BEAUMONT
TEXAS

REGULAR MEETING OF THE CITY COUNCIL
COUNCIL CHAMBERS MAY 10, 2016 1:30 P.M.

CONSENT AGENDA

* Approval of minutes – May 3, 2016

* Confirmation of committee appointments

A) Approve a resolution approving the City of Beaumont Investment Policy

B) Approve a resolution authorizing a contract with Moncla's Inc. of Beaumont for the 2016 Summer Food Service Program

A

BEAUMONT
TEXAS

TO:	City Council
FROM:	Kyle Hayes, City Manager
PREPARED BY:	Laura Clark, Chief Financial Officer
MEETING DATE:	May 10, 2016
REQUESTED ACTION:	Council consider a resolution approving the City of Beaumont Investment Policy.

BACKGROUND
State law mandates the City Council to review the Investment Policy and approve modifications, if any, on an annual basis. The City last made modifications to the Investment Policy on May 6, 2014 through resolution 14-104. One modification is being proposed to the policy by the City.

The first modification is due to a change in legislation. House Bill (HB) 870 reduces the amount of Public Funds Investment Act (Chapter 2256.008, Texas Government Code) training hours for city and school district finance and investment officers from ten hours every two years to eight hours every two years. City and school district finance and investment officers must still initially receive ten hours of training within 12 months after taking office or assuming investment duties.

FUNDING SOURCE
Not Applicable.

RECOMMENDATION
Approval of resolution.

RESOLUTION NO.

BE IT RESOLVED BY THE CITY COUNCIL

OF THE CITY OF BEAUMONT:

THAT the City of Beaumont Investment Policy, substantially in the form attached hereto as Exhibit "A," has been reviewed and is hereby in all things adopted. All changes to the policy are reflected therein.

PASSED BY THE CITY COUNCIL of the City of Beaumont this the 10th day of May, 2016.

_____

- Mayor Becky Ames -

BEAUMONT
TEXAS

Investment Policy

Adopted by
City Council
May ___~~10~~9, 201~~6~~5

EXHIBIT "A"

City of Beaumont - Investment Policy
Table of Contents

Field Code Changed

I. Introduction 1

II. Scope 1

III. Prudence 1

IV. Objectives 1

- A. Safety of Principal 2
- B. Liquidity 2
- C. Public Trust 2
- D. Yield 2

V. Delegation of Authority 2

VI. Ethics and Conflicts of Interest 3

VII. Training 3

VIII. Selection of Financial Dealers, Institutions and Investments Pools 3

- A. Broker/Dealers 4
- B. Public Depositories 4
- C. Investment Pools 5

IX. Authorized and Suitable Investments 5

X. Competitive Environment 7

XI. Collateralization 7

XII. Safekeeping and Custody 8

XIII. Diversification 9

XIV. Investment Strategies 9

A. Pooled Fund Groups 10

B. Debt Service Funds 11

C. Debt Service Reserve Funds 12

XV. Internal Control 12

XVI. Performance Standards 13

XVII. Reporting 13

XVIII. Investment Policy Adoption 13

Exhibits

Exhibit A - Approved List Broker/Dealers 15

Exhibit B - Certification by Business Organization 16

City of Beaumont
Investment Policy

Field Code Changed

I. Introduction

Field Code Changed

It is the policy of the City of Beaumont to invest public funds in a manner that will ensure that the investments are duly authorized, properly managed, adequately protected and fully collateralized. The City shall seek the optimum investment return with the maximum security while meeting daily cash needs and conforming to the City Charter, the Public Funds Investment Act (Chapter 2256, Government Code as amended) and all other state and local statutes governing the investment of public funds.

II. Scope

This Investment Policy applies to all financial assets of the City as accounted for in the City's Comprehensive Annual Financial Report. These include General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, and Permanent Funds. All are pooled for investment purposes except debt service and debt service reserve funds,and the natural gas account. Interest is allocated monthly to each fund based on its individual cash balance.

III. Prudence

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. The "prudent person" standard shall be applied in the context of managing the total portfolio rather than a single investment providing that the decision was consistent with this Investment Policy.

Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of responsibility for an individual investment's credit risk or market price changes provided that deviations from exceptions are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

The primary objectives, in priority order, of the City's investment activities shall be safety of principal, liquidity, public trust, and yield.

A. Safety of principal

The City has as its foremost objective to ensure the safety of principal. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective, diversification is required in order to eliminate an over-concentration of assets in one institution, maturity or type of investment, where appropriate.

B. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. The portfolio shall be constructed so that investment maturities are matched with forecasted cash flow requirements and limited by investments with an active secondary market or convertible to cash with little or no penalty.

C. Public Trust

Investment Officers shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

D. Yield

The City's investment portfolio shall be designed with the objective of attaining a rate of return that is consistent with risk limitations and cash flow characteristics of the City's investments.

V. Delegation of Authority

Authority to manage the City's investment program is derived from the City Charter (article VII, section 1-2). The Charter designates the City Manager as Director of Finance who shall have custody of all public funds, investments, bonds and notes of the City and be responsible for their safekeeping. The City Manager shall establish written procedures for the operation of the investment program consistent with this Investment Policy that include explicit delegation of authority to persons responsible for investment transactions. The City Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The City Manager, the Chief Financial Officer, and the City Controller are approved as Investment Officers of the City.Such approval of specific persons shall remain in effect until rescinded by the City Council or until termination of the person's employment by the City. Investment Officers shall not deposit, withdraw, transfer or manage the funds

of the City in a manner that is not consistent with the "prudent person" standard as described in section III of this Policy.

The City Council maintains the right to hire Investment Advisers to assist City staff in the investment of funds. Investment Advisers shall adhere to the spirit, philosophy and specific terms of this Policy and shall invest within the same objectives. The City Manager shall establish criteria to evaluate Investment Advisers, including:

1. Adherence to the City's policies and strategies;
2. Investment strategy recommendations within accepted risk constraints;
3. Responsiveness to the City's request for services and information;
4. Understanding of the inherent fiduciary responsibility of investing public funds; and
5. Similarity in philosophy and strategy with the City's objectives.

Selected Investment Advisers must be registered under the Investment Advisers Act of 1940 or with the State Securities Board. A contract with an Investment Adviser may not be for a term longer than two years and any contract, renewal or extension must be approved by the City Council.

VI. Ethics and Conflicts of Interest

Investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Investment Officers shall disclose any personal business relationships with business organizations approved to conduct investment transactions with the City. They shall also disclose any specific individuals who seek to sell investments to the City and are related to the Investment Officer within the second degree by affinity or consanguinity, as determined under Chapter 573. Disclosure shall be filed with the Texas Ethics Commission and the City Council.

VII. Training

In order to ensure qualified and capable investment management, each Investment Officer shall attend at least ten (10) hours of training relating to investment responsibilities within 12 months after assuming such duties and shall continue to attend an investment training session consisting of at least eight~~ten~~ (8~~10~~) hours of instruction not less than once every two years thereafter. The two-year period shall begin on the first day of the City's fiscal year and consist of the two consecutive fiscal years after that date.

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Training shall be in accordance with the Public Funds Investment Act and include education in investment controls, security risks, strategy risks, market risks, and compliance with State statutes governing the investment of public funds. All training shall be conducted by an independent source that has been approved by City Council. The approved "independent sources" to provide such training are: the Government Treasurers Organization of Texas, the Government Finance Officers Association, the Government Finance Officers Association of Texas, the Texas Municipal League, and the University of North Texas.

VIII. Selection of Broker/ Dealers, Financial Institutions and Investment Pools

Authorized investments shall only be purchased from those institutions selected and approved in accordance with this Policy.

Any business organization which seeks to execute investment transactions with the City shall provide a written instrument certifying that they have received and thoroughly reviewed the City's Investment Policy and have implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by this Policy. The certification, as shown by example in ***Exhibit B***, must be signed by a qualified representative of the business organization. Investment Officers shall not buy any securities from a firm or make deposits with a fund, pool or financial institution that has not filed this instrument or a similar statement that is acceptable to the City.***Each time City Council approves a material revision to the Investment Policy, the certification should be sent to the approved business organizations along with the newly revised Investment Policy.***

A. Broker/Dealers

The City shall select broker/dealers by their ability to provide effective market access and may include "Primary Government Securities Dealers" or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Broker/dealers selected must be members in good standing of the Financial Industry Regulatory Authority ("FINRA"), and be licensed by the State of Texas. Each broker/dealer will be reviewed by the Investment Officers and a recommendation will be made for approval by theCity Council.

An "approved broker/dealer list", as shown in ***Exhibit A***, shall be maintained by the Investment Officers at all times and approved by the City Council on an annual basis.

The City shall not enter into transactions with a broker/dealer until official City Council approval.

B. Public Depositories/Financial Institutions

The City Council shall select a primary depository as required by law. The primary depository as authorized by the City Council shall meet all requirements of the state law concerning depositories for municipal funds (Chapter 105, Government Code). The primary depository shall be selected through the City's banking services procurement process, including a formal Request for Application (RFA) issued in compliance with applicable State law, and offers the most favorable terms and conditions for the handling of City funds.

The City may also establish agreements with other financial institutions under separate contract for additional services that are necessary in the administration, collection, investment, and transfer of municipal funds. Such deposits will only be made after the financial institution has completed and returned the required written instruments and depository pledge agreements. No deposit shall be made except in a qualified public depository as established by State Law.

C. Investment Pools

Investment Officers may invest funds of the City through an eligible investment pool with specific approval by resolution of City Council and execution of a written agreement. To become eligible, investment pools must first meet all requirements of State Law. They shall provide the City with an offering circular that contains specific and detailed information, ***investment transaction confirmations,*** and detailed monthly transaction and performance reports. Pools shall have advisory boards composed of qualified members representing participants and non-participants who do not have a business relationship with the pool. Before selection, pools shall be thoroughly reviewed and evaluated by the Investment Officers.

IX. Authorized and Suitable Investments

Authorized investments for municipal governments in the state of Texas are set forth in the Public Funds Investment Act, as amended. Suitable investments for the City are limited to the following:

- Direct Obligations of the United States or its agencies and instrumentalities that have a maximum stated maturity date of 5 years or less.

- Financial institution deposits placed with approved financial institutions as described above (section VIII-B) which have a maximum stated maturity date of 5 years or less and are insured by the Federal Deposit Insurance Corporation, or their successors; or secured as described in section XI Collateralization. Additionally, the City may execute certificates of deposit, and other forms of deposit, in any manner authorized by the Public Funds Investment Act.

- Fully collateralized direct repurchase agreements with a defined termination date of 90 days or less which are secured by cash or obligations of the United States or its agencies and instrumentalities and pledged with a third party other than an agent for the pledgor. Investment Officers may invest in repurchase agreements through an approved primary government securities dealer or an approved depository bank as described above (section VIII-A, B). Each issuer of repurchase agreements shall be required to sign a master repurchase agreement. For flexible repurchase agreements executed with bond proceeds, the defined termination date of 90 days or less may be waived to allow the term of the flexible repurchase agreement to more closely match the expected term of the bond project.

- No load money market mutual funds registered with and regulated by the Securities and Exchange Commission whose investment objectives include the maintenance of a stable net asset value of $1 per share. Money market mutual funds mustmaintain a AAAm, or equivalent rating from at least one nationally recognized rating agency; and provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 and be specifically approved by City Council or purchased through the City's primary depository as an overnight investment tool. ***The City may not own more than 10% of the money market mutual fund's total assets.***

- Approved investment pools as described above (section VIII-C) which are continuously rated no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency .

Investments Not Authorized - The following investments are not authorized under this section:

a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal;

b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years; and
d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Not less than quarterly, the Investment Officers will monitor the credit rating for each held investment that has a Public Fund Investment Act required minimum rating. Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. Prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating. The City is not required to liquidate investments that were authorized investments at the time of purchase.

The purchase of stock is not an authorized investment for municipal governments. However, stock may be accepted as a donation, provided that it is held in accordance with the terms of the donation and sold as soon as it is advantageous to do so. Reinvestment of proceeds must be in accordance with authorized and suitable investments for the City as listed above.

X. Competitive Environment

It is the policy of the City to provide a competitive environment for all individual security purchases and sales, financial institution deposits, and money market mutual fund and local government investment pool selections. The Investment Officers shall develop and maintain procedures for ensuring competition in the investment of the City's funds.

XI. Collateralization

Collateralization will be required on all financial institution deposits and repurchase agreements. With the exception of deposits secured with irrevocable letters of credit at 100% of amount, the collateralization level shall be equal to at least one hundred two percent (102%) of the aggregate market value of the deposit or investment including accrued interest less an amount insured by the Federal Deposit Insurance Corporation. Evidence of the pledged collateral shall be documented by a custodial or a master repurchase agreement with the eligible collateral clearly listed in the agreement. Collateral shall be reviewed at least monthly to assure that the market value of the securities pledged equals or exceeds the related deposit or investment requirement.

Collateral requirements shall be in accordance with both the Public Funds Investment Act and the Public Funds Collateral Act. Collateral underlying repurchase agreements is limited to direct obligations of the United States or its agencies and instrumentalities.

The City shall accept a surety bond or the following investment securities as collateral on deposits and certificates of deposit:

- Direct obligations of the United States or its agencies and instrumentalities. Direct obligations of this state or its agencies and instrumentalities.

- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States and excluding those mortgage backed securities considered a high-risk mortgage security as described by Section 2257.0025 of the Government Code.

- Other obligations that are guaranteed or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities.

- Obligations of states, agencies, counties, cities and other political subdivisions rated not less than A or its equivalent.

- Letters of credit issued by the United States or its agencies and instrumentalities.

Financial institutions serving as depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

1. The agreement must be in writing;
2. The agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset:
3. The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
4. The agreement must be part of the Depository's "Official Record" continuously since its execution.

XII. Safekeeping and Custody

Collateral shall be placed for safekeeping in a custodial account at the Federal Reserve Bank or at an institution not affiliated with a firm pledging collateral acceptable to the City. All safekeeping arrangements shall clearly define the responsibilities of each party and outline the steps to be taken in order for the City to gain access to the collateral in the event of a "failure". The custodial agreement shall be executed between the City, the firm pledging the collateral and the custodial institution, as applicable. All safekeeping receipts shall be delivered to the City and all collateral

(whether a pledge or substitution) shall be formally accepted and released by Investment Officers.

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the safekeeping institution. Financial institution deposits, pool funds, and mutual funds are excluded from this requirement. The investment shall be held in the name of the City or on behalf of the City.

XIII. Diversification

The City will diversify its investments to eliminate an over-concentration of assets in any one security type or institution.

- Up to ninety percent (90%) par of the portfolio may be invested in direct obligations of the United States (U.S. Treasury Securities).
- Up to seventy percent (70%) par of the portfolio may be invested in U.S. Agency or Instrumentalities.
- No more than thirty percent (30%) par of the portfolio may be invested with any one U.S. Agency or Instrumentality.
- Up to one hundred percent (100%) par of the portfolio may be invested in investment pools for liquidity purposes with no more than eighty percent (80%) par of the portfolio invested in any one pool.
- No more than seventy~~fifty~~ percent (70~~50~~%) par of the portfolio may be invested in money market mutual funds.

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XIV. Investment Strategies

The City shall maintain a separate investment strategy for each of the fund types represented in the portfolio.

A. Pooled Fund Groups

Suitability –Any investment eligible in the Investment Policy is suitable for Pooled Fund Groups.

Safety of Principal –All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to

less than 365 days and restricting the maximum allowable maturity to three years using the final stated maturity dates of each investment will minimize the price volatility of the portfolio.

Marketability –Investments with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity –Pooled Fund Groups require the greatest short-term liquidity of any of the fund-types. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification –Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the three-year maximum will reduce interest rate risk.

Yield –Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

B. Debt Service Funds

Suitability –Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal –All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized. The stated final maturity date on investments purchased shall not exceed the debt service payment date unless excess funds are available. In that case, maximum maturities shall not exceed two (2) years from the date of purchase.

Marketability –Investments with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity –Debt Service Funds have predictable payment schedules. Therefore investment maturities should not exceed the anticipated cash flow requirements. Financial institution deposits, investments pools, and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification –Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield –Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

C. Debt Service Reserve Funds

Suitability –Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal –All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to generally not exceed the call provisions of the borrowing will reduce the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or five years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Marketability –Investments with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Diversification –Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield –Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

D. Natural Gas Account

Suitability –Any investment eligible in the Investment Policy is suitable for the Natural Gas Account.

Safety of Principal –All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity to less than 365 days and restricting the maximum allowable maturity to three years using the final stated maturity dates of each investment will minimize the price volatility of the portfolio.

Marketability – Investments with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity –Natural Gas Account funds require moderate short-term liquidity. Short-term financial institution deposits, investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification –Investment maturities should be staggered throughout the anticipated expenditure schedule. Diversifying the appropriate maturity structure up to the three-year maximum will reduce interest rate risk.

Yield –Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

XV. Internal Control

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy.

XVI. Performance Standards

The City intends to pursue an active versus a passive portfolio management philosophy. That is, investments may be sold or redeemed before they mature if market conditions present an opportunity for the City to benefit from the trade.

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles that is consistent with risk limitations and cash flow needs of the City."Weighted average yield to maturity" shall be the portfolio performance measurement standard.

XVII. Reporting

Investment Officers shall submit a monthly report to City Council summarizing the results of the City's investment activity. This report shall include the status of the current portfolio position, performance, trading activity, interest earnings, and collateral.

A quarterly report shall be submitted to the City Manager, as Chief Executive Officer, and the City Council detailing investment transactions and performance for the reporting period in accordance with State law. The report shall be jointly prepared and signed by all Investment Officers. It shall include a summary statement prepared for each fund type and a detailed listing that states the beginning market value, ending market value and fully accrued interest for the period. In addition, Investment Officers shall report on adherence to the City's investment strategies as expressed in this Policy.

In conjunction with the annual audit, the quarterly reports shall be formally reviewed by the City's independent auditor on an annual basis and the results of the review shall be reported to City Council.

XVIII. Investment Policy Adoption

The City's Investment Policy is hereby adopted by resolution of the City Council. The City Council shall review and approve the Policy on an annual basis. This Policy serves to satisfy the statutory requirement to define and adopt a formal investment policy.

EXHIBITS

Exhibit A

CITY OF BEAUMONT
Approved List
Broker/Dealers

Business/Organizations

Broker/Dealers:

Coastal Securities

Duncan-Williams, Inc.

JP MorganChase Securities

Mutual Securities, Inc.

Oppenheimer & Co.

Rice Financial Products Company

Raymond James

Wells Fargo BrokerageServices, LLC

Certificate of Deposit Purchase Program:

PFM Asset Management LLC

Exhibit B

City of Beaumont, Texas
Certification By Business Organization

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

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

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code and

2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and

3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires and interpretation of subjective investment standards.

_____
(Firm)

Qualified Representative of the Business Organization

_____
(Signature)

_____
(Name)

_____
(Title)

_____
(Date)

B

BEAUMONT
TEXAS

TO:	City Council
FROM:	Kyle Hayes, City Manager
PREPARED BY:	Laura Clark, Chief Financial Officer
MEETING DATE:	May 10, 2016
REQUESTED ACTION:	Council consider a resolution approving a contract with Moncla's Inc. of Beaumont, in the amount of $58,660.35 for the 2016 Summer Food Service Program.

BACKGROUND
The Summer Food Service Program, which is funded by the U.S. Department of Agriculture and administered by the Texas Department of Agriculture (TDA), provides free, nutritious, and well-balanced meals for any child from one (1) to eighteen (18) years of age. This is the twenty-fourth year the Recreation Division has participated in the program. Last year 19,050 meals were delivered at a cost of $3.22 per lunch for a total of $ 61,341.00.

The 2016 program will begin on June 13, 2016 and continue through August 19, 2016. Lunches will be served Monday through Friday excluding Monday, July 4, 2016 Independence Day Holiday. Summer activities and games will be provided at each site before meals are served.

This year's program will provide lunches for forty nine (49) days at a cost of $3.47 per meal at nine (9) locations throughout the City including, Cathedral of Faith Baptist Church (3210 Elmira), Perlstein Park (8900 Landis Dr.), Northridge Apartments (4155 Maida), Points North Apartments (3710 Magnolia), Magnolia Park (2930 Gulf), Alice Keith Park (4075 Highland Ave.), Sprott Park (4325 Usan), Roberts Park (2755 Ave C) and Central Park (640 South Fourth). A bid tabulation is attached.

FUNDING SOURCE
U.S. Department of Agriculture.

RECOMMENDATION
Approval of resolution.

BEAUMONT
TEXAS

CITY OF BEAUMONT ~ PURCHASING DIVISION
Terry Welch - Buyer III
409-880-3107
twelch@ci.beaumont.tx.us

BID TABULATION: Summer Food Service Program
BID No. TF0316-11
OPENING DATE: Thursday, April 28, 2016

	Vendor City / State	Moncla's Inc. Beaumont, TX	
ITEM	Qty.	Unit Price	Total
Summer Food Service Program Meals	16,905	$3.47	$58,660.35
	Total Bid:	$58,660.35	

Lowest qualified bidder is: Moncla's Inc

RESOLUTION NO.

WHEREAS, bids were received for a contract to furnish lunches for the 2016 Summer Food Service Program funded by the U.S. Department of Agriculture, administered by the Texas Department of Agriculture and sponsored by the City of Beaumont Recreation Division; and,

WHEREAS, Moncla's Inc., of Beaumont, Texas, submitted a bid for an estimated quantity of 16,905 lunches served in the unit bid amount of $3.47 per lunch for an estimated expenditure of $58,660.35; and,

WHEREAS, City Council is of the opinion that the bid submitted by Moncla's Inc., of Beaumont, Texas, should be accepted;

NOW, THEREFORE, BE IT RESOLVED BY THE

CITY COUNCIL OF THE CITY OF BEAUMONT:

THAT the statements and findings set out in the preamble to this resolution are hereby, in all things, approved and adopted; and,

THAT the bid submitted by Moncla's Inc., of Beaumont, Texas, for the 2016 Summer Food Service Program administered through the Recreation Division for an estimated quantity of 16,905 lunches served in the unit bid amount of $3.47 per lunch for an estimated expenditure of $58,660.35 be accepted by the City of Beaumont; and,

BE IT FURTHER RESOLVED THAT the City Manager be and he is hereby authorized to execute a contract with Moncla's Inc. for the purposes described herein.

PASSED BY THE CITY COUNCIL of the City of Beaumont this the 10th day of May, 2016.

_____

- Mayor Becky Ames -

BEAUMONT
TEXAS

REGULAR MEETING OF THE CITY COUNCIL
COUNCIL CHAMBERS MAY 10, 2016 1:30 P.M.

AGENDA

CALL TO ORDER

* Invocation Pledge Roll Call
* Presentations and Recognition
* Public Comment: Persons may speak on scheduled agenda items 1-2/Consent Agenda
* Consent Agenda

GENERAL BUSINESS

1. Consider a resolution approving the purchase of three transit buses from Creative Bus Sales of Irving for use by Beaumont Municipal Transit

2. Consider a resolution authorizing the City Manager to execute Change Order No. 1 to the contract with Marsh Waterproofing, Inc. related to the Exterior Façade, Masonry, Roof Repairs and Restoration at the Tyrrell Historical Library located at 695 Pearl Street

COMMENTS

* Councilmembers/City Manager comment on various matters
* Public Comment (Persons are limited to 3 minutes)

EXECUTIVE SESSION

* Consider matters related to contemplated or pending litigation in accordance with Section 551.071 of the Government Code:

  Subrogation claim of Enterprise Leasing

  Claim of Sgt. Burt Moore, Officer Tony Harding, Sgt. Barry Scarborough and Det. Anthony Goudeau

* Consider matters related to the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee in accordance with Section 551.074 of the Government Code to wit:

  Kyle Hayes, City Manager

  Tyrone Cooper, City Attorney

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact Mitchell Normand at 880-3777 three days prior to the meeting.

1

May 10, 2016

Consider a resolution approving the purchase of three transit buses from Creative Bus Sales of Irving for use by Beaumont Municipal Transit

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BEAUMONT
TEXAS

TO: City Council

FROM: Kyle Hayes, City Manager

PREPARED BY: Laura Clark, Chief Financial Officer

MEETING DATE: May 10, 2016

REQUESTED ACTION: Council consider a resolution approving the purchase of three (3) transit buses from Creative Bus Sales of Irving, Texas in the amount of $1,499,926.95 for use by Beaumont Municipal Transit.

BACKGROUND

A request for proposal (RFP) was solicited from four (4) bus manufacturing companies. One (1) response was received. A panel of City employees evaluated and scored the vendor's response which is attached. The price per transit bus is $499,975.65. The transit buses are to be delivered to the City in approximately twenty (20) months.

The Beaumont Municipal Transit currently operates eighteen (18) buses to provide transit services for the City. The Federal Transportation Administration (FTA) requires buses to be operated until they reach 500,000 miles or twelve (12) years of age. The City is replacing two (2) Nova RTS buses that were acquired in July 2002. The City will also replace a NABI bus that was involved in an accident. The company that built this bus is out of business and there are no replacement parts available for repair. All buses that are removed from service will be placed on auction or disposed of according to grant guidelines.

FUNDING SOURCE

Department of Transportation / Federal Transportation Administration Grant with no matching funds required.

RECOMMENDATION

Approval of resolution.

RFP Name: Purchase of Heavy Duty Transit Bus
RFP Number: PF1016-04
RFP Opening Date: March 31, 2016

		Vendor Name
Criteria Description	**Maximum Points**	Creative Bus Sales Irving, TX.
Product	50	45
Performance	30	27
Price	20	20
Total	**100**	92

RESOLUTION NO.

WHEREAS, a request for proposal was solicited for the purchase of three (3) transit buses for use by the Beaumont Municipal Transit System; and,

WHEREAS, Creative Bus Sales, of Irving, Texas, submitted a response in the amount of $1,499,926.95; and,

WHEREAS, City Council is of the opinion that the bid submitted by Creative Bus Sales, of Irving, Texas, should be accepted;

NOW, THEREFORE, BE IT RESOLVED BY THE

CITY COUNCIL OF THE CITY OF BEAUMONT:

THAT the statements and findings set out in the preamble to this resolution are hereby, in all things, approved and adopted; and,

THAT the response submitted by Creative Bus Sales, of Irving, Texas, for the purchase of three (3) transit buses for the Beaumont Municipal Transit System from Creative Bus Sales, of Irving, Texas, in the amount of $1,499,926.95 be accepted by the City of Beaumont; and,

BE IT FURTHER RESOLVED THAT the City Manager be and he is hereby authorized to execute a contract with Creative Bus Sales for the purposes described herein.

PASSED BY THE CITY COUNCIL of the City of Beaumont this the 10th day of May, 2016.

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- Mayor Becky Ames –

2

May 10, 2016

Consider a resolution authorizing the City Manager to execute Change Order No. 1 to the contract with Marsh Waterproofing, Inc. related to the Exterior Façade, Masonry, Roof Repairs and Restoration at the Tyrrell Historical Library located at 695 Pearl Street

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BEAUMONT
TEXAS

TO:	City Council
FROM:	Kyle Hayes, City Manager
PREPARED BY:	Keith Folsom, Facilities Maintenance Superintendent
MEETING DATE:	May 10, 2016
REQUESTED ACTION:	Council consider a resolution authorizing the City Manager to execute Change Order No. 1 to the contract with Marsh Waterproofing, Inc. related to the Exterior Façade, Masonry, Roof Repairs and Restoration at the Tyrrell Historical Library located at 695 Pearl Street.

BACKGROUND

On December 8, 2015, by Resolution No. 15-278, City Council awarded Marsh Waterproofing, Inc. of Vidor, Texas the contract for the Exterior Façade, Masonry, Roof Repairs and Restoration on the Tyrrell Historical Library in the amount of $297,420.00.

Change Order No. 1 is required to perform 100% (approx. 55,000 linear feet) tuck pointing of the masonry mortar joints in lieu of approximately 5000 linear feet included in the original contract. The adjustment of the scope of work is necessary to preserve the integrity of the facility and provide a better means of preventing water intrusion through the mortar joints. This adjustment in the scope of work results in an increase of $90,000.00 (30.26%) and a revised contract value of $387,420.00. Approval of Change Order No. 1 in the amount of $90,000.00 is recommended.

FUNDING SOURCE

Funds are committed in the Tyrrell Historical Trust Fund. In addition, the City received gas royalties at Tyrrell Park that were allocated 25% for the Tyrrell Historical Library and 75% for Tyrrell Park. The royalties restricted for the Library will be used to fund this project.

RECOMMENDATION

Approval of resolution.

AIA® Document G701™ – 2001

Change Order

PROJECT: *(Name and address)*
Tyrrell Historical Library
695 Pearl Street
Beaumont, Texas

TO CONTRACTOR: *(Name and address)*
Marsh Waterproofing, Inc.
240 S. Main Street #2
Vidor, Texas 77662

CHANGE ORDER NUMBER: 01

DATE: May 2, 2016

ARCHITECT'S PROJECT NUMBER: 11147.15

CONTRACT DATE: February 29, 2016

CONTRACT FOR: Exterior Facade, Masonry, and Roof Repairs and Renovation

OWNER ☐
ARCHITECT ☐
CONTRACTOR ☐
FIELD ☐
OTHER ☐

The Contract is changed as follows:
(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)

Perform tuckpointing on 100% of the exterior walls in lieu of 5,000 linear feet of select locations included in Allowance of Base Bid.

The original (Contract Sum) ~~(Guaranteed Maximum Price)~~ was	$	297,420.00
The net change by previously authorized Change Orders	$	0.00
The (Contract Sum) (~~Guaranteed Maximum Price~~) prior to this Change Order was	$	297,420.00
The (Contract Sum) (~~Guaranteed Maximum Price~~) will be (increased) ~~(decreased) (unchanged)~~ by this Change Order in the amount of	$	90,000.00
The new (Contract Sum) (~~Guaranteed Maximum Price~~) including this Change Order will be	$	387,420.00

The Contract Time will be (increased) ~~(decreased) (unchanged)~~ by (90) days

The date of Substantial Completion as of the date of this Change Order therefore is October 15, 2016.

(Note: This Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price which have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.)

NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.

ARCHITECT *(Firm name)*	CONTRACTOR *(Firm name)*	OWNER *(Firm name)*
PRICE CONSULTING, INC.	MARSH WATERPROOFING, INC.	CITY OF BEAMONT
211 HIGHLAND CROSS #220 HOUSTON, TX 77073	240 S. MAIN ST. #2 VIDOR, TX 77662	801 MAIN STREET BEAUMONT, TX 77701
ADDRESS	ADDRESS	ADDRESS
BY *(Signature)*	BY *(Signature)* Tim Marsh	BY *(Signature)*
KARL A. SCHAACK *(Typed name)*	Tim Marsh *(Typed name)*	*(Typed name)*
DATE 5/2/16	DATE 5/3/16	DATE

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

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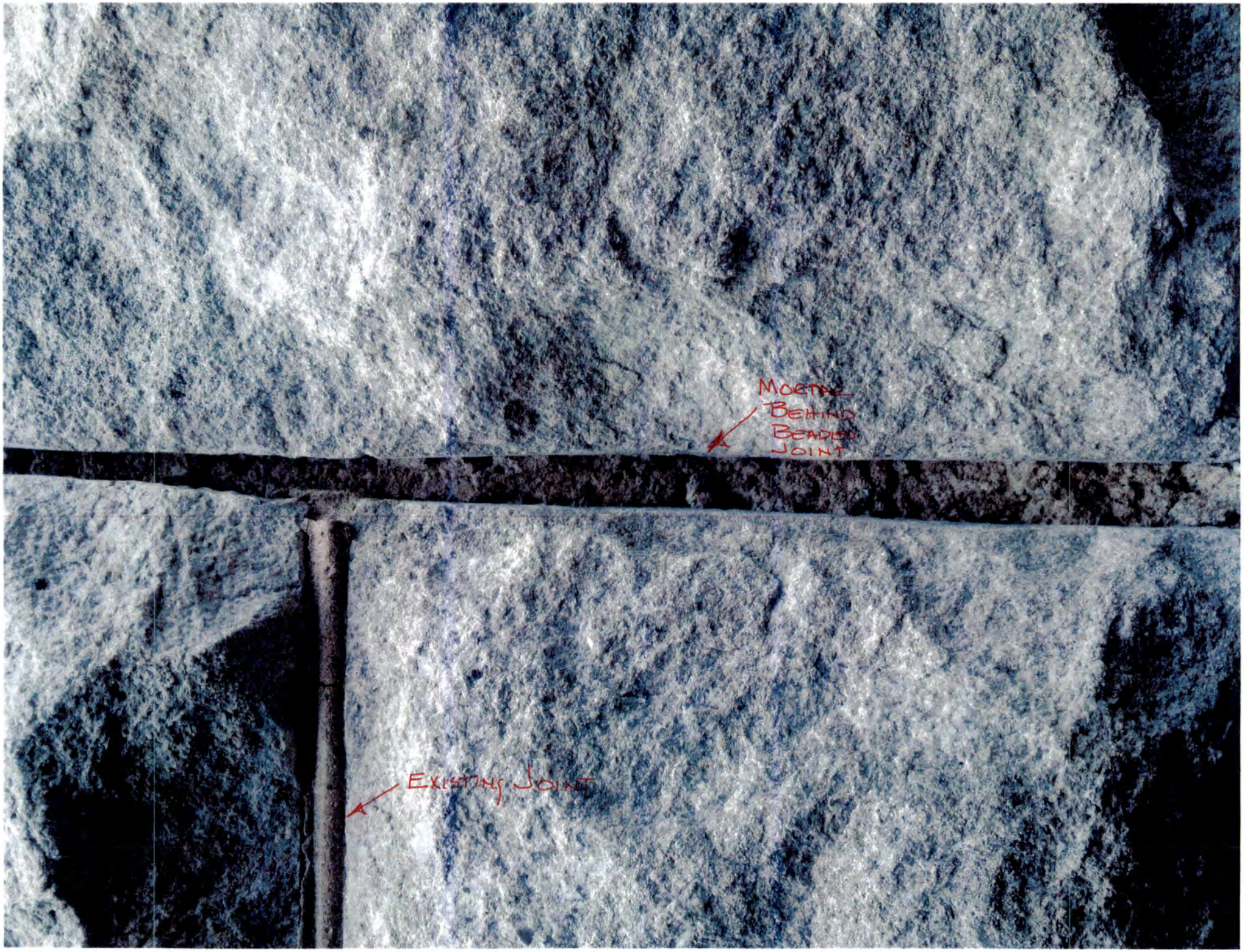
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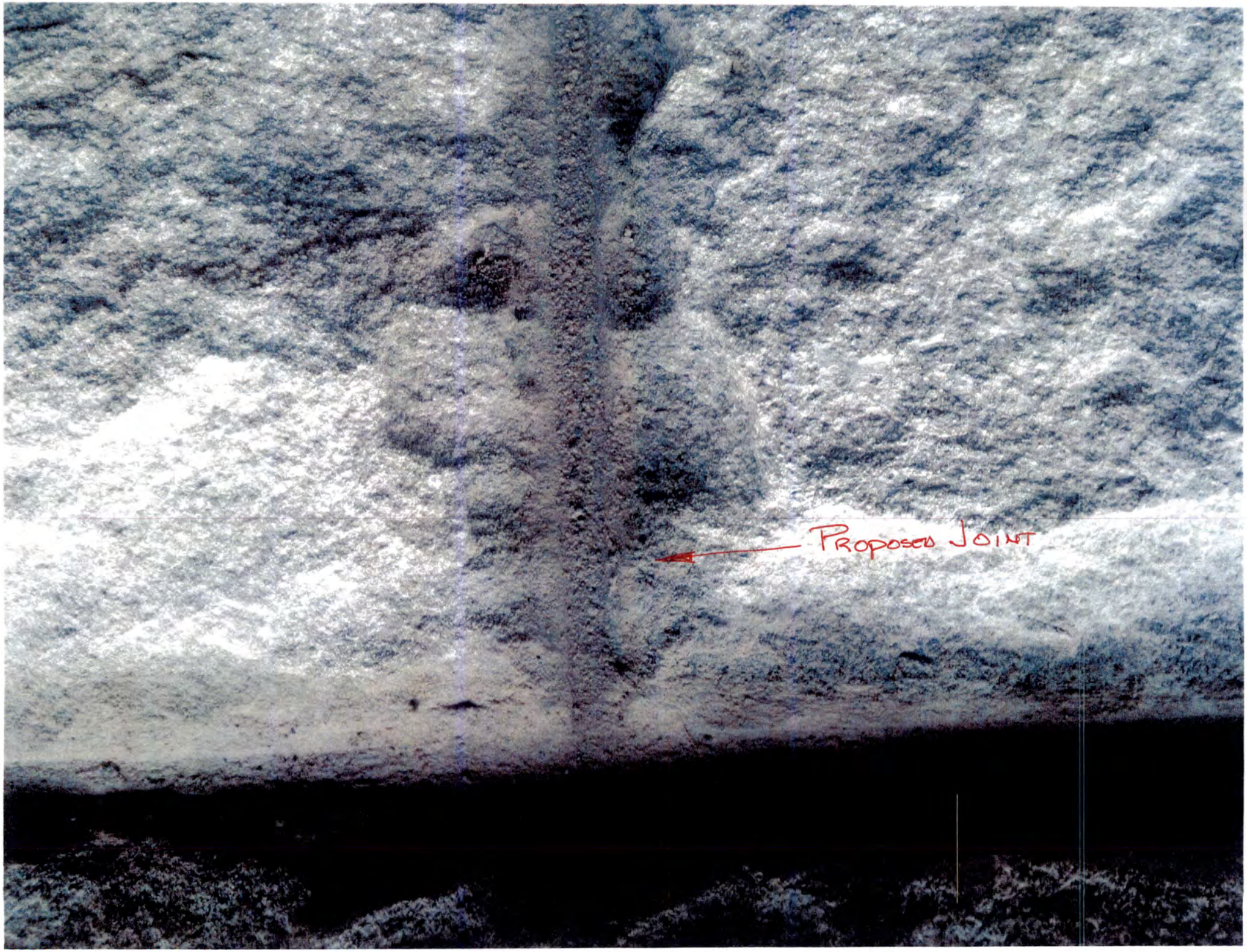
PROPOSED JOINT

RESOLUTION NO.

WHEREAS, on December 8, 2015, the City Council of the City of Beaumont, Texas, adopted Resolution No. 15-278 approving the award of a contract to Marsh Waterproofing, Inc., of Vidor, Texas, in the amount of $297,420.00 for the Tyrrell Historical Library Exterior Façade, Masonry Roof Repairs and Restoration Project; and,

WHEREAS, Change Order No. 1, in the amount of $90,000.00, is necessary to perform 100% tuck pointing of the masonry mortar joints in lieu of 5,000 linear feet included in the original contract, thereby increasing the total contract amount to $387,420.00; and,

NOW, THEREFORE, BE IT RESOLVED BY THE

CITY COUNCIL OF THE CITY OF BEAUMONT:

THAT the statements and findings set out in the preamble to this resolution are hereby, in all things, approved and adopted; and,

THAT the City Manager be and he is hereby authorized to execute Change Order No.1 for the additional work described above, thereby increasing the contract amount by $90,000.00 for a total contract amount of $387,420.00 for the Tyrrell Historical Library Exterior Façade, Masonry Roof Repairs and Restoration Project.

PASSED BY THE CITY COUNCIL of the City of Beaumont this the 10th day of May, 2016.

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- Mayor Becky Ames -