .	9	37.50	0	1	8	0



SUMMARY REPT-GROUP DETAIL

Joint Elections  
 Navarro County, Texas  
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	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
PRECINCTS COUNTED (OF 18)	18	100.00				
REGISTERED VOTERS - TOTAL	12,591					
BALLOTS CAST - TOTAL	1,410		154	223	1,032	1
VOTER TURNOUT - TOTAL		11.20				

Councilman, Pct 2 (Corsicana) CITY OF CORSICANA  
 Vote for 1

(WITH 3 OF 3 PRECINCTS COUNTED)

Ruby Williams	113	80.14	34	7	71	1
Ralph Gonzalez	28	19.86	7	8	13	0
Total	141		41	15	84	1
Over Votes	0		0	0	0	0
Under Votes	0		0	0	0	0

Board of Trustee (MISD) MILRED ISD  
 Vote for 2

(WITH 5 OF 5 PRECINCTS COUNTED)

Leslie Hayes	127	27.14	9	37	81	0
Waylon W. Ivie	194	41.45	11	58	125	0
Tracy Jock	147	31.41	6	42	99	0
Total	468		26	137	305	0
Over Votes	0		0	0	0	0
Under Votes	108		14	39	55	0

Board of Trustee (BGISD) BLOOMING GROVE ISD  
 Vote for 2

(WITH 6 OF 6 PRECINCTS COUNTED)

Jill Haden	60	9.51	14	14	32	0
Jonathan J. Southard	153	24.25	9	28	116	0
Troy Cox	93	14.74	5	20	68	0
Harry Dotson	158	25.04	10	33	115	0
Thomas (T.C.) Lawhon	47	7.45	6	13	28	0
Chad Briggs	120	19.02	6	21	93	0
Total	631		50	129	452	0
Over Votes	0		0	0	0	0
Under Votes	69		10	13	46	0

Board of Trustee (FISD) FROST ISO  
 Vote for 2

(WITH 2 OF 2 PRECINCTS COUNTED)

Josh Martin	172	39.54	5	10	157	0
Jason Curl	150	34.48	3	7	140	0
Becky Melton	113	25.98	8	8	97	0
Total	435		16	25	394	0
Over Votes	0		0	0	0	0
Under Votes	61		6	7	48	0

Mayor (Frost) CITY OF FROST  
 Vote for 1

(WITH 1 OF 1 PRECINCTS COUNTED)

Velma Ballew	58	46.40	0	3	55	0
Lance Reed	67	53.60	2	4	61	0
Total	125		2	7	116	0
Over Votes	0		0	0	0	0
Under Votes	3		0	0	3	0

	TOTAL VOTES	%	EV MAIL	EV IVO	ELECTION DAY	PROVISIONAL
Alderman (Frost) CITY OF FROST						
Vote for 2						
(WITH 1 OF 1 PRECINCTS COUNTED)						
Penny Harris . . . . .	56	25.57	1	4	51	0
Justo Sepulveda, Jr. . . . .	71	32.42	2	5	64	0
Kevin Freeman . . . . .	37	16.89	0	1	36	0
Linda Meskimen. . . . .	33	15.07	0	4	29	0
Carrie Pittenger . . . . .	22	10.05	0	0	22	0
Total . . . . .	219		3	14	202	0
Over Votes . . . . .	0		0	0	0	0
Under Votes . . . . .	37		1	0	36	0

Board of Trustees (KISD) KERENS ISD						
Vote for 3						
(WITH 4 OF 4 PRECINCTS COUNTED)						
Tyrone Martin . . . . .	161	26.83	15	17	129	0
Michael J. Crawford . . . . .	125	20.83	16	14	95	0
Kenny Gene Berry . . . . .	165	27.50	16	12	137	0
Matt Lynch . . . . .	149	24.83	11	16	122	0
Total . . . . .	600		58	59	483	0
Over Votes . . . . .	0		0	0	0	0
Under Votes . . . . .	132		23	19	90	0

Board of Trustees (DISD) DAWSON ISD						
Vote for 2						
(WITH 4 OF 4 PRECINCTS COUNTED)						
Steve Burleson. . . . .	109	46.19	17	5	87	0
Russell E. Battles . . . . .	56	23.73	7	4	45	0
Kenneth D. Nesmith . . . . .	71	30.08	14	4	53	0
Total . . . . .	236		38	13	185	0
Over Votes . . . . .	0		0	0	0	0
Under Votes . . . . .	44		12	1	31	0

Mayor (Dawson) CITY OF DAWSON						
Vote for 1						
(WITH 1 OF 1 PRECINCTS COUNTED)						
Stephen Sanders . . . . .	56	100.00	7	1	48	0
Total . . . . .	56		7	1	48	0
Over Votes . . . . .	0		0	0	0	0
Under Votes . . . . .	28		0	1	27	0

Councilman (Dawson) CITY OF DAWSON						
Vote for 3						
(WITH 1 OF 1 PRECINCTS COUNTED)						
Darrell Stevenson. . . . .	47	23.27	5	1	41	0
Cameron Shaw . . . . .	57	28.22	5	2	50	0
Tony Mikeska . . . . .	77	38.12	6	1	70	0
Orval Waller . . . . .	21	10.40	4	1	16	0
Total . . . . .	202		20	5	177	0
Over Votes . . . . .	0		0	0	0	0
Under Votes . . . . .	50		1	1	48	0

**ITEM NO. 8B**

**Date:** May 16, 2016

**Subject:** City of Corsicana/Navarro County Cleanup Day

**Comments:** The 26<sup>th</sup> annual City of Corsicana/Navarro County Cleanup Day will be Saturday, June 4, 2016, from 7:00 a.m. to 1:00 p.m. As in past years, the Council is requested to waive regular landfill fees on this date for all City of Corsicana residents. Non-Corsicana (Navarro County) residents will also be allowed to dispose of items at no cost, but the Navarro County Commissioner's Court will pay the City a disposal fee of \$5.00/per cubic yard for non-Corsicana (Navarro County) residents.

**Recommendation:** Approve to waive the landfill fees for Corsicana residents and adopt the reduced landfill fee for non-Corsicana (Navarro County) residents on Saturday, June 4, 2016.

**MOTION:**

**I MOVE TO APPROVE WAIVING THE LANDFILL FEES FOR CORSICANA RESIDENTS AND ADOPTING THE REDUCED LANDFILL FEE FOR NON-CORSICANA (NAVARRO COUNTY) RESIDENTS ON SATURDAY, JUNE 4, 2016.**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS AUTHORIZING PARTICIPATION IN THE CITY OF CORSICANA/NAVARRO COUNTY CLEANUP DAY ON JUNE 4, 2016, AND APPROVING A FEE OF \$5 PER CUBIC YARD FOR NON-CORSICANA (NAVARRO COUNTY) RESIDENTS.**

**WHEREAS**, the City of Corsicana/Navarro County Cleanup Day Committee has scheduled June 4, 2016, for the City of Corsicana/Navarro County Cleanup Day; and

**WHEREAS**, in case of a rain out the City/County shall reschedule for June 11, 2016; and

**WHEREAS**, this City/County cleanup project allows citizens to dispose of trash and bulky items at no individual cost; and

**WHEREAS**, the City will absorb the loss of revenue from materials brought to the landfill by Corsicana residents; and

**WHEREAS**, the City of Corsicana approves the designation of a fee of \$5.00 per cubic yard for non-Corsicana (Navarro County) residents for disposal of trash and bulky items at no individual cost, that will be paid by the Navarro County Commissioner's Court for trash disposal by non-Corsicana (Navarro County) residents.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS**, that the City of Corsicana desires to participate in the City of Corsicana/Navarro County Cleanup Day on June 4, 2016, and approves a fee of \$5.00 per cubic yard for non-Corsicana (Navarro County) residents to be paid by the Navarro County Commissioner's Court for trash disposal by non-Corsicana (Navarro County) residents.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana, Texas this 16<sup>th</sup> day of **May, 2016**.

\_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

## ITEM NO. 8C

**Date:** May 16, 2016

**Subject:** A resolution of the City Council of the City of Corsicana, Texas, authorizing Texas local government investment pool "TexPool" as an additional authorized public funds investment pool for the City of Corsicana; providing for authorized representatives; providing for limitations to withdrawals of City funds.

**Comments:** The City of Corsicana is required to invest funds in investments that comply with the Public Funds Investment Act and the City of Corsicana Investment and Collateralization Policy.

For the last several years, the City's funds have been primarily invested in fully insured or collateralized bank accounts, as the interest rates paid by the bank were higher than those of the City's authorized public funds investment pool, TexSTAR.

Recently, the public funds investment pools have been able to pay a higher interest rate than the City's depository bank, JPMorgan Chase.

The City's investment officers believe that investing more of the City's funds into public funds investment pools would yield the City with a higher return, while still maintaining the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act and the City of Corsicana Investment and Collateralization Policy.

However, diversification of funds into more than one pool would further safeguard the City's assets.

In addition, the resolution provides for Authorized Representatives, a representative with inquiry privileges only, and limitations to the permissions for Authorized Representatives, related to the withdrawal of funds.

**Recommendation:** Approve the resolution authorizing the addition of TexPool as an approved public funds investment pool for the City, and providing for Authorized Representatives and limitations for those representatives, subject to the limitations noted in the resolution.

### MOTION:

**I MOVE TO APPROVE THE ESTABLISHMENT OF TEXPOOL AS AN ADDITIONAL PUBLIC FUNDS INVESTMENT POOL FOR THE CITY OF CORSICANA, WITH THE AUTHORIZED REPRESENTATIVES AND REPRESENTATIVES WITH INQUIRY PRIVILEGES SUBJECT TO THE LIMITATIONS NOTED IN THE RESOLUTION.**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS, AUTHORIZING TEXAS LOCAL GOVERNMENT INVESTMENT POOL "TEXPOOL" AS AN ADDITIONAL AUTHORIZED PUBLIC FUNDS INVESTMENT POOL FOR THE CITY OF CORSICANA; PROVIDING FOR AUTHORIZED REPRESENTATIVES; PROVIDING FOR LIMITATIONS TO WITHDRAWALS OF CITY FUNDS**

**WHEREAS**, the City of Corsicana ("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

**WHEREAS**, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

**WHEREAS**, there is a need to diversify the City's investments in public funds investment pools; and

**WHEREAS**, the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool, was created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

**WHEREAS**, after review and evaluation by staff, it was determined that TexPool be recommended as an additional public funds investment pool for the City, with the following Authorized Representatives on the account:

Connie Standridge	City Manager
Virginia Richardson	Director of Finance/City Secretary, Primary Representative
Karen Sheppard	General Ledger Clerk
Jennifer Heil	Staff Accountant; and

**WHEREAS**, the following representative is authorized to have *inquiry privileges only* on the account:

Stephanie Hunt	Finance Account Clerk; and
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**WHEREAS**, *the City of Corsicana requires that all withdrawal transactions be initiated in writing and countersigned by at least two Authorized Representatives*; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS** that TexPool be established as an additional public funds investment pool for the City of Corsicana, *with the Authorized Representatives and representatives with inquiry privileges subject to the limitations noted above.*

**PASSED** and **APPROVED** by majority vote of the City Council of the City of Corsicana, Texas, this the **16th** day of **May, 2016**.

**APPROVED:**

\_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

**ITEM NO. 8D**

**Date:** May 16, 2016

**Subject:** Resolution Approving Tax Abatement Agreement with Polyguard Products, Inc.

**Comments:** The attached Resolution approves a tax abatement agreement between the City of Corsicana and Polyguard Products, Inc.

Polyguard Products, Inc. is considering a \$3,050,000.00 expansion of the Corsicana facility. The expansion will create an additional 20 jobs.

The City Council, on May 16, 2016, created Reinvestment Zone 16-02 at the Polyguard Products, Inc. property, a statutory requirement prior to entering into a tax abatement agreement.

Abatement agreements, by City policy, are limited to no more than 500 percent over 10 years and the Polyguard Products, Inc. agreement adheres to that policy.

Navarro County and Navarro College will consider entering into similar agreements with Polyguard Products, Inc.

**Recommendation:** Approve Resolution approving a Tax Abatement Agreement with Polyguard Products, Inc.

**MOTION:**

**I MOVE TO APPROVE THE RESOLUTION APPROVING A TAX ABATEMENT AGREEMENT WITH POLYGUARD PRODUCTS, INC.**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY OF CORSICANA, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AN AGREEMENT BY AND BETWEEN THE CITY OF CORSICANA, TEXAS AND POLYGUARD PRODUCTS, INC., FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT, AND AUTHORIZING EXECUTION BY THE MAYOR; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City Council has been presented a proposed tax abatement agreement between the City of Corsicana, Texas and Polyguard Products, Inc., providing for a property tax abatement for certain improvements, a copy of which is attached hereto and incorporated herein by reference (hereinafter called "AGREEMENT"); and

**WHEREAS**, upon full review and consideration of the AGREEMENT, and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the Mayor shall be authorized to execute it on behalf of the City of Corsicana;

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

**Section 1.** The terms and conditions of the proposed AGREEMENT, having been reviewed by the City Council of the City of Corsicana and found to be acceptable and in the best interests of the City of Corsicana and its citizens, are hereby in all things approved.

**Section 2.** The Mayor is hereby authorized to execute the AGREEMENT and all other documents in connection therewith on behalf of the City of Corsicana, substantially according to the terms and conditions set forth in the AGREEMENT.

**Section 3.** That this approval and execution of the AGREEMENT on behalf of the City of Corsicana is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

**Section 4.** This Resolution shall become effective from and after its passage.

**PASSED and APPROVED** on this the 16<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

STATE OF TEXAS §

COUNTY OF NAVARRO §

**TAX ABATEMENT AGREEMENT**

This Tax Abatement Agreement (the "Agreement") is entered into by and between THE CITY OF CORSICANA, TEXAS, a home rule city and municipal corporation of Navarro County, Texas, acting herein by and through its Mayor and hereinafter referred to as CITY, and Polyguard Products, Inc., hereinafter referred to as OWNER.

**WITNESSETH:**

**WHEREAS**, on the 16<sup>th</sup> day of May, 2016, the City Council of CITY passed an Ordinance (the "ORDINANCE") establishing Reinvestment Zone 16-02 (the "REINVESTMENT ZONE") in the CITY for commercial/industrial tax abatement as authorized by Chapter 312, Texas Tax Code; and

**WHEREAS**, the CITY has previously adopted a Tax Abatement Policy (the "Tax Abatement POLICY") on October 27, 2014; and

**WHEREAS**, the Tax Abatement Policy constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by CITY as required by Chapter 312, Texas Tax Code; and

**WHEREAS**, CITY has adopted a Resolution on October 27, 2014 stating that it elects to be eligible to participate in tax abatement; and

**WHEREAS**, CITY has sent written notice that CITY intends to enter into this AGREEMENT, including a copy of this AGREEMENT, to the presiding officer of the governing body of each other taxing unit in which property to be subject to this AGREEMENT is located, as required by Section 312.2041 of the Texas Tax Code; and

**WHEREAS**, in order to maintain and/or enhance the commercial economic and employment base of the Corsicana area to the long term interest and benefit of the CITY, it is in the best interests of the taxpayers for the CITY to enter into this Agreement in accordance with the Ordinance, the Tax Abatement Policy, and the Texas Tax Code; and

**WHEREAS**, OWNER owns the real property described by metes and bounds and by map on Exhibit "A" and Exhibit "B" attached hereto and incorporated herein by reference (the "Property") and intends to make certain Improvements (as defined below) to the Property; and

**WHEREAS**, the contemplated use of the Property, the contemplated Improvements to the Property in the amount as set forth in this Agreement, and the other terms hereof are consistent with encouraging development of the Reinvestment Zone in accordance with the purposes for its creation and are in compliance with the Tax Abatement Policy.

**NOW THEREFORE**, in consideration of the mutual benefits and promises contained herein and for good and other valuable consideration, the adequacy and receipt of which is hereby acknowledged, the parties hereto do mutually agree as follows:

## **I. DEFINITIONS**

Whenever used in this Agreement, the following terms shall have the meanings ascribed to them:

1.1 **“Estimated Tax Value”** means the estimated depreciated Tax Net Book Values applicable to the real property improvements and the Tangible Personal Property improvements comprising the Investment described in Paragraph 2.2a below, as scheduled on Exhibit “D” attached hereto and incorporated herein by reference. For reference purposes, the Estimated Tax Values scheduled on Exhibit “D” are determined using the Navarro Central Appraisal District's appraisal guidelines in effect as of the date of this Agreement.

1.2 **“Event of Bankruptcy or Insolvency”** means the dissolution or termination of a party's existence as a going business, insolvency, appointment of receiver for any part of a party's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

1.3 **“Force Majeure”** means any contingency or cause beyond the reasonable control of OWNER including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, adverse weather, governmental or de facto governmental action (unless caused by acts or omissions of OWNER), fires, explosions or floods, and strikes.

1.4 **“In Service Project Cost”** means the initial project cost of the Improvements identified and defined below, as of the date such Improvements are first placed into service by OWNER

1.5 **“Tangible Personal Property”** means tangible personal property classified as such under state law and hereafter located on the Property, but expressly excludes inventory and supplies, and any tangible personal property that was located in the Reinvestment Zone at any time before the date of this Agreement.

1.6 **“Taxable Value”** means the appraised value as certified by the Navarro County Appraisal District as of January 1 of a given year.

Other terms defined elsewhere in this Agreement shall have the meanings therein ascribed to those terms. -

## **II. OWNER'S OBLIGATIONS**

2.1 The property to be the subject of this Agreement shall be the Property described herein above.

2.2a For the purposes of fulfilling this Agreement, the OWNER shall make improvements to the Property and personal property acquisitions as described in Exhibit "C" attached hereto and incorporated herein by reference (collectively the "Improvements"), having a total In Service Project Cost of at least three million fifty thousand and no/100 dollars (\$3,050,000.00), more specifically defined as a minimum In Service Project Cost of at least 3,050,000 million and no/100 dollars (\$3,050,000) in real property improvements and in Tangible Personal Property improvements to be added (hereinafter collectively referred to as the "Investment"). On or before January 1, 2017, OWNER shall substantially complete all Improvements and cause an increase in Taxable Value of at least \$3,050,000 dollars. On or before January 1, 2017, OWNER shall create and fill a minimum of twenty (20) new, full-time jobs at the Property and OWNER shall maintain such jobs at the Property throughout the Term of this Agreement. Notwithstanding the foregoing deadlines, OWNER shall have such additional time to satisfy the obligations contained in this Paragraph 2.2a as may reasonably be required in the event of Force Majeure if OWNER is diligently and faithfully pursuing satisfaction of the applicable obligation. The date of substantial completion of the Improvements shall be defined as the date a Certificate of Occupancy is issued by the CITY.

2.2b For the purpose of the Texas Capital Fund or similar state grant for infrastructure improvements, according to the terms and conditions and within the time frame set forth in the contractual agreement (the "TCF Contract") between the State of Texas and the CITY, the OWNER will be required to create and fill a minimum of twenty (20) new, full-time jobs at Property pursuant to the TCF Contract in order to qualify for tax abatement under this agreement. Furthermore, OWNER shall maintain such jobs for a period of time as required by the terms and conditions of the TCF Contract and until such time as the CITY is fully released from any and all job commitment requirements pursuant to the TCF Contract.

2.3 As good and valuable consideration for this Agreement, OWNER agrees and covenants that it will diligently and faithfully pursue the completion of the Improvements in a good and workmanlike manner. OWNER further covenants and agrees that all construction of the Improvements and use of the Property will be in accordance with all applicable State and local laws, codes, and regulations (or valid waiver thereof). In further consideration, OWNER agrees and covenants that it will continuously operate, maintain and occupy the Property as a manufacturing facility from the date of Certificate of Occupancy is issued until expiration of the Term of this Agreement.

2.4 OWNER further agrees that the CITY, its agents and employees shall have reasonable right of access to the Property, upon not less than ten (10) days prior written notice, to inspect the Improvements in order to ensure that the construction of the Improvements is in accordance with this Agreement and all applicable State and local laws and regulations (or valid waiver thereof). After completion of the Improvements, the CITY shall have the continuing right to inspect the Property, upon not less than ten (10) days prior written notice, to ensure that it is thereafter maintained, operated and occupied in accordance with this Agreement throughout the Term of this Agreement. In addition, the OWNER agrees that appraisal district representatives shall have reasonable right of access to the Property, upon not less than ten (10) days prior written notice, for the purpose of ad valorem property tax appraisal for all real property and improvements to real property, tangible personal property, inventory and equipment.

2.5 OWNER agrees that it will register all permanent jobs with the Texas Workforce Commission and that all contractors shall be encouraged to seek qualified workers through the Texas Workforce Commission. [Note: this provision is required by Section 8.02(j) of the CITY's Tax Abatement Policy].

**III.**  
**ABATEMENT OF TAXES**

3.1 Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the CITY, a portion of ad valorem real property taxes from the Property, and a portion of taxes for Tangible Personal Property in place at the Property on January 1<sup>st</sup> of each year, that are otherwise owed to the CITY, shall be abated. Said ad valorem real property tax abatement/freeze shall be for a ten (10) year term and shall apply to the taxes assessed upon the increased value of the eligible Property, after installation of the real property improvements contemplated by Paragraph 2.2a, over the value of the Property in the year in which this Agreement is executed; and said Tangible Personal Property tax abatement shall be for a ten (10) year term and shall apply to the taxes assessed upon the increased value of the eligible Tangible Personal Property Improvements contemplated in Paragraph 2.2a, over the value of in place Tangible Personal Property in the year in which this Agreement is executed; all subject to, and in accordance with, the terms of this Agreement, the Tax Abatement Policy, Chapter 312, Texas Tax Code, and all applicable state and local regulations (or valid waiver thereof). The percentage (%) level of tax abatement for both Real Property Improvements and Tangible Personal Property during the foregoing ten (10) year terms shall be as described below in "Table 3.1, Tax Abatement Schedule."

<b>Table 3.1</b>	
<b>Tax Abatement Schedule</b>	
<b>For Real Property Improvements and</b>	
<b>Tangible Personal Property Added</b>	
<b>Year of Abatement</b>	<b>Level (%) of Tax Abatement</b>
1	50%
2	50%
3	50%
4	50%
5	50%
6	50%
7	50%
8	50%
9	50%
10	50%

The tax abatement for Tangible Personal Property will apply only to the Tangible Personal Property added to the Property after this Agreement is executed. Notwithstanding the forgoing, the OWNER shall have the right to protest and/or contest any assessment of the Property over and above the minimum Investment as required by this Agreement.

3.2 Said abatement(s) shall extend for a period of ten (10) years, as applicable, to the real property and the Tangible Personal Property tax abatement, with each such tax abatement beginning with the tax year on January 1, 2017, and shall remain in effect during the Term of this Agreement as long as the OWNER (a) incurs the minimum In Service Project Cost of at least three million fifty thousand and no/100 dollars \$3,050,000 for the Investment as contemplated under Paragraph 2.2a; (b) maintains minimum Taxable

Values for the real property improvements and the Tangible Personal Property improvements comprising the Investment each year during the Term of this Agreement at least equal to the Estimated Tax Values for each item as scheduled on Exhibit "D"; (c) creates and maintains a minimum of twenty (20) new, full-time jobs at the Property; and (d) otherwise satisfies all of the terms, conditions, and obligations of this Agreement.

3.3 It is understood and agreed among the parties that the Property shall be appraised at market value for the purposes of the applicable real and personal property tax assessments effective as of January 1, 2017, and continued at market value until the expiration of the Term of this Agreement.

#### **IV. TERM OF THE AGREEMENT**

4.1 The term of this Agreement (the "Term") shall begin on the date of this Agreement and end upon completion of the final abatement year.

4.2 Prior to October 1st of each year during the Term of this Agreement, OWNER shall certify to the governing body of the CITY and each taxing unit that OWNER is in compliance with all of the terms and conditions of this Agreement.

#### **V. DEFAULT AND RECAPTURE OF ABATED TAX**

5.1 In the event that (a) OWNER fails to incur the minimum In-Service Project Cost of at least three million fifty thousand and no/100 dollars for Investment, as contemplated under Paragraph 2.2a and for which an abatement has been granted, or the Improvements otherwise are not completed in accordance with this Agreement; (b) OWNER fails to maintain throughout the Term of this Agreement minimum Taxable Values for the real property Improvements comprising the Investment at least equal to the Estimated Tax Values for each item as scheduled on Exhibit "D"; (c) OWNER fails to create and maintain throughout the Term of this Agreement a minimum of twenty (20) new, full-time jobs at the property; (d) OWNER allows its ad valorem taxes owed the CITY to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; (e) OWNER has an Event of Bankruptcy or Insolvency (as defined in Paragraph 1.2); or (f) OWNER otherwise fails to comply with any of the terms, conditions, or obligations of this Agreement, the OWNER shall be in default of this Agreement.

5.2 In the event of default, CITY shall give the OWNER written notice of such default and, if the OWNER has not cured such default within sixty (60) days after said written notice, this Agreement may be terminated by the CITY. If the CITY terminates this Agreement in the event of default, OWNER shall repay to the CITY all taxes which otherwise would have been paid to the CITY without the benefit of abatement during the Term of this Agreement, together with interest at the statutory rate for delinquent taxes as determined by Section 33.01 of the Texas Tax Code (but without the addition of penalty), reasonable attorney's fees, and costs. Such amounts shall be due, owing, and payable to the CITY within sixty (60) days after the expiration of the above mentioned 60-day cure period. The parties acknowledge that CITY will suffer damages in the event of OWNER's default under this Agreement. The parties

acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine. OWNER's obligation to pay any amounts hereunder shall survive termination of this Agreement.

5.3 It is expressly acknowledged and agreed between the parties that the CITY shall have the right to place a tax lien against the Property pursuant to Section 32.01 of the Texas Tax Code. Such lien shall secure the payment of all taxes abated and subject to recapture under this Agreement, together with all other amounts payable hereunder. Any such lien may be fully enforced pursuant to the provisions of the Texas Tax Code. Also, to collect any amounts payable hereunder, the CITY shall have all other remedies provided generally in the Tax Code for the collection of delinquent property tax.

5.4 In addition to the remedies set forth above, for the purpose of the Texas Capital Fund or similar state grant for infrastructure improvements, according to the terms and conditions and within the time frame set forth in the contractual agreement (the "TCF Contract") between the State of Texas and the CITY related to the Texas Capital Fund or similar state grant, should the OWNER fail to meet a minimum of at least twenty (20) new, full-time jobs at the Property in fulfillment of the job commitment requirements pursuant to the TCF Contract, causing the CITY to incur a liability to the State of Texas for such failure, the OWNER shall repay to the CITY any and all monetary penalties due to the State of Texas.

## VI. GENERAL PROVISIONS

6.1 The CITY represents and warrants that the Property does not include any property that is owned by a member of the City Council approving, or having responsibility for the approval of this Agreement.

6.2 The terms and conditions of the Agreement are binding upon the successors and permitted assigns of all parties hereto. This Agreement may not be assigned by OWNER without the prior written consent of the CITY, such consent to be at the sole discretion of the CITY; provided, however, that upon written notice to the CITY, OWNER may assign its rights under this Agreement to a wholly owned subsidiary of OWNER, subject to OWNER remaining liable for all of its obligations hereunder.

6.3 It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and the CITY assumes no responsibility or liability in connection therewith to third parties and OWNER agrees to indemnify and hold harmless the CITY therefrom. It is further understood and agreed among the parties that the CITY, in performing its obligations hereunder, is acting independently, and the OWNER assumes no responsibility or liability in connection therewith to third parties and the CITY agrees to indemnify and hold harmless the OWNER therefrom.

6.4 Notices required to be given to any party to this Agreement shall be given personally or by certified mail, return receipt requested, postage prepaid, addressed to the party at its address set forth below, and given by mail, shall be deemed delivered as of the date personally delivered or three days after deposit in the United States mail:

**For CITY by notice to:**

City of Corsicana, Texas  
Attention: City Manager  
Corsicana Government Center  
200 North 12th Street  
Corsicana, Texas 75110

**For OWNER by notice to:**

Polyguard Products, Inc.  
P.O. Box 755  
Ennis, TX 75120

Any party may change the address to which notices are to be sent by giving the other party written notice in the manner provided in this Section.

6.5 This Agreement constitutes the entire and final expression of the agreement of the parties hereto with respect to the subject matter hereof. This Agreement can be modified or amended only by a written agreement executed by both parties.

6.6 If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

6.7 This Agreement shall be governed by the laws of the State of Texas, without regard to its choice of law rules. This Agreement is performable in Navarro County, Texas. Exclusive venue for any litigation related to, or arising out of, this Agreement shall lie in Navarro County, Texas.

6.8 In this Agreement, time is of the essence.

6.9 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

6.10 This Agreement was authorized by resolution of the City Council at its regularly scheduled meeting on the 16<sup>th</sup> day of May, 2016, authorizing the Mayor to execute the Agreement on behalf of the CITY.

6.11 This AGREEMENT was entered into by Polyguard Products, Inc., pursuant to authority granted by its Directors/Members/Owners on the \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2016.

6.12 This AGREEMENT shall constitute a valid and binding agreement between the CITY and OWNER when executed in accordance herewith, regardless of whether any other taxing unit executes a similar agreement for tax abatement.

Witness our hands this 16<sup>th</sup> day of May, 2016.

**APPROVED:**

CITY OF CORSICANA

By: \_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

**POLYGUARD PRODUCTS, INC.**

By: \_\_\_\_\_

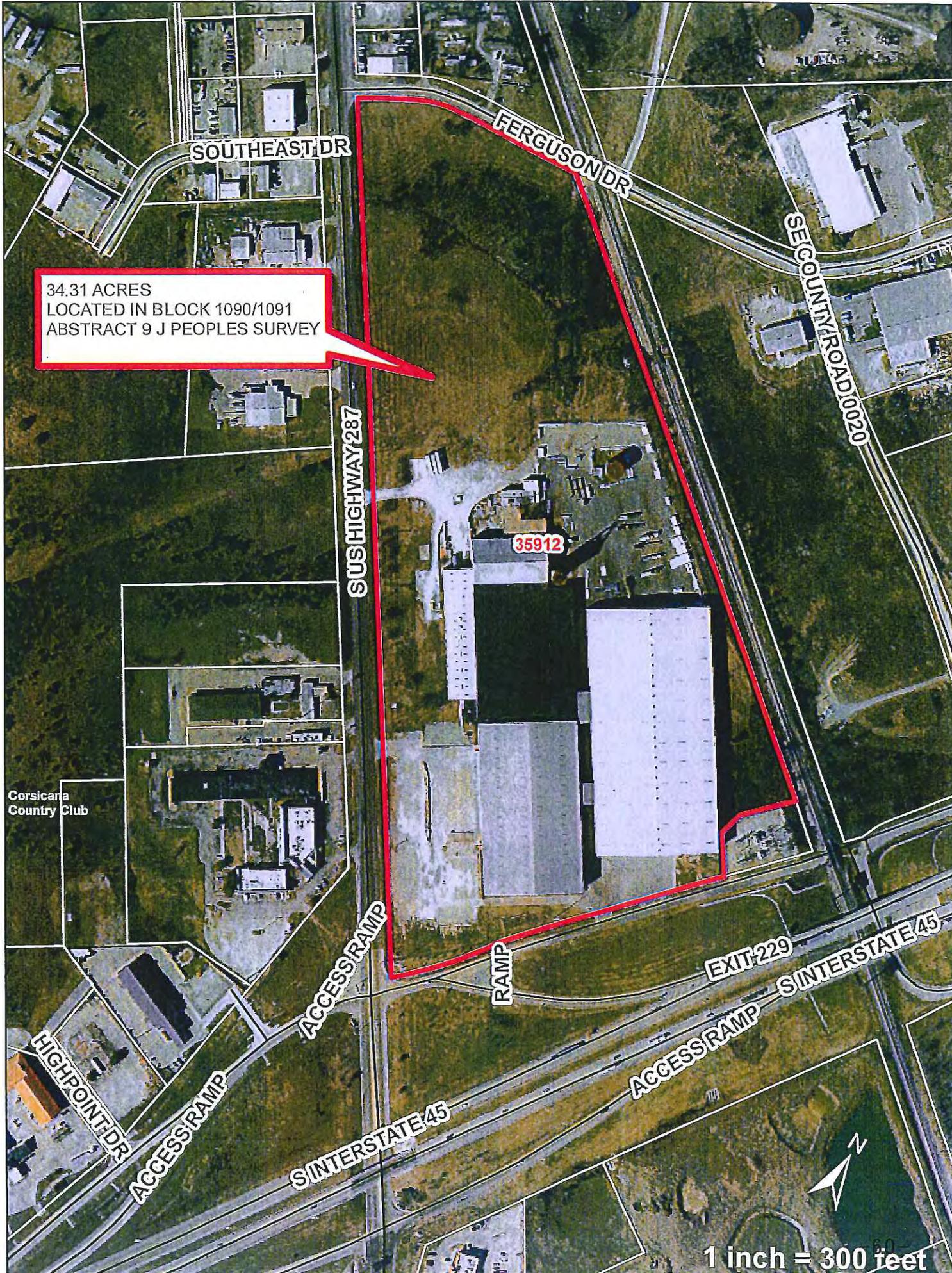
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBITS ATTACHED:**

- A Survey and Description of Property
- B Overhead Map of Property
- C Application for Tax Abatement
- D Estimated Tax Value Schedule
- E Environmental Impact Letter to City





34.31 ACRES  
LOCATED IN BLOCK 1090/1091  
ABSTRACT 9 J PEOPLES SURVEY

Corsicana  
Country Club

35912

EXIT 229

1 inch = 300 feet

**EXHIBIT C**

<b>2016 APPLICATION FOR TAX ABATEMENT</b>	
<b>Instructions:</b> Please print or type. Submit the completed and signed original copy of the 2015 Application for Tax Abatement with attachments to: City of Corsicana & Navarro County Economic Development Department, 200 North 12th Street, Corsicana, Texas 75110	
1. Date	5/22/2016
2. Name of Firm, Partnership or Corporation and mailing address	2a. Have you received a previous tax abatement from Navarro County? (YES/ NO)
Please print or type: Polyguard products, Inc P.O. Box 755 Ennis, Tx 75120	No
	2b. If yes, when?
3. Number of new full time employees to be added _____ <i>(*A minimum of 20 new, full-time [e.g. 40 hours/week] jobs are required.)</i>	20
4. Number of acres of property to be developed _____	20
4a. Plat of property and Development or Site Plan attached? _____ <i>(Official Property Survey with metes and bounds required)</i>	Yes (YES/ NO)
5. Estimated value of existing real property to be developed _____	\$ 2,000,000
6. Estimated value of real property improvements _____ <i>(A minimum \$1,000,000.00 investment required, unless otherwise approved by Commissioners Court)</i>	\$ 2,000,000
7. Estimated value of existing inventory _____	\$ 0
8. Estimated value of inventory to be added _____	\$ 1,000,000
9. Estimated value of existing personal property _____	\$ 0
10. Estimated value of taxable personal property improvements _____	\$ 50,000
11. Total estimated value of new taxable investment to be made (Total of Items # 6, 8 & 10)	\$ 3,050,000
12. Description of real property improvements to be made:	
Upgrade fire supression system, install: 3 asphalt storage tanks, laminator equipment, slitter equipment, mix room tankage, perimeter fencing, parking lot and sight grading.	
12. Description of Public Services available for project development and new facilities and / or services required.	
Water:	Yes
Wastewater:	Yes
Railways:	No
Natural Gas:	Yes
Electricity:	Yes
13. One Year Development Schedule for all improvements.	
1st Quarter:	\$250,000
2nd Quarter:	\$500,000
3rd Quarter:	\$500,000
4th Quarter:	\$750,000
* Qualification for pro-rating new employees is determined on a case-by-case basis.	
City of Corsicana & Navarro County Economic Development Department 200 North 12th Street, Corsicana, Texas 75110	

**2016 APPLICATION FOR TAX ABATEMENT (Page 2)**

14. Expected impact on the Corsicana Independent School District.

Expect 8 of the 20 new hires to live in the Corsicana school district.

15. Expected benefit to the local economy:

\$150,000

16. Estimated annual payroll of new employees.

\$500,000

17. Description of product to be manufactured or distributed.

Asphaltic membranes

18. Expected productive life of all real property improvements.

50 Years

19. Identification and quantity of all Pollutants and Emissions:

TYPE	QUANTITY
AIR:	Minor source, not regulated
NOISE:	N/A
SOLID WASTE:	N/A
WASTEWATER:	N/A

20. Certification of no materially adverse environmental impact as a result of the improvements and operations

See attached

21. Project in compliance with relevant zoning requirements.

Yes

22. Reasonable proof of financial ability.

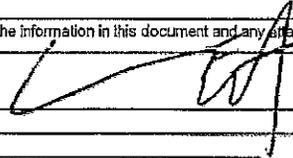
Yes

23. References from past communities, if applicable.

N/A

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

sign here >



Phone:

Date:

Submitted By	(Please Print)
Name:	
Title:	
Date:	

Received by the City of Corsicana
Name:
Title:
Date:

*For assistance in completing this form, call the Economic Development Director - 903.654.4806. An Equal Opportunity Employer.*

City of Corsicana & Navarro County Economic Development Department  
200 North 12th Street, Corsicana, Texas 75110

**EXHIBIT D**  
**Estimated Tax Value Schedule**

Polyguard Products, Inc  
P.O. Box 755  
Corsicana, TX 75110  
Estimated Tax Value

The depreciation schedule below is based upon straight line depreciation methods recommended by Corsicana jurisdiction.

**MACHINERY & EQUIPMENT**

**Initial Cost:** \$ 50,000

Year	Value Created	Depreciation Rate	Current Year Depreciation Expense	Accumulated Depreciation	Tax Net Book Value
2017	\$ 50,000				\$ 50,000
2018	\$ 50,000	4.00%	\$ 2,000	\$ 2,000	\$ 48,000
2019	\$ 50,000	4.00%	\$ 2,000	\$ 4,000	\$ 46,000
2020	\$ 50,000	4.00%	\$ 2,000	\$ 6,000	\$ 44,000
2021	\$ 50,000	4.00%	\$ 2,000	\$ 8,000	\$ 42,000
2022	\$ 50,000	4.00%	\$ 2,000	\$ 10,000	\$ 40,000
2023	\$ 50,000	4.00%	\$ 2,000	\$ 12,000	\$ 38,000
2024	\$ 50,000	4.00%	\$ 2,000	\$ 14,000	\$ 36,000
2025	\$ 50,000	4.00%	\$ 2,000	\$ 16,000	\$ 34,000
2026	\$ 50,000	4.00%	\$ 2,000	\$ 18,000	\$ 32,000
2027	\$ 50,000	4.00%	\$ 2,000	\$ 20,000	\$ 30,000

Additional \$1,000,000 in inventory will be added to the tax base.

Additional \$2,000,000 in real property improvements will be added to the tax base.

# POLYGUARD PRODUCTS, INC.

SELF ADHESIVE PROTECTIVE COATINGS FOR ENGINEERING AND CONSTRUCTION

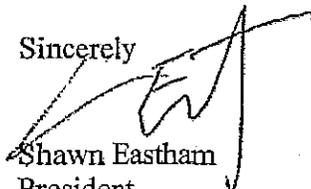
May 1, 2016

Ms. Connie Standridge  
City Manager  
City of Corsicana, Texas  
200 N. 12<sup>th</sup> Street  
Corsicana, TX 75110

Dear Ms. Standridge,

The purpose of this correspondence is to provide assurances that the planned \$3,050,000 expansion of Polyguard Products, Inc. at its Corsicana, Texas location will have no unacceptable environmental impact according to the Environmental Protection Agency (EPA), Texas Commission on Environmental Quality (TCEQ), and the City of Corsicana, Texas codes, guidelines and environmental regulations.

Sincerely

  
Shawn Eastham  
President

Innovation based. Employee owned. Expect more.

# Polyguard<sup>®</sup>

ENNIS, TEXAS 75120-0755  
PH: (1) 214-515-5000 • (1) 800-541-4994 • FAX: (1) 972-875-9425  
E-Mail: [polyguard@polyguardproducts.com](mailto:polyguard@polyguardproducts.com)  
Web Site: [www.polyguardproducts.com](http://www.polyguardproducts.com)



**AGENDA INFORMATION SHEET  
AGENDA ITEM NO. 8E**

**APPROVAL OF A CHANGE IN ATMOS ENERGY CORPORATION,  
MID-TEX DIVISION'S ("ATMOS") RATES AS A RESULT OF  
SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS  
MUNICIPALITIES ("ATM") UNDER THE RATE REVIEW  
MECHANISM FOR 2016**

**ATMOS TEXAS MUNICIPALITIES**

The City is a member of the Atmos Texas Municipalities (ATM). The ATM group was organized by a number of municipalities served by Atmos and has been represented by the law firm of Herrera & Boyle, PLLC (through Mr. Alfred R. Herrera). ATM also retained the services of a consulting firm, Utilitech, Inc. (Mr. Mike Brosch and Mr. Steve Carver) to assist in reviewing an application submitted by the Atmos Energy-Mid-Tex Division (Atmos) that seeks to increase its rates and change its rates. Herrera & Boyle, PLLC and Utilitech, Inc. have participated in prior rate cases involving Atmos and have extensive knowledge and experience in rate matters affecting Atmos' rates, operations, and services.

**HISTORY OF PRIOR RATE INCREASES**

***Increase Under Previous Version of RRM (Approved October 2010)***

On March 15, 2010, Atmos requested an increase of \$70.1 million in its system-wide rates. ATM and Atmos settled on an increase of \$27 million for prospective rates.

***Increase Under Previous Version of RRM (Approved September 2011)***

On April 1, 2011, Atmos filed a request to increase rates system-wide by \$15.6 million. ATM and Atmos agreed to not increase base rates and permitted Atmos to recover \$6.6 million for the steel pipe replacement program.

***General Rate Case (Approved December 2012)***

In January 2012, Atmos sought an increase of about \$49.1 million. Ultimately, the ATM cities and Atmos were not able to reach agreement on an increase and Atmos filed an appeal to the Railroad Commission of Texas. The Railroad Commission approved an increase of about \$24.1 million, representing an increase in revenue of about 7%.

***Prior Increase Under Current RRM (July 2013)***

In the summer of 2013, Atmos and ATM entered into an agreement that approved a revised Rate Review Mechanism (RRM). The RRM approved in the summer of 2013 is the third iteration of that rate-setting mechanism.

On about July 15, 2013, Atmos submitted a request to increase rates under the current RRM. Atmos requested an increase in rates on a system-wide basis of \$22.7 million, which is an increase of about 5%. Following a series of settlement negotiations between Atmos' experts and ATM's experts, Atmos agreed to an increase of \$16.6 million, an increase in revenue of about 3.7%.

***Prior Increase Under the RRM (June 2014) – Atmos Filed Appeal With the Railroad Commission – Gas Utility Docket (GUD) No. 10359:***

On about February 28, 2014, Atmos filed its second request to increase rates under the current iteration of the RRM (the "2014 RRM") and requested a system-wide increase of about \$45.6 million (9.2% increase in revenue). ATM's consultants' preliminary assessment indicated that Atmos warranted at most an increase of \$26.6 million. A settlement was not reached, the ATM cities denied Atmos' proposed increase, and Atmos appealed ATM's denial of its revenue increase to the Railroad Commission. On appeal Atmos revised its request downward from \$45.6 million to \$43.8 million. Atmos implemented the full rates on June 1, 2014, subject to refund. The Commission held a hearing on September 3, 2014, and after the hearing, the hearing examiner proposed an increase of \$42.9 million, that is, only about \$860,000 less than Atmos requested.

***Prior Increase Under the RRM (May 2015):***

On February 27, 2015, Atmos submitted its third application under the current RRM seeking a *system-wide* rate increase of \$28.7 million ("2015 RRM"), which equates to an increase of about 5.6%. After review of Atmos' application, the Railroad Commission's proposal for decision in GUD No. 10359, and the Hearing Examiner's PFD for the 2014 RRM, ATM's Special Counsel and consultants concluded that if the matter were appealed to the Railroad Commission, the result would be an increase closer to about \$23 million.

Ultimately, ATM and Atmos settled the appeal related to Atmos' proposed increase for Atmos' 2014 RRM, and Atmos' 2015 RRM, for a combined increase in rates of about \$65.69 million, comprised on an increase of about \$43.82 million for its 2014 RRM and about \$21.87 million for its 2015 RRM.

***Pending 2016 RRM (May 2016):***

On about March 1, 2016, Atmos submitted its fourth application under the current RRM seeking a *system-wide* rate increase of \$35.4 million ("2016 RRM"), which equates to an increase of about 6.04%. After review of Atmos' application, the Railroad Commission's

prior rulings, and Atmos' responses to requests for information submitted to Atmos by ATM's Special Counsel and consultants, ATM's consultants concluded that Atmos merited an increase of about \$10.8 million. ATM's Special Counsel presented its findings to Atmos, with which Atmos disagrees. Following negotiations with Atmos, Atmos agreed to an increase of \$29.9 million, which equates to an increase of about 5.5%.

### **OPTIONS FOR CITY ACTION REGARDING ATMOS' 2016 RRM:**

The item requiring City action is Atmos' 2016 RRM. At this juncture the ATM cities' options are as follows:

- Option 1.** To deny Atmos' requested increase under the 2016 RRM of \$35.4 million and approve no increase;
- Option 2.** To deny Atmos' requested increase and approve an increase of no more than \$10.8 million for its 2016 RRM, based on ATM's consultants' preliminary report;
- Option 3.** To take no action and allow Atmos' proposed increase of \$35.4 million to go into effect; or
- Option 4.** To approve a settlement agreement that resolves the 2016 RRM with an increase in rates of \$29.9 million.

Note that under Option 1 and Option 2, Atmos has the right to appeal the ATM cities' decisions to the Railroad Commission of Texas and pending such an appeal has the right to implement its proposed increase of \$35.4 million effective June 1, 2016, subject to refund if the Commission's review later finds a lower amount is appropriate. Atmos would very likely file an appeal to the Railroad Commission should the ATM cities approve an increase less than \$29.9 million.

In an appeal to the Commission, Atmos would in all likelihood argue that the costs of appeal should be borne by only those cities that "caused" the appeal. Given the Commission's tendency to err in favor of utilities, Atmos would likely prevail. An appeal would increase the burden on ratepayers by adding rate case expenses, which would include both ATM's and Atmos' costs of preparing and prosecuting the appeal, and the costs of a hearing.

### **RECOMMENDATION:**

After a series of negotiations with Atmos, ATM's Special Counsel recommends resolving the 2016 RRM with an increase of \$29.9 million.

If the ATM Cities reject Atmos' settlement offer, Atmos would likely appeal the cities' decision to the Railroad Commission. While there are a number of contested issues

whose outcome is uncertain in an appeal, based on the Railroad Commission's history and prior decisions, ATM's Special Counsel and consultants are of the opinion that the Railroad Commission would reach a result not materially different than the settlement amount of \$29.9 million, and perhaps approve a higher increase.

Therefore, because of the risks of a litigated outcome, including the cost of litigation at the Railroad Commission, ATM's special counsel advises the ATM cities to accept a settlement that increases Atmos' revenue by about \$29.9 million over the current revenue Atmos is collecting.

An increase under the 2016 RRM of about \$29.9 million over the base-rate revenue Atmos is *currently* collecting, represents an increase of about 5.5% in non-gas revenue and the impact on rates on an average customer's bill would be as follows:

Customer Class	Current Bill	Proposed Bill	Difference	% Increase with Gas Cost	% Increase without Gas Cost
Residential	\$52.01	\$53.27	\$1.26	2.43%	5.05%
Commercial	\$267.17	\$270.98	\$3.81	1.43%	5.03%
Industrial	\$5,184.05	\$5,286.77	\$102.72	1.98%	5.41%
Transportation	\$3,666.82	\$3,769.54	\$102.72	2.80%	5.41%

The rate schedules to accomplish the increase are attached to the Resolution approving the increase.

**The City should take action as soon as possible but no later than May 31, 2016.**

**Recommendation:** Approve Option 4 that settles the Atmos Energy Corporation Mid-Tex Division rate increase.

**MOTION:**

**I MOVE TO APPROVE OPTION 4 THAT SETTLES THE ATMOS ENERGY CORPORATION MID-TEX DIVISION RATE INCREASE.**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION BY THE CITY OF CORSICANA, TEXAS (“CITY”), APPROVING A CHANGE IN THE RATES OF ATMOS ENERGY CORPORATION, MID-TEX DIVISION (“ATMOS”) AS A RESULT OF A SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS MUNICIPALITIES (“ATM”) UNDER THE RATE REVIEW MECHANISM; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.**

**WHEREAS**, the City of Corsicana, Texas (“City”) is a regulatory authority under the Gas Utility Regulatory Act “GURA”) and under § 103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division (“Atmos”) rates, operations, and service of a gas utility within the municipality; and

**WHEREAS**, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities (“ATM”); and

**WHEREAS**, pursuant to the Rate Review Mechanism (“RRM”) for 2016 filed with the City on or around March 1, 2016 for a proposed system-wide increase of \$35.4 million; and

**WHEREAS**, experts representing ATM have been analyzing data furnished by Atmos and interviewing Atmos’ management regarding the RRM; and

**WHEREAS**, the Steering Committee of ATM and its counsel recommend approval of the attached tariffs, set forth as Attachment A, along with the proof of revenues set forth as Attachment B, which results in an increase in Atmos’ revenue of \$29.9 million, and Attachment C, setting forth the beginning balance for purposes of determining pension and other post-employment benefits to be recovered in the next RRM filing.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORSICANA, TEXAS THAT:**

**Section 1.** The findings set forth in this Resolution are hereby in all things approved.

**Section 2.** The amended tariffs in Attachment A are hereby adopted to become effective on June 1, 2016.

**Section 3.** To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

**Section 4.** The meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

**Section 5.** If any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

**Section 6.** This Resolution shall become effective from and after its passage.

**Section 7.** A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

**PASSED AND APPROVED** this 16<sup>th</sup> day of **May, 2016.**

\_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

**ITEM NO. 8F**

**Date:** May 16, 2016

**Subject:** City Council Policy, Fin. 001, Investment and Collateralization Policy

**Comments:** This resolution will amend City Council Policy Number Fin. 001, Investment and Collateralization Policy. State statutes require that the Investment Policy be reviewed by Council each year. The Policy has been amended to include several changes which will enhance compliance with the Public Funds Investment Act, the Public Funds Collateral act, and the objectives and strategies of the Policy. The Policy changes are as follows: --

- Addition of the Staff Accountant (this position is currently held by Jennifer Heil, CPA) as an Investment Officer;
- Reduction in the training hours from ten (10) to eight (8), after the initial training attended by the Investment Officer within the first twelve (12) month after assuming duties (this is a State law change);
- Addition of verbiage to allow diversification of funds through accounts, including certificates of deposit and higher yield savings accounts, at local banks other than the City's depository bank;
- Addition of verbiage to allow diversification of funds through accounts at more than one local government investment pool;
- Additional reporting requirement to include the names and signatures of all Investment Officers; and
- Addition of Texas Local Government Investment Pool (TexPool) as an eligible institution in Appendix "A". The authorization to open accounts at TexPool is also on the agenda for this meeting.

Included in your packet is a copy of the policy with the changes noted in **RED**.

**Recommendation:** Staff recommends that Council approve this resolution reviewing and amending City Council Policy Number Fin. 001, Investment and Collateralization Policy.

**MOTION:**

**I MOVE TO APPROVE REVIEWING AND AMENDING CITY COUNCIL POLICY NUMBER FIN. 001, INVESTMENT AND COLLATERALIZATION POLICY.**

City of Corsicana, Texas  
Investment and Collateralization  
Policy



May 16, 2016

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## **I. POLICY STATEMENT**

It is the policy of the City of Corsicana ("City") after allowing for the anticipated cash flow requirements in its bank accounts to meet daily needs and after giving due consideration to the safety and risk of investments, providing protection for both principal and liquidity, to invest public funds in a manner which will provide the highest investment return while conforming to all state and local statutes governing the investment of public funds. This Investment and Collateralization Policy is authorized by the City Council in accordance with Texas Government Code, Chapter 2256, also cited as the Public Funds Investment Act ("Act"), to satisfy the statutory requirements to define, adopt, and review a written investment policy regarding the investment of its funds and funds under its control. It is also written to satisfy the statutory requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, which requires a written policy to regulate collateralized securities held in the name of the City. The City Council shall review and adopt by resolution, its investment and collateral strategies and policy not less than annually. The investment portion of the policy must be written, primarily emphasize safety of principal, address investment management and include types of authorized investments, maximum allowable stated maturity, maximum dollar-weighted average maturity, method to monitor the market price, and requirements for settlement of transactions. The collateralization portion of the policy must be written to include the security of the institution that obtains or holds an investment security, the substitution or release of an investment security, and the method by which an investment security used to secure a deposit of public funds is valued. The resolution shall state that the policy has been reviewed and include record of changes made to either the investment or collateralization policy or strategy.

## **II. SCOPE**

This investment policy applies to all the financial assets and funds of the City. These funds include all governmental, proprietary, special revenue (unless otherwise restricted), debt service (including reserves and sinking funds), capital projects (including debt proceeds held in escrow by the lending institution or its designated depository), internal service, bond reserve, and trust or agency funds which are accounted for in the City's Annual Financial Report, but do not govern funds that are managed under separate investment programs such as retirement funds, pension funds that are separately maintained, and defeased bond funds held in trust escrow accounts.

The City will consolidate cash balances from all applicable funds to maximize investment earnings in accordance with this policy. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. Such earnings from investments will be used in a manner that best serves the public trust and interests of the City as deemed in the annual budget.

### III. OBJECTIVES AND STRATEGIES

The City of Corsicana shall design and manage its investments in compliance with all Federal, State, and other legal requirements, including, but not limited to the Act. The objectives of the City's investment policy are safety, liquidity, public trust, and yield. To ensure the City meets its objective of public trust, all participants in the City's investment process shall seek to act responsibly and prudently, handling with care the City's assets, as they would their own. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively. To meet its objectives, the City shall manage and invest its available resources using six primary strategies, listed in order of their priority: suitability, preservation and safety of principal, liquidity, diversification, public trust and yield.

#### Suitability

Suitability of the investment to the financial requirements of the City is the foremost strategy of the City. Understanding the City's financial requirements and purchasing suitable investments that comply with the Act and this policy are paramount.

#### Preservation and Safety of Principal

Preservation and safety of principal of the City's assets is an integral part of the investment program. As noted above, safety of principal is the primary objective of this policy. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To increase investment safety, the City strives to decrease or minimize credit risk. Credit risk or the risk of loss due to the failure of a security issuer or guarantor shall be minimized by the City by limiting investments to safe types, pre-qualifying financial institutions and broker/dealers, and diversifying the portfolio in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. To match anticipated cash flow requirements, the maximum weighted average maturity of the overall portfolio may not exceed six months.

#### Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow. A portion of the portfolio will also be placed in short term investment pools and/or money market mutual funds, which offer daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

#### Marketability

Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement or an unforeseen need to liquidate the investment before maturity. Historical market "spreads" between the bid and offer prices of a particular security type of less than a quarter of a percentage point shall define an efficient secondary market.

#### Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

#### Public Trust

Investments shall be made with judgment and care, under circumstances, then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as probable income to be derived. All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

#### Yield

The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Yield on investments is of significantly less importance compared to the safety, liquidity and public trust objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The yield of an equally weighted, rolling six-month Treasury bill portfolio shall be the minimum yield objective or "benchmark". A secondary objective will be to obtain a yield equal to or in excess of a local government investment pool or money market mutual fund.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. To ensure the marketability and liquidity of invested cash, the choice of high-grade government investments and high-grade money market instruments will primarily be selected.

The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

### IV. STANDARDS OF CARE

#### Delegation of Investment Authority

The City Manager, the Director of Finance (Chief Financial Officer), the Assistant Director of Finance, or Staff Accountant and any designee they deem necessary, are designated as the Investment Officers of the City and are responsible for investment decisions and activities. The City Council will retain ultimate responsibility as fiduciaries of the assets of the City. The Investment Officers may delegate the day-to-day administrative duties to other persons

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authorized to perform investment activities for the City, or he/she may perform the duties him or herself. No officer or delegate may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

The Investment Officers are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. These controls should emphasize control of collusion, separation of duties, clear delegation of duties, accurate and timely reporting, and staying informed about market conditions, changes and trends. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. In conjunction with the City's annual financial audit, a compliance audit of management controls on investments and adherence to the City's Investment Policy shall be required.

#### Training Requirements

The Investment Officers are required to attend at least one ten-hour training session relating to the officers' responsibility under the Act within twelve (12) months after assuming duties. Afterwards, the City shall provide ~~eight (8)~~ hours of investment training not less than once in a two year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date for the Investment Officers and/or his/her delegate(s), through courses and seminars offered by independent professional organizations and associations (i.e. the *Government Finance Officers Association of Texas*, the *Government Treasurers Organization of Texas*, the *Texas Municipal League*, or the *North Central Texas Council of Governments*, etc.) in order to insure the quality and capability of the City's investment personnel making investment decisions in compliance with the Act. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

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The City shall also encourage those who may perform daily activities with the City investments to attend such training although they are not listed specifically as Investment Officers of the City.

#### Prudent Person Rule

As set forth in the Act, Investment Officers shall use the standard of prudence with the "Prudent Person Rule". "Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived (Public Funds Investment Act 2256.006(a))."

"In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment (Public Funds Investment Act 2256.006(b)(1)); and
2. Whether the investment decision was consistent with the written investment policy of the entity (Public Funds Investment Act 2256.006(b)(2))."

#### Limitation of Personal Liability

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The City Council will retain ultimate responsibility as fiduciaries of the assets of the City.

#### Ethics and Conflict of Interest

Investment Officers and other employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. According to the Act, an Investment Officer has a personal business relationship with a business organization if:

1. The Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
3. The Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

Investment Officer(s) must file a disclosure statement with the Texas Ethics Commission and the City Council if an officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City or if the Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the entity

#### **V. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

A qualified depository shall be selected through the City's banking services procurement process, which shall include solicitation of proposals as required under Chapter 105 of the Local Government Code. The centralization of depository services is designed to maximize investment capabilities while minimizing service costs. The selection of a depository shall be based on the financial institution

offering the most favorable terms and conditions at the least possible cost, while adhering to the guidelines and provisions within the request for proposal. In selecting a depository, the City shall give consideration to the financial institution's credit characteristics, financial history, service capabilities, location within City limits or within a ten (10) mile radius of the City limits, and costs for required services. The City's depository contract shall be for three years with an option to extend for an additional two years upon mutual agreement of the depository and the City. Specialized services may be contracted for by the City with another financial institution or company if the depository cannot provide such service or charges more than the same service with little or no appreciable benefit. To further diversify the assets of the City, another financial institution within the City limits may also be selected as an additional depository of the City for certificates of deposit and/or higher yield savings accounts and additional local government investment pools may be utilized by the City to meet the objectives and strategies of this policy. **VI. AUTHORIZED FINANCIAL BROKER/DEALERS AND INSTITUTIONS**

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¶

All investments made by the City will be made through either the City's banking services depository bank, additional local banks (if necessary to diversify investments) local government investment pools, investment management firm, or a broker/dealer. At least annually, the City Council will review, revise, and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City, per the Act 2256.025. Refer to Appendix A for a list of approved broker/dealers and institutions.

To be included on the City's qualified broker/dealer list that is reviewed, revised, and adopted by the City Council annually, broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. Adherence to the City's objectives and strategies;
- B. Investment performance and transaction pricing within accepted risk constraints;
- C. Responsiveness to the City's request for services, information and open communication;
- D. Understanding of the inherent fiduciary responsibility of investing public funds;
- E. Similarity in philosophy and strategy with the City's objectives;
- F. Proof of certification by the National Association of Securities Dealers (NASD) and provision of CRD number;
- G. Proof of current registration with the State Securities Commission; and
- H. References from other public entities in Texas.

#### **VII. APPROVED BROKER/DEALERS AND INSTITUTIONS**

Every bank, local government investment pool, investment management firm or broker/dealer with whom the City transacts business will be provided a copy of this Investment and Collateralization Policy to ensure that they are familiar with the objectives and strategies of the Policy. A qualified representative of the firm will be required to return a signed certification (provided to them by the City, see Appendix B) stating that the Policy has been received and reviewed, and that they have implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between their organization and the City that are not authorized by the City's Investment and Collateralization Policy, except to the extent that this

authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards, as required by the Act 2256.005 (k-1). Each bank, local government investment pool, investment management firm or broker/dealer is required annually to provide current audited financial statements to the City.

The City may not engage in an investment transaction with a business organization prior to receiving this written certification completed by the organization.

#### Competitive Bidding

It is the policy of the City to require competitive bidding for all investment transactions (securities and bank C.D's) except for transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates).

At least three bids or offers must be solicited for all other investment transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish fair market price of the security. When few broker/dealers or banks, if any, or in instances where timing is critical, City investment officers may use another authorized investment of similar maturity for evaluation purposes. The quotes may be accepted orally, in writing, electronically, or any combination of these methods, but must be followed by official written confirmation. City investment officers (at least two) may approve exceptions, on a case by case basis, by considering the investment type, maturity date, amount and potential disruptiveness to the City's investment strategy.

Funds will be authorized to be released after notification that the purchased security has been received. Written confirmation shall be received from the financial institution or broker/dealer. All investments purchased will be held in safekeeping at a third party custodial institution with a safekeeping receipt being sent to the City.

#### VIII. AUTHORIZED AND SUITABLE INVESTMENTS

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. City funds governed by this Policy may be invested in the following types of securities:

- 1.) Obligations of the United States or its agencies with stated maturity not to exceed two years.
- 2.) Direct obligations of the State of Texas or its agencies with a stated maturity not to exceed two years.
- 3.) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or its agencies, including obligations that are fully insured by the

Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States and with stated maturity not to exceed two years.

- 4.) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent along with a stated maturity not to exceed two years.
- 5.) Certificates of deposit issued by state and national banks having an office in Texas that are:
  - (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor with a stated maturity not to exceed two years; or
  - (b) collateralized in accordance with the collateralization requirements of this policy with a stated maturity not to exceed two years; and
  - (c) in compliance with the provisions of section 2256.010, except as limited by this policy.
- 6.) A no-load money market mutual fund is an authorized investment:
  - A) for all City funds if the mutual fund:
    - (a) is registered with and regulated by the Securities and Exchange Commission;
    - (b) provides the City with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
    - (c) has a dollar-weighted average stated maturity of *90 days or fewer*;
    - (d) includes in their investment objectives the maintenance of a stable net asset value of \$1 for each share.
  - B) For all City funds *other than bond proceeds, reserve funds, or debt service funds*, if the mutual fund:
    - (a) is registered with the Securities and Exchange Commission;
    - (b) has an average weighted maturity of less than two years;
    - (c) is invested exclusively in obligations approved by Chapter 2256, Subchapter A, Authorized Investments for Governmental Entities;

- (d) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
- (e) conforms to the requirements set forth in Sections 2256.016 (b) and (c) of the Act relating to the eligibility of investment pools to receive and invest funds of investing entities.

The City is not authorized to:

- (a) to invest, in the aggregate, more than 15% of its monthly average fund balance, excluding bond or other debt proceeds and reserves and other funds held for debt service, in mutual funds described above;
- (b) invest any portion of bond proceeds, reserves, and other funds held for debt service, in mutual funds described in Subsection B above;
- (c) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described above in an amount that exceeds 10 percent of the total assets of the mutual fund

7.) Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that:

- (a) investment in the particular pool has been authorized by the City Council;
- (b) the pool shall have furnished the Investment Officer an offering circular containing the information required by Section 2256.016(b) of the Texas Government Code;
- (c) the pool shall furnish to the Investment Officer investment transaction confirmations with respect to all investments made with it;
- (d) the pool shall furnish to the Investment Officer monthly reports that contain the information required by Section 2256.016(c) of the Texas Government Code;
- (e) any pool that is created to function as a money market mutual fund must maintain a stable net asset value of one dollar (\$1.00),
- (f) whose investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy; and

(g) the pool provides evidence of credit rating no lower than "AAA" or "AAA-m" by at least one nationally recognized credit rating service, and have a weighted average maturity of no greater than 90 days.

(h) the pool complies with all relevant provisions of chapter 2256, specifically section 2256.016.

The City's investment officers will, not less than quarterly, monitor the rating status of any eligible investment pool(s) and obligations of states (other than Texas), agencies, counties and other political subdivisions by obtaining and reviewing a rating report from at least one nationally recognized investment rating firm. The City shall take all prudent measures that are consistent with this investment policy to liquidate any investment through the most efficient market available that does not have or is down-graded to less than the minimum rating stated herein. However, as stated in Section 2256.017, the City is not required to liquidate investments that were authorized investments at the time of purchase. Investment Officers of the City shall consider the time remaining until maturity, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining whether to hold the investment until maturity or to redeem the investment.

#### **IX. UNAUTHORIZED INVESTMENTS**

The following investments are specifically prohibited by State Law or by virtue of this policy:

- 1.) An obligation whose payment represents the coupon payment on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- 2.) An obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- 3.) Banker's Acceptances
- 4.) "Bond" Mutual Funds
- 5.) Collateralized mortgage obligations of any type
- 6.) Commercial paper, except that the City can invest in local government investment pools and money market mutual funds that have commercial paper as authorized investments. A local government investment pool or money market mutual fund that invests in commercial paper must meet the requirements of Article VIII, section (8) above.
- 7.) Any other investment specifically prohibited in section 2256.009 (b) (1-4)

## X. COLLATERALIZATION

The City of Corsicana's investment portfolio is selected and managed in such a manner to ensure that it will meet all the requirements established by the City of Corsicana Investment Policy and the Public Funds Investment Act. The Collateralization Policy, as part of the overall Investment Policy, is intended to protect the City's investments by providing a buffer against market changes to provide a level of security for all City funds. Therefore, collateralization will be required on deposits held by depository banks and certificates of deposit.

### 1.) Allowable Collateral and required Collateral Levels

Eligible collateral for security of the City's deposits is limited to United States Treasury Bills, Treasury Bonds, and Treasury Notes which are backed by the full faith and credit of the United States Government. The only allowable exception is for debt proceeds held in escrow by the lending institution or its designated depository, which may include United States Agency Securities at the discretion of the City's investment officers. Authorization for this collateral exception must be written, and signed by at least two of the City's investment officers.

This policy requires that collateral pledged be revalued and adjusted on a monthly basis. The variable nature of this system recognizes the appropriateness of lower minimum requirements for collateral instruments that mark-to-market more frequently, and higher ratios for collateral that is market adjusted less frequently.

The following percentages are minimum market value for collateral instruments that are pledged for City deposits (and accumulated interest thereon):

<u>Maturity Period</u>	<u>Minimum Coll. Required -Mkt. Value-</u>
a. up to 1 year	102%
b. between 1 and 5 years	105%
c. more than 5 years	110%

Any collateral with a maturity of over 5 years must be approved by the Investment Officer(s) in writing before the transaction is initiated.

Collateral is valued at current market price plus accrued interest accrued through the date of valuation.

### 2.) Monitoring Collateral Adequacy

The City requires monthly reports with market values of pledged securities from all financial institutions with which the City has deposits. The Investment Officer(s) will at least monitor adequacy of collateralization monthly.

### 3.) Margin Calls on Certificates of Deposit

If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the Institution will be notified by the Investment Officer(s) and will be required to pledge additional securities, allowed by this policy, no later than the end of the next succeeding business day.

### 4.) Collateral Substitution

Any broker, dealer, or financial institution requesting collateral substitution must contact the Investment Officer(s) for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officer(s), or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officer may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

### 4.) Collateral Reductions

Should the collateral's market value exceed the required amount, any broker or financial institution may request approval from the Investment Officer(s) to reduce collateral. Collateral reductions may be permitted only if the City's records indicate that the collateral's market value exceeds the required amount.

## **XI. SAFEKEEPING AND CUSTODY**

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or as part of its depository agreement. All collateral securing bank deposits must be held by third-party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank. All security transactions, including transactions for collateral held in the City's name, except for investment pool funds or mutual fund transactions, shall be conducted on a delivery-verses-payment (DVP) basis. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased. The security shall be held in the name of the City or held on behalf of the City. The Safekeeping Agent's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

Evidence of perfected ownership shall be provided through monthly safekeeping statements which shall be promptly reconciled to internal investment records.

## XII. INVESTMENT PARAMETERS

### Diversification

The City will purchase and diversify its investments by security type and investment maturity, in accordance with this policy. Diversification by investment type shall be established by the following maximum percentages of investment type to the total investment portfolio:

a.) Obligations of the United States or its agencies	100%
b.) Fully collateralized interest bearing commercial checking/savings accounts	100%
c.) Eligible Investment Pools as defined in section 2256.016 of the Act	100%
d.) Fully insured and/or collateralized Certificates of Deposit	50%
e.) No-load Money Market Mutual Funds	35%
f.) Direct obligations of the State of Texas or its agencies	25%
g.) Obligations of states, agencies, cities and other political subdivisions of any state	25%
h.) Other authorized and suitable investments	10%

### Maximum and Weighted Average Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirement of the funds. The City of Corsicana intends to match the holding periods of investment funds with liquidity need of the City. The maximum final stated maturity of any investment shall not exceed five years. All long-term maturities will be intended to cover long-term liabilities. In addition, no less than ten percent (10%) of the funds in the portfolio will be liquid at all times. The entire portfolio will have a weighted average maturity of one (1) year or less. This weighted average will be calculated using the stated final maturity dates of each security.

### By Fund Groups

Maturity guidelines by fund are as follows:

- A. Operating Funds - The weighted average days to maturity for the operating fund portfolio shall be 365 days or less and the maximum allowable maturity shall be one year.
- B. Debt Service Funds - Debt Service Funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "unfunded" debt service date with the maturity of any investment. Any unfunded debt service date is defined as a coupon or principal payment date that does not have cash or investment securities available to satisfy said payment.

- C. Debt Service Reserve Funds - Market conditions, Bond Resolutions constraints and Arbitrage compliance will be considered when formulating Reserve Fund strategy. Maturity limitation shall generally not exceed the call provisions of the Bond Ordinance and shall not exceed the final maturity of the bond issue. All Debt Service Reserve Fund investment maturities shall not exceed five years.
- D. Special Project, Special Purpose, and Construction Funds - The investment maturity of bond or debt proceeds shall generally be limited to the anticipated cash flow requirements. City funds that are considered "bond proceeds" for arbitrage purposes will be invested using a more conservative approach than the standard investment strategy when arbitrage rebate rules requiring refunding excess earnings. All earnings in excess of the allowable arbitrage earnings will be segregated and made available for any necessary payments to the U.S. Treasury.

### XIII. INVESTMENT STRATEGY

The City of Corsicana maintains one portfolio in which all funds under the City's control are pooled for investment purposes. Within the pooled portfolio are fund components, each having an investment strategy as described below:

- A. Investment strategies for operating funds are to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. This may be accomplished by purchasing quality, short-term securities or certificates of deposit in a laddered structure or utilizing authorized money market mutual funds or investment pools that function as money market mutual funds. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date of each security.
- B. Investment strategies for the debt service funds shall have as the primary objective the assurance of investment liquidity to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated maturity date that exceeds the debt service payment date.
- C. Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Securities should be of high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to medium term maturities.
- D. Investment strategies for special projects, special purpose, or construction fund portfolios will have as their primary objective the assurance that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include highly liquid securities and investments to allow for flexibility and

unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date.

The Act requires that investment transactions for the City be settled on delivery versus payment (DVP) basis, with the exception of investment pools and mutual funds.

#### XIV. REPORTING

Not less than quarterly, the Investment Officer(s) shall prepare and submit to the City Council, a written, signed, investment report demonstrating a list of investment transactions for the preceding reporting period, in accordance with the Act. Reports will include the following:

- 1.) For each pooled fund group: a beginning book value and market value and ending book and market value.
- 2.) The book value and market value of each investment at the beginning and end of the period by type of asset and fund type invested.
- 3.) The maturity date of each investment, if applicable.
- 4.) Statement of compliance of the portfolios as it relates to the investment strategy.
- 5.) The name and signature of all Investment Officers.

Detailed and summary reports will be prepared jointly and presented to the City Council and Mayor in conjunction with the monthly (quarterly) financial report, but not less than quarterly. Reports will comply with Section 2256.023 of the Act, at a minimum.

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that a review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." In defining market value, consideration should be given to the GASB Statement 31 pronouncement.

Unless otherwise required by an external agency, quarterly reports will be formally reviewed at least annually by an independent auditor and reported to the City Council once the City invests in items other than money market mutual funds, investment pools, or accounts offered by its depository bank in the form of CD's or money market or similar accounts.

#### XV. MONITORING OF THE MARKET VALUE OF INVESTMENTS AND COLLATERAL

The Investment Officer(s), with the help of City Council, as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of City funds at least quarterly and at a time as close as practicable to the closing of the reporting period for the investments. Such values shall be included on the investment report. The following methods shall be used:

1. Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
2. Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
3. Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:
  - a. the lower of two bids obtained from securities broker/dealers for such security;
  - b. the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
  - c. the bid price published by any nationally recognized security pricing service;  
or
  - d. the market value quoted by the seller of the security or the owner of such Collateral.
4. Other investment securities with a remaining maturity of greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in this section.

#### **XVI. INTERNAL CONTROL**

Investment Officers shall establish a system of internal controls, which shall be reviewed by an independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, unanticipated changes in financial markets, or imprudent actions by employees. Pertinent controls include custodian safekeeping receipts records management, avoidance of bearer-form securities, documentation of investment bidding activities, written confirmations of oral transactions, reconciliation records, training requirement documentation, compliance with investment policies, and verification of all interest income and security purchase and sell computations. Where practical, the City should emphasize control of collusion, separation of duties, separation of transaction authority between Accounting and record keeping, clear delegation of duties, accurate and timely reports, validation of investment maturity decisions and supporting cash flow data, adequate training and development of Investment Officials, review of financial conditions of all brokers/dealers and depository institutions, and staying informed about market conditions, changes and trends.

#### **XVII. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of ensuring the safety of the City's assets and minimizing interest rate risk. In addition, it will remain sufficiently liquid to meet cash flow needs, while protecting the interests of the public, all while obtaining a rate of return throughout budgetary and economic cycles.

The City's overall investment strategy is conservative. Given this strategy, the basis used by the Treasury to determine whether market yields are being achieved shall be the six month U.S. Treasury Bill.

**XVIII. INVESTMENT POLICY ADOPTION AND POLICY REVIEW**

This Investment and Collateralization Policy shall be formally approved and adopted by resolution of the City Council and reviewed annually in accordance with the provisions of the Act.

## APPENDIX "A"

The following are the only eligible institutions and broker/dealers authorized by this Investment Policy to engage in investment transactions with the City:

### Depository Institutions:

JP Morgan Chase Bank, N.A. (Primary Depository Institution)

Wells Fargo Corporate Trust Services (Texas Water Development Board Escrow- Texas Combination Tax and Revenue Certificates of Obligation, Series 2009)

Branch Banking and Trust Company

Regions Bank

### Local Government Investment Pool:

Texas Short Term Asset Reserve Fund (TexSTAR)

[Texas Local Government Investment Pool \(TexPool\)](#)

### Broker/Dealers:

This policy currently does not authorize engagement of third party broker/dealers for assistance with investing City funds. A formal amendment of this policy will be required prior to the involvement of third party broker/dealers with investing City funds.

**APPENDIX "B"**

Deleted: ¶

I hereby certify that I have personally read and understand the investment policy of the City of Corsicana, Texas. I further acknowledge that reasonable procedures and controls designed to fulfill those objectives and conditions have been implemented. Therefore, this firm will preclude investment transactions between itself and the City of Corsicana that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup the City's entire portfolio or requires an interpretation of subjective investment standards, thus protecting the City's credit or market risk.

All sales personnel of this firm dealing with the City of Corsicana's account(s) have been informed and will be routinely informed of the City's investment horizons, limitations, strategy and risk constraints, whenever we are so informed by the City.

This firm pledges due diligence in informing the City of foreseeable risks associated with financial transactions connected to this firm.

I further acknowledge that no investment transaction shall occur between this firm and the City, until the City of Corsicana receives this consent form, completed by the firm's qualified representative.

\_\_\_\_\_  
FIRM

\_\_\_\_\_  
SIGNATURE OF QUALIFIED FIRM REPRESENTATIVE

\_\_\_\_\_  
PRIMARY REPRESENTATIVE: NAME/TITLE  
(please print)

\_\_\_\_\_  
DATE

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
CORNICANA, TEXAS, REPEALING THE CITY'S CURRENT  
INVESTMENT AND COLLATERALIZATION POLICY AND  
ADOPTING A NEW POLICY.**

**WHEREAS**, the proposed Investment and Collateralization Policy is an update of the City's existing policy; and

**WHEREAS**, the City will benefit from changes to the City's Investment and Collateralization Policy; and

**WHEREAS**, the following changes have been made to the City's Investment and Collateralization Policy, reviewed by Council, and included in this resolution per the policy:

- Addition of the Staff Accountant as an Investment Officer;
- Reduction in the training hours from ten (10) to eight (8), after the initial training attended by the Investment Officer within the first twelve (12) month after assuming duties;
- Addition of verbiage to allow diversification of funds through accounts, including certificates of deposit and higher yield savings accounts, at local banks other than the City's depository bank;
- Addition of verbiage to allow diversification of funds through accounts at more than one local government investment pool;
- Additional reporting requirement to include the names and signatures of all Investment Officers; and
- Addition of Texas Local Government Investment Pool (TexPool) as an eligible institution in Appendix "A".

**WHEREAS**, these changes are authorized by the Public Funds Investment Act and the Public Funds Collateral Act, as amended.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
CORNICANA, TEXAS**, that the City's current Investment and Collateralization Policy is hereby repealed in its entirety and a new City Investment and Collateralization Policy is adopted, effective May 16, 2016.

**PASSED and APPROVED** by majority vote of the City Council of the City of Corsicana, Texas this 16<sup>th</sup> day of May, 2016.

\_\_\_\_\_  
Chuck McClanahan, Mayor

**ATTEST:**

\_\_\_\_\_  
Virginia Richardson, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Kerri Anderson Donica, City Attorney

**ITEM NO. 9**

**Date:** May 16, 2016

**Subject:** Appointments/Miscellaneous Business

**Comments:** N/A

**Recommendation:** N/A

**ITEM NO. 10**

**Date:** May 16, 2016

**Subject:** Reports and Miscellaneous Announcements

**Comments:**

Mayor/Council

**Items to Mention:**

May 20	Police Memorial Day Ceremony, 11:00 a.m. at Bunert Park
May 30	Unveiling of Sergeant Candelario "Spider" Garcia, Jr.'s Statuette (Navarro County Courthouse, NW Corner, 4:00 p.m.)
June 4	County Clean-up Day (Alternate date is June 11)
June 8	Pools open for the season

**ITEM NOS.**        **11 & 12**

**Date:**                May 16, 2016

**Subject:**            **Executive Session**

11.    **EXECUTIVE SESSION:** The Council will recess into closed or executive session to discuss real estate pursuant to Section 551.072 of the Texas Government Code.
12.    **RETURN TO OPEN SESSION:** The Council will consider and act upon items discussed under Executive Session, as necessary.

**Comments:**    N/A

**Recommendation:**    N/A