BAY CITY

MINUTES • DECEMBER 15, 2016

Council Chambers	Special Meeting	6:00 PM

1901 5TH STREET
BAY CITY, TX 77414

1. CALL TO ORDER & CERTIFICATION OF QUORUM

Attendee Name	Title	Status	Arrived
Mark Bricker	Mayor	Excused	
Chrystal Folse	Mayor Pro-Tem	Present	
William Cornman	Councilman	Present	
Julie Estlinbaum	Councilwoman	Late	6:01 PM
Steven Johnson	Councilman	Present	
Carolyn Thames	Councilwoman	Present	

2. REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL:

1. Policy

REVIEW AND DISCUSS PROPOSED INVESTMENT POLICY.

Scotty Jones, Finance Director
Mrs. Jones reviewed the proposed investment policy with Council. She explained that the difference between her investment policy, and that of the former Finance Director's was that she added a section about the Finance Committee. The Finance Committee can serve as the Investment Committee for right now. Mrs. Jones explained that typically changes to these policies were very minor. She referred to a handout that discussed her proposal for Council being on the Audit Committee and Finance Committee. It was the consensus of Council that they were okay with what was being proposed.

2. Policy

REVIEW AND DISCUSS A PROPOSED ORDINANCE CREATING THE DEPARTMENT OF FINANCE AS DIRECTED BY ARTICLE IX OF THE CITY OF BAY CITY CITY CHARTER.

Scotty Jones, Finance Director
Mrs. Jones wanted to discuss the proposed ordinance that would create the Finance Department, prior to Council approving it. Councilman Johnson asked what happens when something is overbudget, and Mrs. Jones stated that she would add something in the purchasing policy about that.

Mrs. Jones reviewed parts of the ordinance, but wanted Council to review the proposed ordinance and then bring it back for approval. It was the consensus of Council to bring it back at the next Council meeting.

3. Budget

DISCUSS AND REPORT ON PROGRESS CONCERNING 1) THE NEGOTIATIONS OF A NEW CONTRACT WITH MATAGORDA COUNTY FOR THE COLLECTION OF CITY PROPERTY

TAXES, AND 2) THE DEVELOPMENT OF A BUDGET MAPPING PROCESS FOR THE CITY'S 2017 BUDGET CYCLE.

Councilman Bill Cornman
Mrs. Clegg informed Council that she had spoken with Ms. Hallmark and that Ms. Hallmark requested that we wait until after the tax season, preferably mid-January.

Council wanted to know who would head this, and Mrs. Jones stated that she would head the budget process and it would probably be the Mayor's Office to head the contract part. Mrs. Jones reviewed the proposed budget calendar process. She added that to ensure we stay in compliance with the Charter and submit the budget by July 31lst, this would mean pushing things up. Councilman Cornman stated that he would like to leave the budget schedule on the agenda and have it on in January. Mrs. Jones stated that she would work with Council, and ask that they look at their calendars to see when they would like to devote a day or half a day in the summer.

3. ITEMS / COMMENTS & MAYOR AND COUNCIL MEMBERS

Councilman Johnson clarified his comments earlier regarding items going over budget.

4. ADJOURNMENT

AGENDA NOTICES:

Action by Council Authorized:
The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person, or appear in executive session by conference call in accordance with applicable state law.

Attendance By Other Elected or Appointed Officials:
It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be Agenda City Council August 8, 2013 in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.

Executive Sessions Authorized:
This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

This is to certify that the above notice of a Special Called Meeting was posted on the front window of the City Hall of the City of Bay City, Texas on Monday, December 12, 2016, before 6:00 p.m. Any questions concerning the above items, please contact Mayor Mark A. Bricker at (979) 245-2137.

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Rhonda Clegg
City Secretary

City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 12/15/16 06:00 PM
Department: City Secretary
Category: Policy
Prepared By: Rhonda Clegg
Initiator: Rhonda Clegg
Sponsors:
DOC ID: 2487

DISCUSSION ITEM (ID # 2487)

REVIEW AND DISCUSS PROPOSED INVESTMENT POLICY.

Investment Policy and Strategy

I. POLICY STATEMENT

It is the policy of the City that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state statutes governing the investment of public funds.

II. SCOPE

This investment policy applies to all the financial assets and funds of the City. The City commingles its funds into one pooled investment fund for investment purposes to provide efficiency and maximum investment opportunity. These funds are defined in the City's Comprehensive Annual Financial Report (CAFR).

Any new funds created by the City shall be included unless specifically exempted by the City Council and this policy.

III. OBJECTIVES

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield.

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/flow.

Safety

The primary objective of the City's investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping, or erosion of market value.

Liquidity

The City's investment portfolio shall be structured to meet all cash flow obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintain additional liquidity for unexpected liabilities.

Cash Flow Forecasting
Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officer will develop and use a cash flow forecasting process as needed to monitor and forecast cash positions for investment purposes.

Diversification
The City's portfolio shall be diversified by market sector and maturity in order to avoid market risk.

Yield
The benchmark of the City's portfolio shall be the 3 month or 6 month U.S. Treasury, designated for its comparability to the City's expected average cash flow pattern. The benchmark will serve as a risk measurement of the portfolio.

IV. STRATEGY

The City maintains one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in this portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue a conservative portfolio management strategy. This may be accomplished by creating a ladder maturity structure with some extension for yield advancement. **The maximum weighted average maturity (WAM) of the portfolio shall not exceed 1 year.**

V. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

VI. INVESTMENT COMMITTEE

An Investment Committee consisting of the Finance Director and at least one Council Member shall meet at least quarterly to determine operational strategies and to monitor results. The Investment Committee shall discuss things such as economic outlook, portfolio diversification, maturity structure, and any potential risk of the City's funds. In addition, this committee shall review investment purchases that occurred since the last investment committee meeting and approve new brokers.

VII. DELEGATION OF INVESTMENT AUTHORITY

The Finance Director acting on behalf of the City, is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment

Officer shall attend at least one training session relating to the Officer's responsibility under this act within 12 months after assuming duties and thereafter, a training session should be attended not less than once every two years with at least 8 hours of instruction from an independent source. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Limitation of Personal Liability

The investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

VIII. PRUDENCE

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

IX. INTERNAL CONTROLS

The Investment Officer shall establish and maintain an internal control structure which will be reviewed annually with the independent auditor of the City. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City. The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and record keeping,
- Custodial safekeeping,
- Clear delegation of authority,
- Documentation of all transactions,

Monitoring Credit Ratings

The Investment Officer will monitor, on at least a monthly basis, the credit rating on all authorized investments in the portfolio that require a credit ratings based upon independent information from a nationally recognized credit agency. If any security falls below the minimum rating required by this Policy; the Investment Officer will immediately advise the Investment Committee of the loss of rating and the possible loss of principal. The Investment Committee and Investment Officer will decide on the prudent liquidation of the security.

X. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further defined and described by the Public Funds Investment Act. If changes are made to the Act, they are not authorized until this Policy is modified and adopted by City Council.

A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed five years to stated maturity, including collateralized mortgage obligations (CMOs); CMO's cannot be either an Interest-Only or Principal-Only CMO nor can it be an inverse floater.

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, with a maximum maturity of 18 months, collateralized with 102% coverage with:

- In accordance with 2256.010 of the Act, certificates of deposit may be purchased from a Texas depository institution through a nationally coordinated program in which (a) the depository arranges for deposits in one or more federally insured depositories allowing for full FDIC coverage and (b) the depository receives comparable deposits from other linked depositories.
- Collateral agreements must be in writing and require a bank resolution of approval.

C. FDIC insured *brokered certificates of deposit securities* from a bank in any US State, delivery versus payment to the safekeeping agent, not to exceed two years to maturity. Before purchase, the Investment Officer must verify FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.

D. Commercial paper rated A-1/P-1 or the equivalent by at least two nationally recognized rating agencies not to exceed 90 days to stated maturity.

E. AAA-rated money market mutual funds as defined by the Public Funds Investment Act.

F. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state, with a maximum maturity not to exceed five years, and having been rated as investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.

G. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act - must be approved by City Council.

No additional security will be eligible for investment by the City until this policy has been amended and the amended version approved by the City Council. *Exceptions* to investment maturities may be approved by council in order to meet debt service requirements.

Competitive Bidding Requirement
Generally, the City will seek competitive offerings for all securities, including certificates of deposit before it invests to verify that the City is receiving fair market value/price for the investment with the *exception* of new issues that are still in syndicate.

The City recognizes that a competitive offering process is not always necessary or is not always in the best interest of the City. On these occasions, the Investment Officer is authorized to purchase a security without seeking competitive offerings. Examples of these occasions are:

A. Market conditions are changing rapidly.
B. The security is a "new issue" that is still in the primary market.
C. A specific type of security, maturity date, or rate of return is sought that may not be immediately available.

Delivery versus Payment
All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis. Funds shall not be released until receipt of the security by the City's approved custodian.

Diversification
The City recognizes that investment risks can result from issuer defaults, and market price changes. Risk is controlled through portfolio diversification. The maximum limits for diversification will be:

Security Type	**Max % of Portfolio**
US Obligations	not to exceed 80%
US Agencies/Instrumentalities	not to exceed 80%
-MB Securities	not to exceed 50%
Certificates of Deposits*	not to exceed 40%
Brokered CD*	not to exceed 20%
Commercial Paper	not to exceed 25%
Money Market Funds*	100%
Local Government Investment Pools	100%

*Limit per bank up to $250,000 without collateralization agreement.

XI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Depository
The City will designate one banking institution through a competitive process as its central banking services provider at least every five years in accordance with the Texas Government Code 105. Other banking institutions from which the City may purchase certificates of deposit will also be designated after they provide their latest audited financial statements to the City. All depositories will execute a depository agreement and have the Bank's Board or Bank Loan Committee pass a resolution approving the agreement if collateral is required.

Security Broker/Dealers
The Investment Committee will review the list of authorized broker/dealers annually. The Investment Officer will obtain and maintain information on each broker/dealer.
Securities broker/dealers not affiliated with a bank, who desire to transact business with the City must supply the following documents to be maintained by the Finance Department:

-audited financial statement for the most recent period,
-proof of certification by the National Association of Securities Dealers (NASD),
-proof of current registration with the State Securities Commission

Every broker/dealer and bank with whom the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the City's investment program. A representative of the firm will be required to return a signed certification stating the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

XII. SAFEKEEPING AND COLLATERALIZATION
The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by either the City, an independent third party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City for time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank where the securities are pledged. The bank is responsible for monitoring collateral.

Collateralization
Collateralization shall be required on certificates of deposits over the FDIC insurance coverage of $250,000. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XIII. PERFORMANCE EVALUATION AND REPORTING
The Investment Officer shall submit quarterly reports to the City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program and consistent with statutory requirements. The Investment officer will report to the Investment Committee a report that will include the following at a minimum:

- A full description of all securities held at the end of the reporting period,
- Overall change in market value for each security and the change during the period as a measure of volatility (obtained by an independent source),

- Weighted average maturity (WAM) of the portfolio,
- Total earnings for the period,
- Compare market value of pledged securities to the ending balance of the City's portfolio,
- Analysis of the total portfolio by maturity, by book value, and
- Statement of the compliance of the investment portfolio with the Act and the Investment Policy and Strategy of the City.

XIV. INVESTMENT POLICY AMENDMENTS

The Director of Finance and the Investment Committee shall review the Investment Policy and Strategy on an annual basis. Future recommended changes will be approved by the City Council amending the current Investment Policy and Strategy resolution on record.

WITNESS MY HAND AND SEAL OF OFFICE THIS 15TH DAY OF DECEMBER 2016
PASSED AND APPROVED THIS 15TH DAY OF DECEMBER, 2016.

____
MARK BRICKER, MAYOR
CITY OF BAY CITY, TEXAS

ATTEST:

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RHONDA JONES, CITY SECRETARY

City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 12/15/16 06:00 PM
Department: City Secretary
Category: Policy
Prepared By: Rhonda Clegg
Initiator: Rhonda Clegg
Sponsors:
DOC ID: 2488

DISCUSSION ITEM (ID # 2488)

REVIEW AND DISCUSS A PROPOSED ORDINANCE CREATING THE DEPARTMENT OF FINANCE AS DIRECTED BY ARTICLE IX OF THE CITY OF BAY CITY CITY CHARTER.

ORDINANCE NO. ____________

AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, AMENDING THE CITY CODE OF ORDINANCES, CHAPTER 2 (ENTITLED "ADMINISTRATION"), ARTICLE IV (ENTITLED "DEPARTMENTS") CREATING A DEPARTMENT OF FINANCE; PROVIDING FOR A CUMULATIVE & CONFLICTS CLAUSE, PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 9.01 of the City Charter authorizes City Council to establish a Department of Finance upon prior consultation with the City's Chief Administration Officer; and

WHEREAS, the City Council desires to establish a Department of Finance and set forth its organization and procedures for its operations; and

WHEREAS, City Council finds that the establishment of a Department of Finance is in the best interest of the public welfare;

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

Section one. The Code of Ordinances, Chapter 2 (entitled "Administrating"), Article IV (entitled "Departments") is hereby amended creating Division 2, Department of Finance and adding the language that is set out in **Exhibit "A**" attached hereto and incorporated by reference as if fully set forth herein.

Section two. Cumulative and Conflicts. This Ordinance shall be cumulative of all provisions of ordinances of the City of Bay City, Texas, except where the provisions of the Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed. Any and all previous versions of this Ordinance to the extent that they are in conflict herewith are repealed.

Section three. Severability. 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 four. Effective Date. This Ordinance shall become effective immediately upon its passage, approval and publication as provided by law.

PASSED AND APPROVED on this _______ day of ____________ 2016.

____
Mark Bricker, Mayor
City of Bay City

ATTEST:

____
Rhonda Clegg, City Secretary
City of Bay City

APPROVED AS TO FORM:

____
M. Shannon Kackley, Asst. City Attorney
DENTON NAVARRO ROCHA BERNAL HYDE & ZECH, PC

EXHIBIT A

CHAPTER 2

ARTICLE IV – DEPARTMENTS

DIVISION 2 – DEPARMENT OF FINANCE

Section 2-158. Established, Composition. The Department of Finance is established pursuant to Section 9.01 of the City Charter and shall consist of the Director of Finance and any deputies, assistants and employees as appointed by the Mayor, subject to Council authorization.

Section 2-159. Director of Finance; Appointment and Qualifications. There shall be a Department of Finance, the head of which shall be the Director of Finance, who is appointed by the Mayor, with the approval of the City Council as set forth in section 7.05 of the City Charter. The Director of Finance shall have the proper knowledge of municipal accounting and sufficient experience in budgeting and financial control to properly perform the duties of the office.

Section 2-160. Personnel. The Director of Finance shall have the authority to appoint any deputies, assistants, and employees in the department as the Mayor authorizes and Council provides in the City Budget.

Section 2-161. Powers and Duties. The Director of Finance shall administer and supervise all financial affairs of the City and shall:

(a) Supervise and be responsible for the disbursement of all monies and have control over all expenditures to ensure that budget appropriations are not exceeded.

(b) Maintain proper accounting systems for the City government and each of its offices, departments, and agencies; keep books for and exercise financial budgetary control over each office, department, and agency; keep separate bookkeeping accounts for the items of appropriations contained in the City budget and each account shall show the amount of the appropriations, the amount paid there from, , and the unencumbered balance; require reports of receipts and disbursements from each receiving and spending office, department, or agency of the City to be made daily or at such intervals as directed by the Director of Finance.

(c) Prescribe the forms of receipts, purchase orders, bills, claims, bookkeeping, and computer data entry procedures to be used by all offices and departments of the City.

(d) Present to City Council a quarterly financial statement in sufficient detail to show the exact financial condition of the City.

(e)) Submit a list of City expenditures at least quarterly to be approved by City Council as set forth in Section 4.09 of the City Charter.

(f) Assist the Mayor and all department heads in the preparation of the budgets for all departments.

(g) Compile estimates of revenues and expenditures for the budget as required by the Mayor and/or City Council.

(h) Approve all proposed expenditures in accordance with the established purchasing procedures.
(i) Have custody of all City investments, invested funds, bonds, notes, warrants, depreciation reserves, and funds in the possession of the City in a fiduciary capacity.
(j) Invest all funds in excess of current needs in the manner authorized by State law.
(k) Inspect and audit any account or records of financial transactions which may be maintained in any office, department of agency of the government apart from or subsidiary to the accounts kept in their office.
(l) Supervise or oversee other City departments as determined by City Council.
(m) Coordinate annual audit and prepare comprehensive annual financial report.

Sec. 2-162. Transfer of appropriations. With the approval of the Mayor, the Director of Finance may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency

At the request of the Finance Director, and within the last three (3) months of the fiscal year, the Council may by ordinance transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another as set forth in section 10.14 of the City Charter.

Sec. 2-163. Lapse of appropriations. All appropriations shall lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered.

Sec. 2-164. Fees Shall be Paid to City. All fees received by any officer or employee of the City shall belong to the City and shall be deposited to the appropriate fund at such time as required by the Director of Finance.

Sec. 2.165. Purchase and contract procedure. Any purchase made or contract entered into by the City shall be in accordance with the laws of the State of Texas and with Purchasing Policies duly adopted by Council. Prior to execution, examine all contracts, orders, and other documents by which the City incurs financial obligations, and ascertain that money has been appropriated and will be available when the obligation becomes due and payable.

Sec. 2-166. Disbursements of funds. All checks, vouchers, or warrants for the withdrawal of money from the City depository shall be signed by the Director of Finance, or his/her deputy, and countersigned by the Mayor or Mayor Pro Tem.

Sec. 2-167. - Surety Bonds. In accordance with Section 7.03 of the City Charter, any director of administrative department whose duties include the handling of moneys and any employee whose duties include the handling of moneys belonging to the City shall, before entering upon the duties of their office or employment, make bond in some responsible surety company, acceptable to the City Council for such amount as the City Council may prescribe. The premium of the bond shall be paid by the City. The City Council may also require any such surety bond to be further conditioned that the principal thereon will faithfully perform and discharge the duties of their office, and if there are provisions of state law bearing upon the functions of their office under which the execution of a surety bond is required, it shall be further conditioned to comply therewith.

City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 12/15/16 06:00 PM
Department: City Secretary
Category: Budget
Prepared By: Rhonda Clegg
Initiator: Rhonda Clegg
Sponsors:
DOC ID: 2482

DISCUSSION ITEM (ID # 2482)

DISCUSS AND REPORT ON PROGRESS CONCERNING 1) THE NEGOTIATIONS OF A NEW CONTRACT WITH MATAGORDA COUNTY FOR THE COLLECTION OF CITY PROPERTY TAXES, AND 2) THE DEVELOPMENT OF A BUDGET MAPPING PROCESS FOR THE CITY'S 2017 BUDGET CYCLE.

ORIGINAL

CONTRACT FOR ASSESSMENT AND COLLECTION OF TAXES

THE STATE OF TEXAS §

COUNTY OF MATAGORDA §

ON this the 14th day of August, 1991, Matagorda County (herein called "County") and the City of Bay City (herein called "tax entity") enter into the following agreement:

PURPOSE

The parties to this agreement wish to transfer the assessment and collection of property taxes into one agency, Matagorda County. The tax entity enters into this agreement to eliminate the duplication of the existing system.

The parties enter this contract pursuant to the authority granted by Section 6.24, *Property Tax Code*, and *Texas Revised Civil Statutes Ann.* Article 4413 (32c)(Vernon 1979).

TERM

The primary term of this contract shall be from September 1, 1991 to August 31, 1993, provided, however, that the County shall complete performance of services to be performed for any tax year after December 31 of the tax year, if the County finds extension to be necessary. This contract shall be automatically renewed on a yearly basis after the initial two years, on the same terms, covenants and conditions herein contained until either County or tax entity shall give the other thirty (30) days written notice to terminate this contract at the end of any contractual year.

SERVICES TO BE PERFORMED

1. The County shall collect ad valorem and personal property taxes owing to the taxing entity. The County further agrees to perform for the tax entity all the duties provided by the laws of the State of Texas for the collection of said taxes, including the mailing of the notices, bills, statements, renditions and any other documents which would be required of a tax assessor-collector's office.

2. The County shall perform all the functions set out in the definitions section of this contract. Specifically, the county agrees to prepare consolidated tax statements for tax payer. The tax statement shall include taxes owed to all taxing entities to which the taxpayer owes taxes that the County collects.

3. The tax entity hereby agrees that the Tax Assessor and Collector of County shall on its behalf comply with Chapter 26 of the *State Property Tax Code*, as amended. The parties agree that the Tax Assessor-Collector of the county shall perform all the duties required by law of the tax assessor-collector in regard to assessing and collecting ad valorem taxes.

PAYMENT

1. The tax entity shall pay to the County $1.25 per parcel for the assessment and collection of the tax entity's taxes.

2. All payments by the tax entity must be made from current revenues only.

3. In the event that legislation should be passed by the Texas Legislature which would lower the tax entity's payment to the County, the payment or payments to be made

to the County shall reduce *sua sponte* on the first day after the effective date of such legislation.

REMITTANCE OF COLLECTION

The taxes collected for the tax entity shall be remitted by the County to the tax entity daily if the total of all ad valorem and personal property taxes collected exceeds $10,000 or if the tax entity's tax collections exceed $1,000. If the County collects more than $1,000 in any time period less than one week, a remittance shall be made to the tax entity at that time. If the taxes collected for the tax entity are less than $1,000 then such remittance shall be made at least weekly. Taxes collected which total less than $1,000 shall be remitted on the 1st day of the week next following the week in which such sums are collected.

MISCELLANEOUS PROVISIONS

1. The tax entity agrees to transfer to the possession and control of the County, without charge, copies of all records necessary for the performance of the duties and responsibilities of the County pursuant to this contract. These records shall include all tax records, including delinquent tax rolls, or records available to the tax entity.

2. The County shall not be liable to the tax entity on account of any failure to collect taxes, nor shall the Tax Assessor-Collector for the County be liable unless the failure to collect taxes results from some failure on his part to perform the duties imposed upon him by law and by this agreement.

3. In the event that this contract is terminated and/or not renewed, the County agrees to transfer to the tax entity all tax records, including tax rolls, or records available to the County concerning the tax entity's taxes and collection.

4. The County agrees to allow the tax entity's tax payers the election of paying their tax bills separate and apart from any other tax entity which may be listed on each tax statement.

DELINQUENT TAX SUITS

The tax entity authorizes the County to institute such suits for the collection of delinquent taxes as the County deems necessary and to contract with an attorney, as provided by Section 6.30 of the *State Property Tax Code*, for the collection of delinquent taxes. The tax entity reserves the right to review the delinquent tax records annually, or more often if requested, to make recommendations on tax suits.

DEFINITIONS

For the purpose of this agreement, the terms "assessment" and "collection" shall include the following: calculation of tax, preparation of current and delinquent tax rolls, proration of taxes, correction of clerical errors in the tax rolls, collection of current liabilities, collection of delinquent taxes, issuance of refunds, and calculation of an effective tax rate as required by Section 26.04 of the *State Property Tax Code*. The term "assessment" shall not include the functions defined as "appraisal" by the *State Property Tax Code*.

EXECUTED on this the 19 day of August, 1991.

BURT O'CONNELL
County Judge, Matagorda County

W.B. WIGINTON
Tax Assessor-Collector, Matagorda County

ATTEST:

SARAH VAUGHN
County Clerk, Matagorda County

TOMMY Z. LeTULLE
Mayor, City of Bay City

ATTEST:

TAMMY EVANS, City Secretary

APPROVED AS TO
SUBJECT AND FORM:

B. ALLEN CUMBIE, City Attorney

THE STATE OF TEXAS §

COUNTY OF MATAGORDA §

This instrument was acknowledged before me on the 19th day of August, 1991, by BURT O'CONNELL.

Tiffany M. Foltyn
Notary Public, State of Texas
Typed or Printed Name of Notary:
Tiffany M. Foltyn
Commission Expires: 9-9-92

THE STATE OF TEXAS §

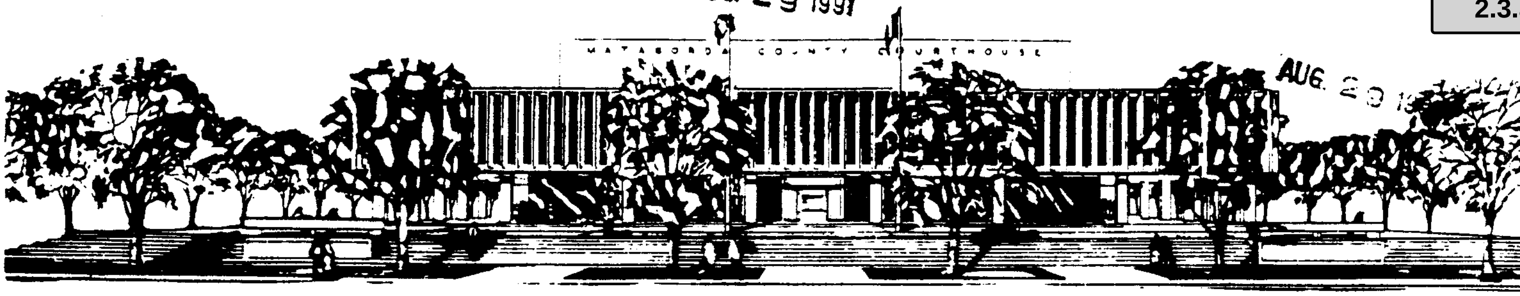
COUNTY OF MATAGORDA §

This instrument was acknowledged before me on the 14th day of August, 1991, by TOMMY Z. LeTULLE.

SHIRLEY K. FRANKLIN
Notary Public, State of Texas
My Commission Expires 11-13-1994

Shirley K. Franklin
Notary Public, State of Texas
Typed or Printed Name of Notary:
Shirley K. Franklin
Commission Expires: 11-13-94

AUG. 29 1991



MICHAEL J. PRUETT, BAY CITY, TEXAS
COMMISSIONER, PRECINCT NO. 1
GEORGE DESHOTELS, MATAGORDA, TEXAS
COMMISSIONER, PRECINCT NO. 2
F. P. "SONNY" BRHLIK, PALACIOS, TEXAS
COMMISSIONER, PRECINCT NO. 3
E. R. VACEK, JR., BLESSING, TEXAS
COMMISSIONER, PRECINCT NO. 4

BURT O'CONNELL
COUNTY JUDGE
SARAH VAUGHN
COUNTY CLERK
JOHN DICKERSON III
COUNTY ATTORNEY
SUZANNE S. KUCERA
COUNTY TREASURER

THOMAS STUBBLEFIELD
COUNTY AUDITOR
W. B. WIGINTON
TAX ASSESSOR & COLLECTOR
SAMUEL L. HURTA
SHERIFF
PAUL HATCHETT
DISTRICT CLERK

Matagorda County
Bay City, Texas 77414

August 26, 1991

Tommy Z. LeTulle
Mayor, City of Bay City
City Hall, 1901 5th Street
Bay City, Texas 77414

RE: Contract For Assessment And Collection Of Taxes

Dear Mayor LeTulle:

Enclosed please find a fully executed copy of the contract for the assessment and collection of ad valorem taxes between Matagorda County and the City of Bay City.

Should you have any questions, please do hesitate to call.

Sincerely,

Betty L. Ford

Betty L. Ford
County Judge's Office

/blf
Enclosure