

# **AGENDA**

**CITY COUNCIL WORK SESSION  
City of Garland  
Work Session Room, City Hall  
200 North Fifth Street, Garland, Texas  
October 15, 2012**

**Council will meet beginning at 5:00 p.m.**

## **Executive Session**

- 1. Discuss or deliberate commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations, or deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. [Sec. 551.087, Tex. Gov't Code]**
  - a. Consider a proposal by the Stainback Corporation to locate a business prospect at two locations within the City of Garland: (1) At or near the intersection of S. Garland Road and Miller Road; (2) At or near the intersection of Buckingham Road and N. First Street.**

## **DEFINITIONS:**

**Written Briefing:** Items that generally do not require a presentation or discussion by the staff or Council. On these items the staff is seeking direction from the Council or providing information in a written format.

**Verbal Briefing:** These items do not require written background information or are an update on items previously discussed by the Council.

**Regular Item:** These items generally require discussion between the Council and staff, boards, commissions, or consultants. These items are often accompanied by a formal presentation followed by discussion.

**[Public comment will not be accepted during Work Session  
unless Council determines otherwise.]**

**NOTICE:** The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

(1) Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, TEX. GOV'T CODE.

(2) The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, TEX. GOV'T CODE.

(3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, TEX. GOV'T CODE.

(4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, TEX. GOV'T CODE.

(5) The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, TEX. GOV'T CODE.

(6) Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or

to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, TEX. GOV'T CODE.

(7) Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; TEX. GOV'T CODE; Sec. 552.133, TEX. GOV'T CODE]

**(6:00) 1. Written Briefings:**

**a. Portfolio Summary**

*The Portfolio Summary Report is provided to Council each quarter. The report is in compliance with the requirements of the Public Funds Investment Act. Management of the City's portfolios is conducted in accordance with the City Council Policy Finance-06, Statement of Investment Policy, and City Council Policy Finance-05, Statement of Investment Strategy.*

**b. Rate Mitigation Quarterly Portfolio Report**

*The Rate Mitigation Portfolio Report is provided to Council each quarter. The report presents investment information regarding the balances held in the Rate Mitigation Fund.*

**c. Annual Review of Investment Policy and Investment Strategy**

*The Public Funds Investment Act requires an annual review of the City's written Investment Policy, Investment Strategy, and approved broker list. In accordance with Council policy, amendments to City Council Policy FIN-05, Statement of Investment Strategy, and Council Policy FIN-06, Statement of Investment Policy, require Council's approval. In conjunction with the annual review, staff is requesting an amendment to Council Policy FIN-06. If Council concurs, this item will be scheduled for formal consideration at the November 6, 2012 Regular Meeting.*

**d. Sale of Property – 601 Sixth Street**

*The Garland Independent School District (GISD) has received an offer from the Garland Housing Finance Corporation (GHFC) to purchase property located at 601 Sixth Street. This property has been held by GISD since 1988. Pursuant to Section 34.05 of the Texas Property Tax Code, this property may be resold to a private entity with approval of all taxing agencies. GISD is requesting approval from Dallas County and the City of Garland to move forward with the sale of the property. GHFC has offered \$5,000 for the property which exceeds the judgment amount of \$1,670.93. The net proceeds from the sale to the City of Garland is \$3,636.50 for City*

*liens, post judgment maintenance, and \$223.16 for City of Garland prorated tax distribution. If Council concurs, this item will be scheduled for formal consideration at the November 6, 2012 Regular Meeting.*

**e. Creation of a Battalion Chief Position**

*Council is requested to consider authorizing the creation of a battalion chief position in exchange for a lieutenant position. This would increase the number of battalion chiefs from 7 to 8 and decrease the number of lieutenant positions from 14 to 13. If approved, the battalion chief position will be held by the fire marshal. This request was discussed with Council during the Fire Department's 2012-13 budget presentation. The additional funding for the upgraded position from lieutenant to battalion chief was approved by Council in the 2012-13 Approved Budget. If Council concurs, this item will be scheduled for formal consideration at the November 6, 2012 Regular Meeting.*

Item	Key Person
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**(6:15) 2. Verbal Briefings:**

**a. Utility Services Committee Report**

**Dodson**

*Council Member Lori Barnett Dodson, chair of the Utility Services Committee, will provide a committee report on the following items:*

- *GP&L summer energy market*
- *TMPA third party operating agreement vs. traditional general manager*
- *Proposal for GP&L to oversee TMPA transmission division*

**b. Development Services Committee Report**

**Edwards**

*Deputy Mayor Pro Tem Preston Edwards, chair of the Development Services Committee, will provide a committee report on the following items:*

- *Current sign ordinance*

- *Bulky waste pickup program*
- *Senior citizen discount program for residential environmental waste services*

**3. Consider the Consent Agenda** **Council**

*A member of the City Council may ask that an item on the consent agenda for the next regular meeting be pulled from the consent agenda and considered separate from the other consent agenda items. No substantive discussion of that item will take place at this time.*

**4. Announce Future Agenda Items** **Council**

*A member of the City Council, with a second by another member, or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or a committee of the City Council. No substantive discussion of that item will take place at this time.*

**(7:00) 5. Adjourn** **Council**

**(Estimated time to consider)**



# City Council Item Summary Sheet

Work Session

Agenda Item

Date: October 15, 2012

## Portfolio Summary

### Summary of Request/Problem

Staff presents the Portfolio Summary report to Council each quarter. The report is in compliance with the requirements of the Public Funds Investment Act. Management of the City's portfolios is conducted in accordance with the City Council Policy Finance-06, Statement of Investment Policy and City Council Policy Finance-05, Statement of Investment Strategy.

### Recommendation/Action Requested and Justification

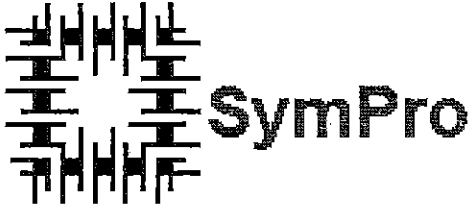
The September 30, 2012 Portfolio Summary is presented to inform the Council. Staff will be available to discuss the report with Council.

**Submitted By:**

**David Schuler**  
Managing Director for Financial Services

**Approved By:**

**William E. Dollar**  
City Manager



**City of Garland Portfolio Summary**  
**Texas Compliance Summary**  
**Sorted by Investment Class**  
**September 1, 2012 - September 30, 2012**


City of Garland  
 Financial Services

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
> 1 Year FV	Value beginning 09/01/2012	292,755,000.00	288,669,303.18	292,807,467.93	444,161.03
	Net Change	-11,000,000.00	-6,534,893.20	-11,000,173.66	-43,834.67
	Value ending 09/30/2012	281,755,000.00	282,134,409.98	281,807,294.27	400,326.36
< 1 Year AC	Value beginning 09/01/2012	163,523,774.36	163,523,774.36	163,523,774.36	133,505.54
	Net Change	18,100,171.38	18,100,171.38	18,100,171.38	3.61
	Value ending 09/30/2012	181,623,945.74	181,623,945.74	181,623,945.74	133,509.15
Total	Value beginning 09/01/2012	456,278,774.36	452,193,077.54	456,331,242.29	577,666.57
	Net Change	7,100,171.38	11,565,278.18	7,099,997.72	-43,831.06
	Value ending 09/30/2012	463,378,945.74	463,758,355.72	463,431,240.01	533,835.51

This report is prepared in compliance with Generally Accepted Accounting Principles, the Public Funds Investment Act and the Statement of Investment Strategies as approved by the City Council.

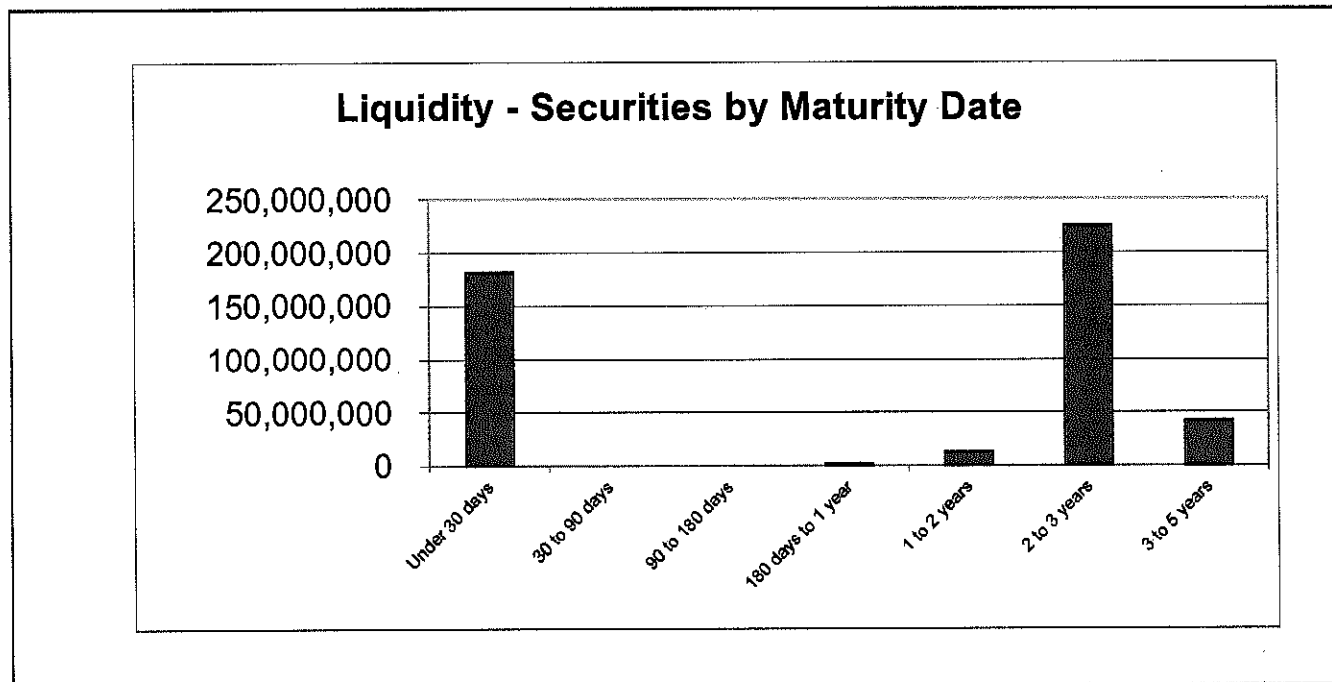
  
 Cash & Debt Administrator

  
 Finance Director

  
 Accounting Administrator

**Liquidity - Securities by Maturity Date**  
**City of Garland, Texas**  
**September 30, 2012**

	<u>Treasury</u>	<u>GO I &amp; S</u>	<u>Rate Mitigation</u>	<u>CMH Landfill</u>	<u>Total Par Value</u>	<u>Percent</u>
Under 30 days	135,231,274	4,959,887	41,393,094	39,691	181,623,946	39.20%
30 to 90 days	0	0	0	0	0	0.00%
90 to 180 days	0	0	0	0	0	0.00%
180 days to 1 year	2,000,000	0	0	0	2,000,000	0.43%
1 to 2 years	6,000,000	0	7,000,000	0	13,000,000	2.81%
2 to 3 years	133,080,000	0	83,675,000	8,000,000	224,755,000	48.50%
3 to 5 years	3,000,000	0	39,000,000	0	42,000,000	9.06%
	<u>279,311,274</u>	<u>4,959,887</u>	<u>171,068,094</u>	<u>8,039,691</u>	<u>463,378,946</u>	<u>100.00%</u>
Weighted Average Maturity Days	481	1	774	893		

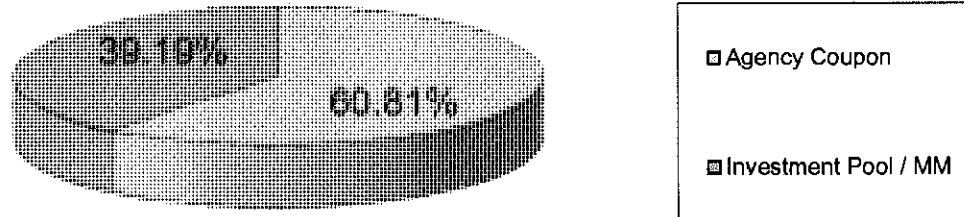




**Safety - Securities by Type**  
**City of Garland, Texas**  
**September 30, 2012**

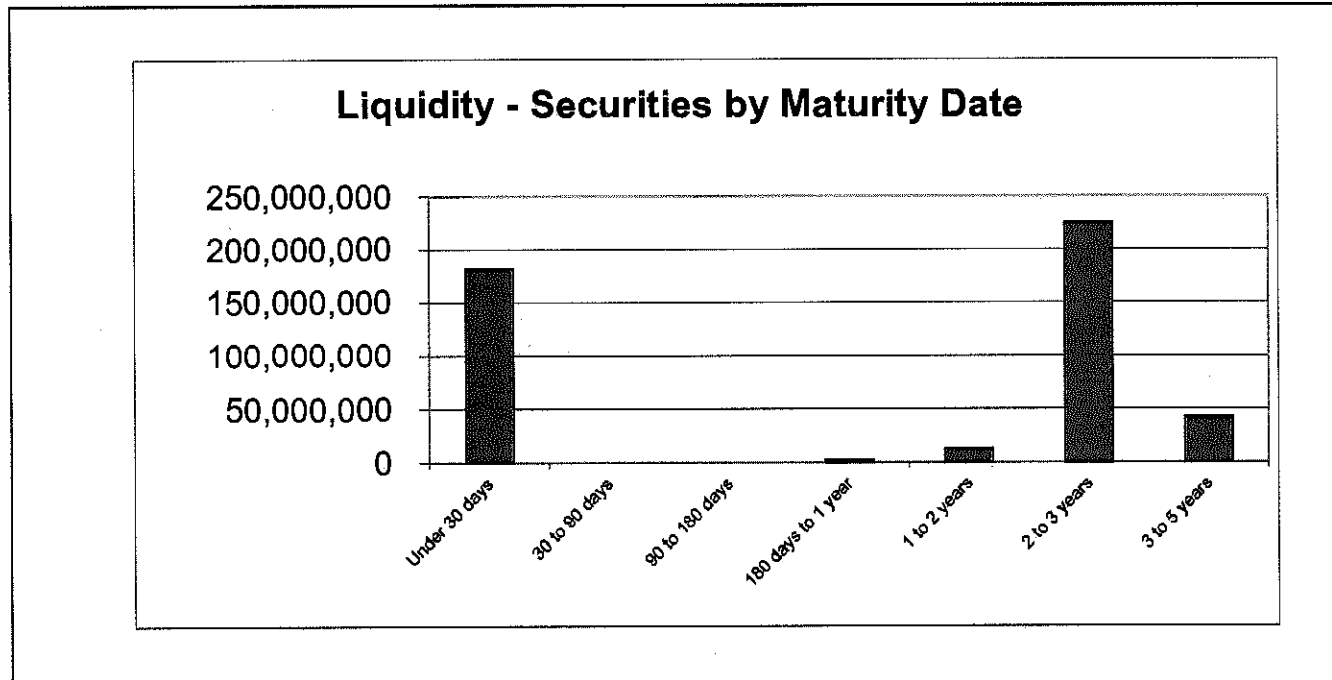
<u>Security Type</u>	<u>Treasury</u>	<u>GO I &amp; S</u>	<u>Rate Mitigation</u>	<u>CMH Landfill</u>	<u>Total Book Value</u>	<u>Percent</u>
Agency Coupon	144,063,463	0	129,745,543	7,998,289	281,807,294	60.81%
Investment Pool / MM	135,231,274	4,959,887	41,393,094	39,691	181,623,946	39.19%
Total	<u>279,294,737</u>	<u>4,959,887</u>	<u>171,138,637</u>	<u>8,037,980</u>	<u>463,431,240</u>	<u>100.00%</u>

**Safety - Securities by Type**



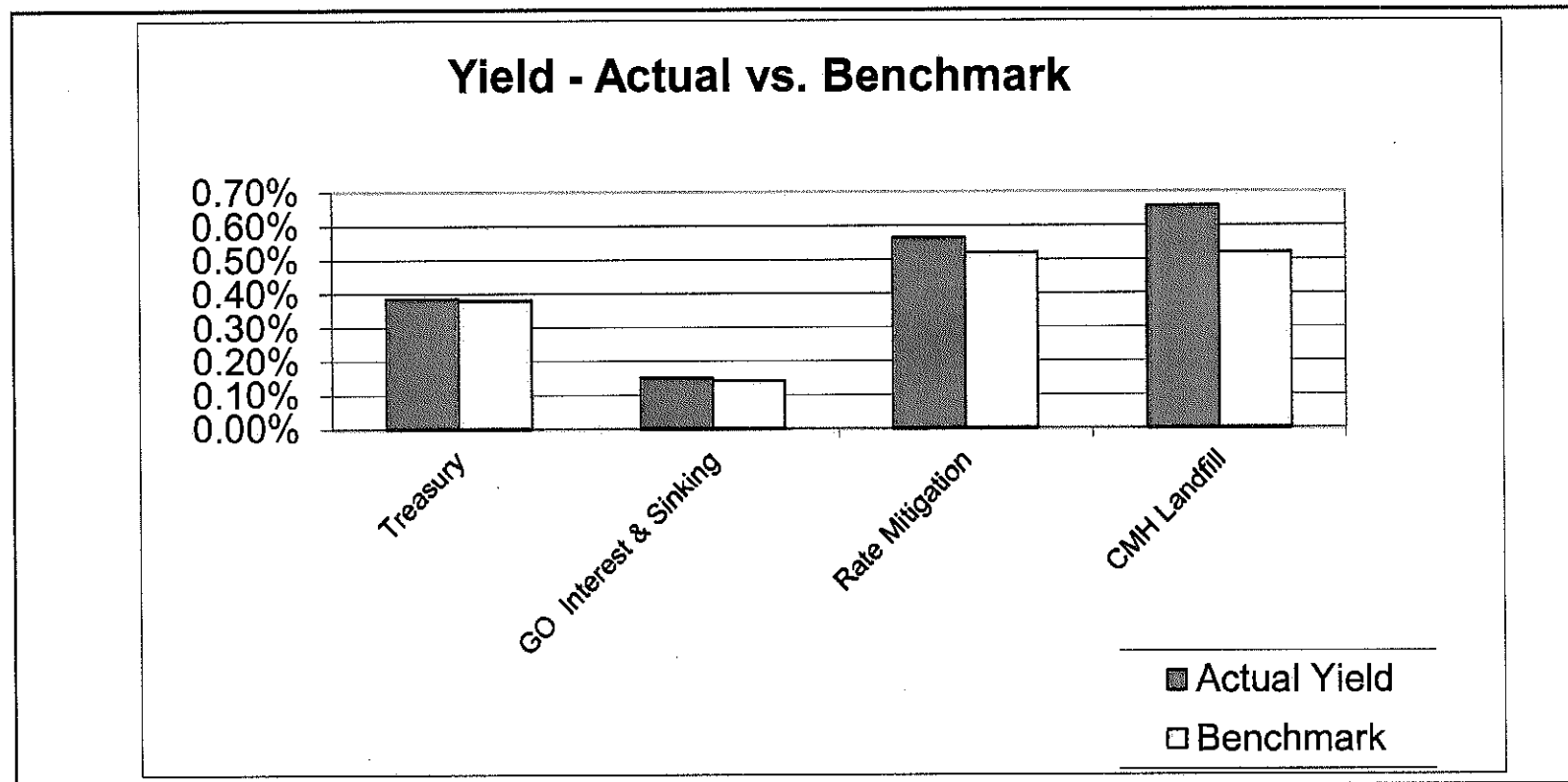
**Liquidity - Securities by Maturity Date**  
**City of Garland, Texas**  
**September 30, 2012**

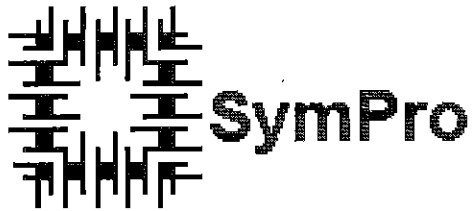
	<u>Treasury</u>	<u>GO I &amp; S</u>	<u>Rate Mitigation</u>	<u>CMH Landfill</u>	<u>Total Par Value</u>	<u>Percent</u>
Under 30 days	135,231,274	4,959,887	41,393,094	39,691	181,623,946	39.20%
30 to 90 days	0	0	0	0	0	0.00%
90 to 180 days	0	0	0	0	0	0.00%
180 days to 1 year	2,000,000	0	0	0	2,000,000	0.43%
1 to 2 years	6,000,000	0	7,000,000	0	13,000,000	2.81%
2 to 3 years	133,080,000	0	83,675,000	8,000,000	224,755,000	48.50%
3 to 5 years	3,000,000	0	39,000,000	0	42,000,000	9.06%
	<u>279,311,274</u>	<u>4,959,887</u>	<u>171,068,094</u>	<u>8,039,691</u>	<u>463,378,946</u>	<u>100.00%</u>
Weighted Average Maturity Days	481	1	774	893		



**Yield - Interest Income  
City of Garland, Texas  
September 30, 2012**

<u>Portfolio</u>	<u>Interest Income Fiscal YTD</u>	<u>Current Yield</u>	<u>Benchmark Yield</u>	<u>Unrealized Gain (Loss)</u>
Treasury	\$980,560	0.39%	0.38%	\$154,695
GO Interest & Sinking	\$12,326	0.15%	0.14%	\$0
Rate Mitigation	\$914,569	0.57%	0.52%	\$164,368
CMH Landfill	\$46,538	0.66%	0.52%	\$8,052
Total Portfolios	<u>\$1,953,994</u>			<u>\$327,116</u>





**City of Garland Portfolio Summary  
Texas Compliance Details  
Sorted by Investment Class  
September 30, 2012**

City of Garland  
Financial Services

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: &gt; 1 Year FV</b>												
3136FPEL7	1490	100	Fed National Mort Assoc	FAC	2,000,000.00	09/09/2013		1.050	100.638	09/28/2012	2,012,734.00	1,999,902.20
3136FPAK4	1499	214	Fed National Mort Assoc	FAC	5,000,000.00	03/28/2014		1.250	101.398	09/28/2012	5,069,930.00	5,003,329.61
3133803Q8	1838	100	Federal Home Loan Bank	FAC	3,000,000.00	07/30/2014	01/30/2013	0.400	100.057	09/28/2012	3,001,719.00	3,000,000.00
3133803Q8	1839	214	Federal Home Loan Bank	FAC	2,000,000.00	07/30/2014	01/30/2013	0.400	100.057	09/28/2012	2,001,146.00	2,000,000.00
313380KCO	1863	100	Federal Home Loan Bank	FAC	3,000,000.00	09/12/2014	03/12/2013	0.400	100.061	09/28/2012	3,001,857.00	3,000,000.00
3134G3SQ4	1744	214	Federal Home Loan Mort. Corp.	FAC	2,675,000.00	09/22/2014	03/22/2013	0.500	100.154	09/28/2012	2,679,119.50	2,672,041.45
3133EACR7	1727	100	Federal Farm Credit Bank	FAC	3,609,000.00	11/07/2014		0.420	100.001	09/28/2012	3,609,050.53	3,604,741.30
3135G0LF8	1788	100	Fed National Mort Assoc	FAC	4,000,000.00	11/24/2014	05/24/2013	0.500	100.133	09/28/2012	4,005,352.00	4,000,000.00
3135G0LF8	1789	100	Fed National Mort Assoc	FAC	3,000,000.00	11/24/2014	05/24/2013	0.500	100.133	09/28/2012	3,004,014.00	3,000,000.00
3135G0LF8	1790	214	Fed National Mort Assoc	FAC	2,000,000.00	11/24/2014	05/24/2013	0.500	100.133	09/28/2012	2,002,676.00	2,000,000.00
3136FTNV7	1683	214	Fed National Mort Assoc	FAC	3,000,000.00	11/28/2014	11/28/2012	0.625	100.048	09/28/2012	3,001,446.00	3,000,000.00
3136FTNV7	1684	100	Fed National Mort Assoc	FAC	2,000,000.00	11/28/2014	11/28/2012	0.625	100.048	09/28/2012	2,000,984.00	2,000,000.00
3136FTSF7	1694	100	Fed National Mort Assoc	FAC	2,000,000.00	12/12/2014	12/12/2012	0.650	100.028	09/28/2012	2,000,570.00	2,000,000.00
3136FTQV4	1698	100	Fed National Mort Assoc	FAC	2,000,000.00	12/12/2014	12/12/2012	0.875	100.044	09/28/2012	2,000,886.00	2,000,000.00
3134G3CV0	1695	100	Federal Home Loan Mort. Corp.	FAC	2,000,000.00	12/19/2014	12/19/2012	1.000	100.108	09/28/2012	2,002,174.00	2,000,000.00
3134G3CV0	1696	214	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	12/19/2014	12/19/2012	1.000	100.108	09/28/2012	3,003,261.00	3,000,000.00
3134G3DY3	1701	100	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	12/19/2014	12/19/2012	0.875	100.155	09/28/2012	3,004,662.00	3,000,000.00
3134G3ES5	1702	100	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	12/19/2014	12/19/2012	0.625	100.068	09/28/2012	3,002,064.00	3,000,000.00
31331K3C2	1703	100	Federal Farm Credit Bank	FAC	2,000,000.00	12/19/2014	12/19/2012	0.750	100.101	09/28/2012	2,002,024.00	2,000,000.00
31331K3C2	1705	635	Federal Farm Credit Bank	FAC	3,000,000.00	12/19/2014	12/19/2012	0.750	100.101	09/28/2012	3,003,036.00	3,000,000.00
3133EAVJ4	1806	100	Federal Farm Credit Bank	FAC	3,000,000.00	12/26/2014	06/26/2013	0.480	100.219	09/28/2012	3,006,591.00	3,000,000.00
3133EAVJ4	1807	214	Federal Farm Credit Bank	FAC	2,000,000.00	12/28/2014	06/26/2013	0.480	100.219	09/28/2012	2,004,394.00	2,000,000.00
3135G0MJ9	1832	100	Fed National Mort Assoc	FAC	4,000,000.00	01/09/2015		0.500	100.120	09/28/2012	4,004,808.00	4,000,000.00
3136FTHC6	1680	214	Fed National Mort Assoc	FAC	3,000,000.00	01/26/2015	10/26/2012	1.000	100.034	09/28/2012	3,001,041.00	3,000,000.00
3135G0KS1	1784	100	Fed National Mort Assoc	FAC	3,000,000.00	02/10/2015	05/10/2013	0.560	100.116	09/28/2012	3,003,489.00	3,000,000.00
3135G0KS1	1786	214	Fed National Mort Assoc	FAC	2,000,000.00	02/10/2015	05/10/2013	0.560	100.116	09/28/2012	2,002,326.00	2,000,000.00
3135G0KS1	1791	100	Fed National Mort Assoc	FAC	3,000,000.00	02/10/2015	05/10/2013	0.560	100.116	09/28/2012	3,003,489.00	3,000,000.00
3135G0KS1	1792	214	Fed National Mort Assoc	FAC	2,000,000.00	02/10/2015	05/10/2013	0.560	100.116	09/28/2012	2,002,326.00	2,000,000.00
3133EADS4	1718	100	Federal Farm Credit Bank	FAC	4,000,000.00	02/17/2015		0.570	100.002	09/28/2012	4,000,116.00	4,000,000.00
3134G3NL0	1715	635	Federal Home Loan Mort. Corp.	FAC	1,000,000.00	02/24/2015	02/24/2014	0.500	100.147	09/28/2012	1,001,475.00	999,800.23
3134G3NL0	1716	214	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	02/24/2015	02/24/2014	0.500	100.147	09/28/2012	3,004,425.00	2,999,400.69
3134G3NZ9	1713	100	Federal Home Loan Mort. Corp.	FAC	2,000,000.00	02/27/2015	02/27/2013	0.550	100.141	09/28/2012	2,002,834.00	2,000,000.00

City of Garland Portfolio Summary  
Texas Compliance Details  
September 30, 2012

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: &gt; 1 Year FV</b>												
3134G3NZ9	1714	214	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	02/27/2015	02/27/2013	0.550	100.141	09/28/2012	3,004,251.00	3,000,000.00
313380F44	1855	100	Federal Home Loan Mortgage Cor	FAC	3,000,000.00	02/27/2015		0.400	99.973	09/28/2012	2,999,217.00	3,000,000.00
313380GE1	1856	100	Federal Home Loan Mortgage Cor	FAC	3,000,000.00	02/27/2015	02/27/2013	0.450	100.057	09/28/2012	3,001,728.00	3,000,000.00
313380GE1	1857	214	Federal Home Loan Mortgage Cor	FAC	2,000,000.00	02/27/2015	02/27/2013	0.450	100.057	09/28/2012	2,001,152.00	2,000,000.00
3134G3QH6	1719	214	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	03/15/2015	03/05/2014	0.570	100.522	09/28/2012	3,015,663.00	3,000,000.00
313380NJ2	1868	100	Federal Home Loan Bank	FAC	4,000,000.00	03/18/2015	03/16/2013	0.400	100.068	09/28/2012	4,002,740.00	4,000,000.00
3135G0JJ3	1738	100	Fed National Mort Assoc	FAC	3,000,000.00	03/28/2015		0.700	100.290	09/28/2012	3,008,724.00	2,998,632.64
3135G0JJ3	1741	214	Fed National Mort Assoc	FAC	2,000,000.00	03/26/2015		0.700	100.290	09/28/2012	2,005,816.00	1,999,088.43
3136FT4B2	1729	100	Fed National Mort Assoc	FAC	3,000,000.00	03/27/2015	03/27/2013	0.650	100.207	09/28/2012	3,006,219.00	2,999,875.56
3136FT4B2	1730	214	Fed National Mort Assoc	FAC	2,000,000.00	03/27/2015	03/27/2013	0.650	100.207	09/28/2012	2,004,146.00	1,999,917.04
313378UT6	1753	100	Federal Home Loan Bank	FAC	3,000,000.00	04/17/2015		0.720	100.002	09/28/2012	3,000,084.00	3,000,000.00
313378UT6	1754	214	Federal Home Loan Bank	FAC	2,000,000.00	04/17/2015		0.720	100.002	09/28/2012	2,000,056.00	2,000,000.00
3135G0JT1	1751	100	Fed National Mort Assoc	FAC	3,000,000.00	04/23/2015	10/23/2012	0.760	100.028	09/28/2012	3,000,858.00	3,000,000.00
3135G0JT1	1752	214	Fed National Mort Assoc	FAC	2,000,000.00	04/23/2015	10/23/2012	0.760	100.028	09/28/2012	2,000,572.00	2,000,000.00
313378WQ0	1759	100	Federal Home Loan Bank	FAC	3,000,000.00	04/23/2015		0.670	100.001	09/28/2012	3,000,045.00	2,989,231.67
313378WQ0	1760	214	Federal Home Loan Bank	FAC	2,000,000.00	04/23/2015		0.670	100.001	09/28/2012	2,000,030.00	1,989,487.78
3136G0CH2	1757	214	Fed National Mort Assoc	FAC	2,000,000.00	04/24/2015	04/24/2013	0.500	100.043	09/28/2012	2,000,874.00	2,000,000.00
3133EAZU5	1840	100	Federal Farm Credit Bank	FAC	3,000,000.00	04/24/2015	10/24/2012	0.450	100.014	09/28/2012	3,000,438.00	3,000,000.00
3133EAZU5	1841	214	Federal Farm Credit Bank	FAC	2,000,000.00	04/24/2015	10/24/2012	0.450	100.014	09/28/2012	2,000,292.00	2,000,000.00
3133EAZU5	1844	100	Federal Farm Credit Bank	FAC	2,000,000.00	04/24/2015	10/24/2012	0.450	100.014	09/28/2012	2,000,292.00	1,999,906.10
3133EAZU5	1845	214	Federal Farm Credit Bank	FAC	4,000,000.00	04/24/2015	10/24/2012	0.450	100.014	09/28/2012	4,000,584.00	3,999,812.21
3136G0FU0	1761	100	Fed National Mort Assoc	FAC	3,000,000.00	04/30/2015	04/30/2013	0.600	99.960	09/28/2012	2,999,400.00	3,000,000.00
3136G0FU0	1762	214	Fed National Mort Assoc	FAC	2,000,000.00	04/30/2015	04/30/2013	0.600	99.980	09/28/2012	1,999,600.00	2,000,000.00
3135G0KH5	1764	100	Fed National Mort Assoc	FAC	3,000,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	3,004,428.00	3,000,000.00
3135G0KH5	1765	214	Fed National Mort Assoc	FAC	2,000,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	2,002,952.00	2,000,000.00
3135G0KH5	1767	635	Fed National Mort Assoc	FAC	1,200,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	1,201,771.20	1,200,000.00
3135G0KH5	1769	214	Fed National Mort Assoc	FAC	3,000,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	3,004,428.00	3,000,000.00
3135G0KH5	1770	100	Fed National Mort Assoc	FAC	3,000,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	3,004,428.00	3,000,000.00
3135G0KH5	1771	214	Fed National Mort Assoc	FAC	2,000,000.00	04/30/2015	04/30/2013	0.700	100.147	09/28/2012	2,002,952.00	2,000,000.00
3133EAPN2	1793	214	Federal Farm Credit Bank	FAC	3,000,000.00	05/08/2015	05/08/2013	0.560	100.174	09/28/2012	3,005,229.00	2,999,333.25
3133EAPN2	1798	100	Federal Farm Credit Bank	FAC	3,000,000.00	05/08/2015	05/08/2013	0.560	100.174	09/28/2012	3,005,229.00	2,998,661.43
3133EAPN2	1802	100	Federal Farm Credit Bank	FAC	1,471,000.00	05/08/2015	05/08/2013	0.560	100.174	09/28/2012	1,473,563.95	1,469,679.76
313379B65	1773	100	Federal Home Loan Bank	FAC	3,000,000.00	05/15/2015	11/15/2012	0.600	100.051	09/28/2012	3,001,548.00	3,000,000.00
313379B65	1774	214	Federal Home Loan Bank	FAC	2,000,000.00	05/15/2015	11/15/2012	0.600	100.051	09/28/2012	2,001,032.00	2,000,000.00
3136G0GL9	1775	100	Fed National Mort Assoc	FAC	3,000,000.00	05/21/2015	05/21/2013	0.625	100.163	09/28/2012	3,004,893.00	3,000,000.00
3136G0GL9	1776	214	Fed National Mort Assoc	FAC	2,000,000.00	05/21/2015	05/21/2013	0.625	100.163	09/28/2012	2,003,262.00	2,000,000.00

City of Garland Portfolio Summary  
Texas Compliance Details  
September 30, 2012

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: &gt; 1 Year FV</b>												
3136G0GL9	1782	100	Fed National Mort Assoc	FAC	2,000,000.00	05/21/2015	05/21/2013	0.625	100.163	09/28/2012	2,003,262.00	1,999,648.15
3133EATR9	1799	100	Federal Farm Credit Bank	FAC	3,000,000.00	06/11/2015		0.580	100.002	09/28/2012	3,000,063.00	2,998,380.33
3133EATR9	1800	635	Federal Farm Credit Bank	FAC	2,800,000.00	08/11/2015		0.580	100.002	09/28/2012	2,800,058.80	2,798,488.31
3133EAUJ2	1805	100	Federal Farm Credit Bank	FAC	3,000,000.00	06/18/2015	06/18/2013	0.560	100.192	09/28/2012	3,005,763.00	3,000,000.00
3133EAUJ9	1803	100	Federal Farm Credit Bank	FAC	2,000,000.00	06/19/2015		0.590	100.002	09/28/2012	2,000,052.00	2,000,000.00
3133EAXC7	1835	100	Federal Farm Credit Bank	FAC	3,000,000.00	07/09/2015	10/09/2012	0.570	100.007	09/28/2012	3,000,237.00	3,000,000.00
3135G0ML4	1830	100	Fed National Mort Assoc	FAC	3,000,000.00	07/16/2015		0.650	100.066	09/28/2012	3,002,007.00	3,000,000.00
3135G0ML4	1831	214	Fed National Mort Assoc	FAC	2,000,000.00	07/16/2015		0.650	100.066	09/28/2012	2,001,338.00	2,000,000.00
3135G0MP5	1828	100	Fed National Mort Assoc	FAC	3,000,000.00	07/17/2015		0.600	100.171	09/28/2012	3,005,130.00	3,000,000.00
3135G0MP5	1829	214	Fed National Mort Assoc	FAC	2,000,000.00	07/17/2015		0.600	100.171	09/28/2012	2,003,420.00	2,000,000.00
3135G0MU4	1836	100	Fed National Mort Assoc	FAC	3,000,000.00	07/30/2015		0.600	100.123	09/28/2012	3,003,705.00	3,000,000.00
3135G0MU4	1837	214	Fed National Mort Assoc	FAC	2,000,000.00	07/30/2015		0.600	100.123	09/28/2012	2,002,470.00	2,000,000.00
3133EAB98	1848	100	Federal Farm Credit Bank	FAC	3,000,000.00	08/06/2015	11/06/2012	0.450	100.021	09/28/2012	3,000,633.00	2,999,857.64
3135G0ND1	1842	100	Fed National Mort Assoc	FAC	3,000,000.00	08/13/2015	02/13/2013	0.520	99.999	09/28/2012	2,999,979.00	2,999,856.67
3135G0ND1	1843	214	Fed National Mort Assoc	FAC	2,000,000.00	08/13/2015	02/13/2013	0.520	99.999	09/28/2012	1,999,986.00	1,999,904.44
3133EAK31	1861	100	Federal Farm Credit Bank	FAC	3,000,000.00	08/20/2015	08/20/2013	0.470	100.118	09/28/2012	3,003,540.00	2,997,113.89
3133EAK31	1862	214	Federal Farm Credit Bank	FAC	2,000,000.00	08/20/2015	08/20/2013	0.470	100.118	09/28/2012	2,002,360.00	1,998,075.93
3135G0NS8	1858	214	Fed National Mort Assoc	FAC	2,000,000.00	08/27/2015	08/27/2013	0.520	100.120	09/28/2012	2,002,404.00	2,000,000.00
3134G3K25	1870	100	Federal Home Loan Mort. Corp.	FAC	3,000,000.00	09/25/2015	09/25/2013	0.500	100.010	09/28/2012	3,000,315.00	2,999,970.17
3134G3K25	1871	214	Federal Home Loan Mort. Corp.	FAC	2,000,000.00	09/25/2015	09/25/2013	0.500	100.010	09/28/2012	2,000,210.00	1,999,980.11
3136FT4P1	1728	214	Fed National Mort Assoc	FAC	2,000,000.00	09/28/2015	03/28/2013	0.500	100.131	09/28/2012	2,002,632.00	2,000,000.00
3133EA2K3	1873	100	Federal Farm Credit Bank	FAC	4,000,000.00	09/28/2015	12/28/2012	0.450	100.037	09/28/2012	4,001,516.00	3,998,005.56
3133EA2K3	1874	214	Federal Farm Credit Bank	FAC	3,000,000.00	09/28/2015	12/28/2012	0.450	100.037	09/28/2012	3,001,137.00	2,998,504.17
3136FR5Q2	1697	214	Fed National Mort Assoc	FAC	2,000,000.00	10/05/2015	10/05/2012	1.100	100.008	09/28/2012	2,000,160.00	1,997,648.59
3136G0BQ3	1750	214	Fed National Mort Assoc	FAC	3,000,000.00	10/23/2015	10/23/2012	0.500	100.010	09/28/2012	3,000,324.00	3,000,000.00
3133EANC8	1777	214	Federal Farm Credit Bank	FAC	3,000,000.00	10/30/2015		0.690	100.002	09/28/2012	3,000,081.00	2,998,943.81
3133783U3	1722	214	Federal Home Loan Bank	FAC	2,000,000.00	12/01/2015		0.750	100.004	09/28/2012	2,000,094.00	1,996,841.78
3133EAS25	1867	214	Federal Farm Credit Bank	FAC	2,000,000.00	12/04/2015	12/04/2012	0.500	100.027	09/28/2012	2,000,554.00	2,000,000.00
3133EAUD8	1801	214	Federal Farm Credit Bank	FAC	2,000,000.00	12/14/2015		0.700	100.002	09/28/2012	2,000,054.00	2,000,000.00
3133EAND8	1783	214	Federal Farm Credit Bank	FAC	3,000,000.00	02/01/2016		0.770	100.003	09/28/2012	3,000,102.00	2,999,329.86
313380C70	1850	214	Federal Home Loan Bank	FAC	2,000,000.00	02/08/2016	02/08/2013	0.550	100.027	09/28/2012	2,000,540.00	1,999,616.83
3134G3LJ7	1864	214	Federal Home Loan Mort. Corp.	FAC	2,000,000.00	02/10/2016	02/10/2014	0.950	100.827	09/28/2012	2,018,552.00	2,015,406.73
3133EADK1	1794	100	Federal Farm Credit Bank	FAC	3,000,000.00	02/22/2016	02/22/2013	0.850	100.290	09/28/2012	3,008,724.00	3,000,000.00
3135G0NJ8	1849	214	Fed National Mort Assoc	FAC	3,000,000.00	02/22/2016	02/22/2013	0.600	100.000	09/28/2012	3,000,000.00	3,000,000.00
3135G0NJ8	1859	214	Fed National Mort Assoc	FAC	2,000,000.00	02/22/2016	02/22/2013	0.600	100.058	09/28/2012	2,001,178.00	1,999,321.67
313372WH3	1652	214	Federal Home Loan Bank	FAC	2,000,000.00	03/22/2016	03/22/2013	3.500	101.479	09/28/2012	2,029,582.00	2,070,661.05

City of Garland Portfolio Summary  
Texas Compliance Details  
September 30, 2012

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: &gt; 1 Year FV</b>												
3136G0YG0	1860	214	Fed National Mort Assoc	FAC	2,000,000.00	08/15/2016	02/15/2013	0.760	100.168	09/28/2012	2,003,368.00	1,999,806.12
3136FTQZ5	1889	214	Fed National Mort Assoc	FAC	3,000,000.00	12/05/2016	12/05/2012	1.000	100.023	09/28/2012	3,000,693.00	3,000,000.00
3135G0HT3	1720	214	Fed National Mort Assoc	FAC	2,000,000.00	03/06/2017	03/06/2013	1.250	100.409	09/28/2012	2,008,198.00	2,000,000.00
3136G0CP4	1758	214	Fed National Mort Assoc	FAC	2,000,000.00	04/17/2017	04/17/2013	0.750	100.295	09/28/2012	2,005,904.00	1,999,091.11
3133EAU97	1869	214	Federal Farm Credit Bank	FAC	2,000,000.00	09/13/2017	12/13/2012	1.020	100.079	09/28/2012	2,001,588.00	2,000,000.00
				<b>Subtotal</b>	<b>281,755,000.00</b>						<b>282,134,409.98</b>	<b>281,807,294.27</b>
<b>Investment Class: &lt; 1 Year AC</b>												
SYSLOGIC	1808	100	LOGIC Investment Pool	RRP	5,934.52			0.196	100.000	09/28/2012	5,934.52	5,934.52
SYSLANDFILL	1812	635	TEXPOOL Investment Pool	RRP	39,691.26			0.150	100.000	09/28/2012	39,691.26	39,691.26
SYSGOI&S	1814	111	TEXPOOL Investment Pool	RRP	4,959,886.90			0.150	100.000	09/28/2012	4,959,886.90	4,959,886.90
SYSRATE	1815	214	TEXPOOL Investment Pool	RRP	41,393,093.87			0.150	100.000	09/28/2012	41,393,093.87	41,393,093.87
SYSSPENCER	1816	211	TEXPOOL Investment Pool	RRP	1,004,830.71			0.150	100.000	09/28/2012	1,004,830.71	1,004,830.71
SYSTXSTAR	1822	100	TexStar	RRP	51,766,141.67			0.157	100.000	09/28/2012	51,766,141.67	51,766,141.67
SYSCOMPAPER	1823	601	Fidelity Investments	RRP	6,579,243.71			0.010	100.000	09/28/2012	6,579,243.71	6,579,243.71
SYSTPRIME	1824	100	Texpool Prime	RRP	10,369.40			0.176	100.000	09/28/2012	10,369.40	10,369.40
SYSTREASURY	1825	100	TEXPOOL Investment Pool	RRP	75,864,753.70			0.150	100.000	09/28/2012	75,864,753.70	75,864,753.70
				<b>Subtotal</b>	<b>181,623,945.74</b>						<b>181,623,945.74</b>	<b>181,623,945.74</b>
				<b>Total</b>	<b>463,378,945.74</b>						<b>463,758,355.72</b>	<b>463,431,240.01</b>



# City Council Item Summary Sheet

Work Session

Date: October 15, 2012

Agenda Item

## Rate Mitigation Quarterly Portfolio Report

### Summary of Request/Problem

The Rate Mitigation Portfolio Report is provided to Council each quarter. The Report presents investment information regarding the balances held in the Rate Mitigation Fund.

### Recommendation/Action Requested and Justification

The September 30, 2012 Rate Mitigation Quarterly Portfolio Report is presented to inform the Council. Staff will be available to discuss the report with Council.

**Submitted By:**

**David Schuler**  
Managing Director for Financial Services

**Approved By:**

**William E. Dollar**  
City Manager



Rate Mitigation Fund  
 Quarterly Portfolio Report  
 September 30, 2012

Portfolio Book Value - October 1, 2011		\$131,433,486
Transfers (to) from GP&L Operating Fund		38,840,900
Interest income:		
October 1 - December 31	\$207,676	
January 1 - March 31	194,535	
April 1- June 30	323,484	
July 1- September 30	188,874	
Total interest income recognized - fiscal year-to-date	\$914,569	
Adjustment for beginning and ending accruals	-50,319	
Total interest income received - fiscal year-to-date		864,250
Portfolio Book Value - September 30, 2012		\$171,138,637

Portfolio Book Value is the value of the entire portfolio that is recorded in the financial records. The interest income received in each quarter increases the portfolio book value. The adjustment for the beginning and ending accruals is an accounting entry.

Portfolio Book Value - September 30, 2012	\$171,138,637
Future interest income to be earned	-70,543
Portfolio Par Value - September 30, 2012	\$171,068,094

in the portfolio. The variance between Book Value and Par Value is one component of future income that will be earned as each security matures. Unlike Book Value, Par Value is not recorded in the financial records. It is reported for informational purposes only.

Portfolio Book Value - September 30, 2012	\$171,138,637
Unrealized gain (loss)	164,368
Portfolio Market Value - September 30, 2012	\$171,303,004

Portfolio Market Value is the current Fair Market Value of the various securities in the portfolio. Generally, Fair Market Value of a fixed income security will decline as interest rates rise. Conversely, as interest rates fall, the Fair Market Value of a fixed income security will increase. Governmental financial reporting standards require that Fair Market Value and the changes in Fair Market Values be reported in year-end financial statements.

It should be noted that declines of Fair Market Value below Book Value are reported as Unrealized Losses for informational purposes. The City does not realize investment losses because securities are held to maturity.



# Policy Report

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## ANNUAL REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGY

### ISSUE

The Public Funds Investment Act requires an annual review of the City's written Investment Policy, Investment Strategy and approved broker list. By Council Policy, amendments to City Council Policy FIN-05, Statement of Investment Strategy and FIN-06, Statement of Investment Policy require Council's approval. Staff is requesting an amendment to Council Policy FIN-06. Staff's request to amend FIN-06 is based upon the desire for an additional investment option. Participation in FDIC insured deposit programs will be authorized by amending FIN-06.

### OPTIONS

1. Review Council Policy FIN-05 and FIN-06 and approve the amendment to Council Policy FIN-06, Statement of Investment Policy.
2. Review Council Policy FIN-05 and FIN-06 and do not amend Council Policy FIN-06.

### RECOMMENDATION

It is recommended that Council review Council Policy FIN-05 and FIN-06. It is also recommended that Council amend FIN-06, Statement of Investment Policy. If so directed, staff will present a resolution for Council's consideration at the next Regular Meeting on November 6, 2012.

### COUNCIL GOAL

Financially Stable Government

### BACKGROUND

An annual review of the Statement of Investment Strategy and Statement of Investment Policy are required by the Public Funds Investment Act and by City Council Policy. Amendments to the Statements are approved by the City Council. Staff is recommending the substitution of Section E item 5 of FIN-06 Statement of Investment Policy with new language that conforms to Section 2256.010(b) of the Government Code (Public Funds Investment Act), as amended.

In 1989, the Public Funds Investment Act authorized FDIC insured obligations issued by financial institutions as an allowable investment for state and local governments. Section 5 item E of FIN-06 authorizes FDIC insured obligations but does not authorize FDIC insured deposit programs.

An FDIC insured deposit program is a cash management tool which provides depositors with full FDIC insurance on principal and accrued interest. With an FDIC insured deposit program, deposits are invested in financial institutions that meet established financial metrics of credit quality, capital adequacy and liquidity. Under FDIC rules, only the banks that are classified as "well capitalized" by FDIC may participate in an FDIC insured deposit program.

With an FDIC insured deposit program, City funds would be transferred to a program custodian. The program custodian then spreads the funds among multiple financial institutions that are program participants. At all times, all City funds are FDIC insured. An investment broker provides access to the network of financial institutions participating in an FDIC insured deposit program.

Staff is requesting a deletion from Section E item 5 of Council Policy FIN-06 which reads as follows:

*FDIC Insured Certificates of Deposit issued by financial institutions with a stated maturity of two years or less. Certificates of Deposit balances exceeding FDIC insurance limits will be fully collateralized by securities listed in 1 and 2 above, and the collateral will be held by the City's third party custodian.*

Proposed substitution for Section E item 5 of Council Policy FIN-06 would read as follows:

*Certificates of Deposit issued by a depository institution that has its main office or branch office in Texas:*

*(a) And such Certificates of Deposit are:*

- 1. Guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their successors; or*
- 2. Secured by obligations described in Section E, 1 and 2 above, and the collateral will be held by the City's third party custodian.*

*(b) Or such depository institution contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended.*

*Certificates of Deposit brokered by an authorized broker/dealer that has its main office or a branch office in Texas who*

*contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended*

**CONSIDERATION**

Periodically, City Council Policy FIN-06, Statement of Investment Policy requires change. Staff is seeking approval of the change to the Statement of Investment Policy FIN-06 in conjunction with Councils annual review of the Statement of Investment Policy and Statement of Investment Strategy. The recommended amendment will bring the Statement of Investment Policy in conformity with Section 2256.010(b) of the Government Code, as amended.

The current economic slowdown has created an extremely low interest rate environment. The available options for investing idle cash in short-term instruments have decreased. The use of FDIC insured deposit programs will provide an additional source of liquidity and diversification for the cash management program.

**ATTACHMENT**

Attachment 1 - Current version of Statement of Investment Policy, Statement of Investment Strategy and List of Authorized Brokers

Submitted By:

David Schuler  
Managing Director for Financial Services

Approved By:

William E. Dollar  
City Manager



# CITY COUNCIL POLICY

POLICY NO.: FIN-05

Date of Adoption: 2/17/98

Date Of Revision: 9/17/02

Title: **Statement of Investment Strategy**

Page 1 of 4

## I. Purpose and Need for Policy

Chapter 2256 of Title 10 of the Local Government Code (Public Funds Investment Act) requires the City to adopt a separate written investment strategy for each of the funds or group of funds under its control. Effective investment strategy development coordinates the objectives of the Investment Policy and cash management procedures to reduce investment risk and enhance interest income. The following Investment Strategy describes the investment objectives for each fund or group of funds using the following priorities in order of importance:

1. Suitability,
2. Safety of principal,
3. Liquidity,
4. Marketability of the investment before maturity,
5. Diversification,
6. Yield.

## II. Policy

The Investment Strategy applies to the investment and management of all funds under direct authority of the City of Garland. Each of the City's funds or group of funds has varying cash flow requirements and liquidity needs. Specific strategies shall be implemented considering that fund or group of fund's unique requirements. The City's funds are invested according to the following fund types:

1. Operating Funds,
2. Debt Service Funds,
3. Reserve Funds.

## III. Procedure to Accomplish Policy

The Investment Strategy will be accomplished for each fund or fund group as follows:

### A. Operating Funds

Investments for operating funds shall be scheduled to match anticipated cash flow projections with their stated final maturities.

<b>City Council Policy</b>	TITLE: Statement of Investment Strategy	Page: 2 of 4
	SUBJECT: Finance	NO. FIN-05

have a stated final maturity of three years or less from the date of purchase. Operating fund portfolios include the Treasury Portfolio.

Suitability - All investments authorized in the Statement of Investment Policy are suitable for Operating Funds.

Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Liquidity - Operating Funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Constant \$1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. A dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity date for each security. Purchased securities will have a stated final maturity of three years or less from the date of purchase.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for operating funds shall be the one year rolling average yield for the one year Treasury Bill.

#### B. Debt Service Funds

Investments for Debt Service Funds shall mature on or before the next debt service date. Purchased securities will be highly liquid with very short term maturities because of the near term cash flow requirements. Debt Service Fund portfolios include the General Obligation Debt Service Fund and the Revenue Bond Debt Service Fund.

Suitability - All short term, high quality securities that are authorized in the Statement of Investment Policy and are in compliance with applicable bond ordinances are suitable for Debt Service Funds.

Safety of Principal - All investments shall be high quality securities with no perceived default risk. Purchased securities shall have a stated final maturity date on or before the next debt service date.

<b>City Council Policy</b>	TITLE: Statement of Investment Strategy	Page: 3 of 4
	SUBJECT: Finance	NO. FIN-05

Marketability - Securities with active and efficient secondary markets will be purchased although unanticipated cash requirements are not probable.

Liquidity - Debt Service Funds have predictable cash requirements. Investment maturities shall not exceed the anticipated cash flow requirements.

Diversification - Market conditions will greatly influence the selection of maturities and security types. At no time shall maturities go beyond debt service payment dates.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the six month rolling average yield for the 180 day Treasury Bill.

C. Reserve Funds

Investments for Reserve Funds have as their primary objective the ability to generate a dependable revenue stream with a low degree of volatility. Purchased securities will be of high quality with short to intermediate term maturities. Reserve Fund portfolios include the Revenue Bond Reserve Fund and the Rate Mitigation Fund.

Suitability - All securities that are authorized in the Statement of Investment Policy except as may be restricted by bond ordinance are suitable for Reserve Funds.

Safety of Principal - All investments shall be short to intermediate term, high quality securities, with no perceived default risk.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Liquidity - Unless there are anticipated cash flow requirements, Reserve Funds generally do not require a high degree of daily liquidity. Purchased securities shall have a stated final maturity date of five years or less from the date of purchase.

Diversification - Market conditions will greatly influence the selection of maturities and security types. Securities shall be of high quality, with short to intermediate term maturities. A dollar weighted average maturity of 3 years or less will be calculated using the stated final maturity date for each security.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve Funds shall be the one year rolling average yield for the three year Treasury Note.

<b>City Council Policy</b>	TITLE: Statement of Investment Strategy	Page: 4 of 4
	SUBJECT: Finance	NO. FIN-05

The City Council shall review the Statement of Investment Strategy not less than annually. Changes to the Statement of Investment Strategy shall be approved by City Council resolution.

Written/ David Schuler,

Reviewed by: William E. Dollar,  
City Manager

Revised by: Managing Director-  
Finance

**APPROVED BY CITY COUNCIL RESOLUTION \_\_\_\_\_:**

\_\_\_\_\_  
Mayor

Date: 12/13/2011 (only change was update of Managing Director and City Manager. The Policy remains unchanged from 9-17-2002)





# CITY COUNCIL POLICY

POLICY NO.:	FIN-06
Date of Adoption:	11/17/87
Date of Revision:	06/05/2012

Title:	Statement of Investment Policy	Page 1 of 10
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## I. Purpose and Need for Policy

Chapter 2256 of Title 10 of the Local Government Code ("Public Funds Investment Act") requires each city to adopt rules governing its investment practices and to define the authority of the investment officer. The following investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal management of City of Garland funds.

## II. Policy

The Investment Policy applies to the investment and management of all funds under direct authority of the City of Garland. These funds include all governmental, proprietary, and trust and agency funds which are accounted for in the City's Comprehensive Annual Financial Report. The Employees Deferred Compensation Agency Fund is excluded from coverage under this Policy.

## III. Procedure To Accomplish Policy

The Statement of Investment Policy will be accomplished through the following guidelines:


### A. Objectives

Investment of funds will be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal. Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value.

2. Liquidity. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which can be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

3. Yield. The investment portfolio of the City shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the

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portfolio. The Director of Financial Services will from time to time establish performance measures and goals for the portfolio rates of return. Efforts to seek returns higher than the established goals must be consistent with risk limitations identified in this policy and prudent investment principles.


**B. Investment Authority**

Management responsibility for the investment program has been assigned to the Director of Financial Services by the City Council. Other individuals authorized as investment officials by the City Council are the Cash Manager and the Accounting Manager. Investment authority of all investment officers will be limited by conformance with all Federal regulations, State of Texas statutes and other legal requirements including the City Charter and City Ordinances, the Statement of Investment Policy and the Statement of Investment Strategy. The Director shall establish written procedures for the operation of the investment program, consistent with the Statement of Investment Policy. No person may engage in an investment transaction or the management of funds except as provided under the terms of the Statement of Investment Policy, the Statement of Investment Strategy and the procedures established by the Director of Financial Services.

Each investment officer shall attend a training session not less than once in a two year period and receive not less than 10 hours of instruction relating to investment responsibilities. Training must be provided by an independent source approved by the City Council.

**C. Internal Controls**

The Director of Financial Services shall establish a system of internal controls which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by investment officials. Controls deemed most important would include: control of collusion, separation of duties, separating transaction authority from accounting and recordkeeping, custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized investment officials, and documentation of and rationale for transactions.

	<b>CITY COUNCIL POLICY</b>	POLICY NO.:	FIN-06
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In conjunction with their annual independent audit, the auditor shall review the investment records for the end of each quarter. The independent auditor shall report the results of the review directly to the City Council.

**D. Standard of Care**

The standard of care to be used by investment officers shall be the "prudent person" rule which states, "Investments shall be made with the exercise of that degree of 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 probable income to be derived."

In applying the "prudent person" rule, the investment officer shall exercise prudence with respect to the management and investment of all funds over which the officer has responsibility and control. The investment officer must determine whether investment decisions are consist with the Statement of Investment Policy.

All participants in the investment program will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transaction that might impair public confidence in the City's ability to govern effectively. Investment officers shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Nevertheless, the City recognizes that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

Investment officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for market price changes, provided that these changes are reported immediately and that appropriate action is taken to control adverse developments.

**E. Instruments**

Investment instruments authorized for purchase by the City are limited to:

1. Direct obligations of the United States government with a stated final maturity of five years or less from the date of purchase.



# CITY COUNCIL POLICY

POLICY NO.:	FIN-06
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2. Debentures or discount notes with a stated final maturity of five years or less from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), and Federal Home Loan Mortgage Corporation (FHLMC).

3. Bonds or other interest bearing obligations having a stated final maturity of five years or less from the date of purchase of which the principal and interest are guaranteed by the full faith and credit of the United States government

4. Repurchase agreements collateralized with U.S. Treasury securities at a minimum market value of 102 percent of the dollar value of the transaction, with any accrued interest accumulated on the collateral included in the calculation. Eligible collateral will have a maximum maturity of ten years.

Repurchase Agreements will be entered into with primary government securities dealers who have executed a City approved Master Repurchase Agreement. Collateral shall be delivered to and held by the City's third party safekeeping agent.

The term Repurchase agreement includes direct security repurchase agreements and reverse security repurchase agreements. A written master repurchase agreement shall be established between the City and the seller prior to purchase. The maximum term for direct security repurchase agreements and reverse security repurchase agreements will be 90 days or less. Funds received under the terms of a reverse security repurchase agreement may not be used to purchase any investment whose final maturity date exceeds the expiration of the reverse.

5. FDIC Insured Certificates of Deposit issued by financial institutions with a stated final maturity of two years or less. Certificates of Deposit balances exceeding FDIC insurance limits will be fully collateralized by securities listed in 1 and 2 above, and the collateral will be held by the City's third party custodian.

6. SEC registered no-load money market mutual funds with a dollar-weighted average portfolio maturity of 90 days or less. Assets will consist exclusively of those securities listed in paragraphs 1, 2, 3, and 4 above. The investment objective of the fund is to maintain a stable \$1 net asset value. The maximum stated maturity of the fund will be 13 months.



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7. State or local investment pools organized under the Interlocal Cooperation Act. The investment pool must be rated no lower than investment grade by at least one nationally recognized rating agency and have a dollar-weighted average portfolio maturity of 90 days or less. Assets will consist exclusively of those securities listed in paragraphs 1, 2, 3 and 4 above. The investment objective of the pool is to maintain a stable \$1 net asset value. All securities owned in the pool will have a stated remaining maturity of thirteen (13) months.

8. Commercial paper rated not less than A1 or P1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The securities must have a stated maturity of 180 days or less from the date of purchase. No more than 2% of any one issuer may be held and no more than 25% of any fund or group of funds will be invested in commercial paper. Physical delivery securities are ineligible.

9. The credit rating of investment instruments will be continuously monitored through daily market participation and through the monthly mark to market pricing of securities. The liquidation of an investment instrument will be considered if its credit rating falls below minimums stated in the Investment Policy.

The City is expressly prohibited from entering into options trading or futures contracts, hedging or purchasing any security which is not authorized by Texas state law.

## F. Investment Strategies

As an integral part of the Statement of Investment Policy, the City shall adopt a separate written Statement of Investment Strategy (See FIN-05) for each fund or group of funds. Each investment strategy shall describe the investment objectives of each fund or group of funds according to the following order of importance:

1. suitability
2. preservation and safety of principal
3. liquidity
4. marketability of the investment before maturity
5. diversification
6. yield



# CITY COUNCIL POLICY

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## G. Safekeeping and Custody

Securities purchased for the City's portfolios will be delivered by book entry and will be held in third party safekeeping by a Federal Reserve member financial institution designated as the City's custody and safekeeping agent.

The City will execute Safekeeping Agreements prior to utilizing the custodian's safekeeping services. The safekeeping agreement must provide that the safekeeping agent will immediately record and promptly issue and deliver a safekeeping receipt showing the receipt and the identification of the security, as well as the City's interest. All securities owned by the City will be held in a Customer Account naming the City of Garland as the customer.

All security transactions will be on a delivery versus payment basis to the City's third party custody and safekeeping agent through the Federal Reserve Bank wire system. In this manner, the City will always have possession of either the securities or moneys.

Custody and safekeeping procedures will be reviewed annually by the independent auditor.

## H. Other Investment Guidelines

The City seeks active portfolio management to enhance total returns within the guidelines of this policy. Investment decisions should not incur unreasonable investment risk in order to obtain investment income. The City will not make investments for the purpose of trading or speculation.

Each investment transaction must be based on competitive quotations from at least three securities dealers authorized to engage investment transactions with the City. Authorized investment officers shall access real-time electronic financial information to monitor the market price of acquired investments. The pricing information will be used to verify the accuracy of quoted prices for a potential purchase or sale to ensure that a fair market price is attained.

The City will comply with all federal, state and City of Garland regulations governing the investment of funds.

In managing its investment portfolio, the City will avoid any purchase of investments, or any investment practice or procedure which is not specifically authorized under this policy.



# CITY COUNCIL POLICY

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## I. Diversification

It is the policy of the City to avoid concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The allocation of assets in the portfolios should be flexible depending upon the outlook for the economy and the securities markets. In establishing specific diversification strategies, the following general policies and constraints shall apply.

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.
2. To attain sufficient liquidity, the City shall schedule the maturity of its investments to coincide with known disbursements.
3. Risks of market price volatility shall be controlled through maturity diversification.
4. The placement of investment transactions and the gathering of market information shall be diversified among all authorized brokers.

## J. Selection of Depository

A qualified financial institution shall be selected to serve as the City's primary depository through a bank services procurement process, which shall include a formal request for application issued at least every five years. In selecting a depository, the City shall consider various criteria as specified prior to the issuance of the request for application. Financial institutions located outside of the city boundaries may be considered to participate in the request for application process provided the City has adopted a policy permitting it.

Upon selection, the financial institution shall comply with the requirements and agreements identified in the request for application. The financial institution is required to comply with Government Code 2257, Collateral for Public Funds.

Eligible securities as defined in Chapter 2257 and identified below shall be deposited with a third party custodian prior to the deposit of City funds. The City reserves the right to accept or reject any form of collateral, at its discretion. The pledged collateral must be maintained at all times during the term of the depository contract at required



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levels. In order to perfect the City's security interest in the pledged collateral under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), it is required that a collateral agreement between the City and the Depository be signed by both parties prior to the deposit of City funds. The collateral agreement must be approved by the Board of Directors or its Loan Committee, which approval shall be reflected in the minutes of said Board or Committee. The signed collateral agreement, Board resolution, and minutes certifying the approval of the collateral agreement must be presented to the City prior to the deposit of City funds.

The following securities are approved as collateral for City funds:

1. United States Treasury notes, bills or bonds or obligations fully and unconditionally guaranteed as to principal and interest by the full faith and credit of the United States,
2. Obligations of the Agencies and Instrumentalities of the United States, including, but not limited to: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association,
3. Mortgage-Backed Securities issued by the United States and its Agencies and Instrumentalities, including but not limited to Government National Mortgage Association.

The use of a Federal Home Loan Bank issued Letter of Credit to meet the required collateral requirements may be proposed by the financial institution for consideration by the City.

## **K. Selection of Security Broker/Dealer**

Government security broker/dealers authorized to engage in investment transactions with the City will be selected on the basis of their financial stability, expertise in cash management for local government and their ability to service the City's account. The qualifications of prospective broker/dealers will be determined from a completed broker/dealer questionnaire, personal interview and reference checks.

Before engaging in investment transactions with the City, a prospective securities broker/dealer must provide a written instrument certifying that the securities broker/dealer has received and has thoroughly reviewed the City's Statement of Investment Policy and has implemented reasonable procedures and controls in an effort to preclude conducting investment transactions that are not authorized by the City's Statement of Investment Policy, except to the extent that this authorization is dependent upon the portfolio over which the broker/dealer has no control or





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knowledge. A prospective securities broker/dealer must provide evidence of FINRA registration and State of Texas Securities Commission certification. Qualified broker/dealers authorized to engage in investment transactions with the City are required to regularly submit their most recent audited financial statements to the City.

The City Council will adopt and annually review the list of dealers authorized to engage in investment transactions with the City.

## L. Management Reports

The investment officer shall prepare and submit to the City Council and management on a quarterly basis an investment report for each fund and fund group which describes in detail the current investment position, states the beginning market value, the additions and changes to market value, and ending market value for each pooled fund, states the book value and market value of each separately invested asset at the beginning and end of the reporting period, states the maturity date of each separately invested asset, states the fund for which each individual investment was acquired and states compliance of each fund group with the Statement of Investment Strategy, the Public Funds Investment Act and generally accepted accounting principles. The report shall also summarize and present, on a combined portfolio basis, total market valuation, total realized gains and losses, total unrealized gains and losses, distribution by maturity sector and distribution by security type. The monthly report will also indicate, by portfolio, total investments held and total interest income earned on a full accrual basis.

The report may comment on current investment approaches and other items significant to the investment program. The report shall be signed by the Director of Financial Services and the investment officer.

The investment report presented at the end of the fiscal year may also include a review of the investment activities and earnings for the entire fiscal year for each fund or fund group, discuss investment techniques and suggest improvements which will enhance the investment program and present an investment plan for the ensuing fiscal year. The report may discuss other significant issues related to the investment program.

## M. Ethics and Conflicts of Interest

Investment officers of the City shall refrain from personal and business activities involving any of the City's custodians, depositories, broker/dealers or investment



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advisors which may influence the officers' ability to conduct his duties in an unbiased manner. Investment officers will not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the City's business for personal investment decisions, will in all respects subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchase and sales and will keep all investment advice obtained on behalf of the City and all transactions contemplated and completed by the City confidential, except when disclosure is required by law.

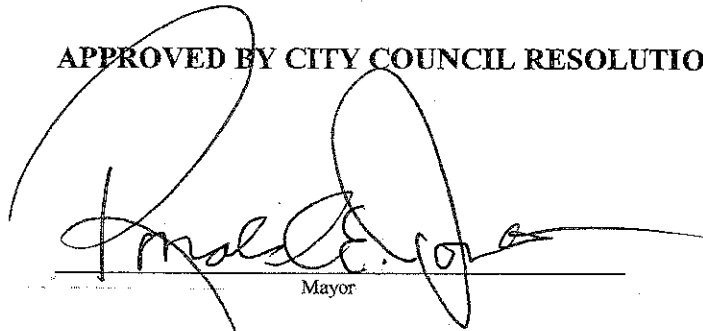
## N. Responsibility and Authority

The Statement of Investment Policy and the Statement of Investment Strategy will be reviewed annually by the City Council. Upon completion of the review, the City Council will adopt a resolution stating that it has reviewed the Investment Policy and Investment Strategy. Periodic revisions to the Investment Policy and the Investment Strategy will be approved by resolution of the City Council.

Prepared by: David Schuler Managing  
Director - Finance

Reviewed by: William E. Dollar

**APPROVED BY CITY COUNCIL RESOLUTION: 10054**



\_\_\_\_\_  
Mayor

Date: 06/05/2012

## APPENDIX A

### Statement of Investment Policy City of Garland, Texas

Effective investment strategy development coordinates the objectives of the Investment Policy and cash management procedures to reduce investment risk and enhance interest income. In accordance with the Public Funds Investment Act, the City's investment strategies describe the investment objectives of each fund or group of funds according to the following order of importance:

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

Each of the City's funds or group of funds has varying cash flow requirements and liquidity needs. Specific strategies shall be implemented considering that fund or group of fund's unique requirements. The City's funds are invested according to the following fund types:

1. Operating Funds,
2. Debt Service Funds,
3. Reserve Funds.

#### Operating Funds

Investments for operating funds shall be scheduled to match anticipated cash flow projections with their stated final maturities. A dollar weighted average maturity of 2 years or less using the stated final maturity date of each security will be maintained. Purchased securities shall have a stated final maturity of three years or less from the date of purchase. Operating fund portfolios include the Treasury Portfolio.

**Suitability** - All investments authorized in the Statement of Investment Policy are suitable for Operating Funds.

**Safety of Principal** - All investments shall be high quality securities with no perceived default risk.

**Marketability** - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Liquidity - Operating Funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Constant \$1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. A dollar weighted average maturity of 2 years or less will be calculated using the stated final maturity date for each security. Purchased securities will have a stated final maturity of three years or less from the date of purchase.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for operating funds shall be the two year rolling average yield for the two year Treasury Note.

#### Debt Service Funds

Investments for Debt Service Funds shall mature on or before the next debt service date. Purchased securities will be highly liquid with very short term maturities because of the near term cash flow requirements. Debt Service Fund portfolios include the General Obligation Debt Service Fund and the Revenue Bond Debt Service Fund.

Suitability - All short term, high quality securities that are authorized in the Statement of Investment Policy and are in compliance with applicable bond ordinances are suitable for Debt Service Funds.

Safety of Principal - All investments shall be high quality securities with no perceived default risk. Purchased securities shall have a stated final maturity date on or before the next debt service date.

Marketability - Securities with active and efficient secondary markets will be purchased although unanticipated cash requirements are not probable.

Liquidity - Debt Service Funds have predictable cash requirements. Investment maturities shall not exceed the anticipated cash flow requirements.

Diversification - Market conditions will greatly influence the selection of maturities and security types. At no time shall maturities go beyond debt service payment dates.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the six month rolling average yield for the 180 day Treasury Bill.

## Reserve Funds

Investments for Reserve Funds have as their primary objective the ability to generate a dependable revenue stream with a low degree of volatility. Purchased securities will be of high quality with short to intermediate term maturities. Reserve Fund portfolios include the Revenue Bond Reserve Fund and the Rate Mitigation Fund.

**Suitability** - All securities that are authorized in the Statement of Investment Policy except as may be restricted by bond ordinance are suitable for Reserve Funds.

**Safety of Principal** - All investments shall be short to intermediate term, high quality securities, with no perceived default risk.

**Marketability** - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

**Liquidity** - Unless there are anticipated cash flow requirements, Reserve Funds generally do not require a high degree of daily liquidity. Purchased securities shall have a stated final maturity date of five years or less from the date of purchase.

**Diversification** - Market conditions will greatly influence the selection of maturities and security types. Securities shall be of high quality, with short to intermediate term maturities. A dollar weighted average maturity of 3 years or less will be calculated using the stated final maturity date for each security.

**Yield** - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve Funds shall be the three year rolling average yield for the five year Treasury Note.

The City Council shall review the Statement of Investment Strategy not less than annually. Changes to the Statement of Investment Strategy shall be approved by City Council resolution.

City of Garland Approved Investment Security Brokers

Financial Institution

Cantor Fitzgerald & Co.  
First Financial Corp  
Jefferies & Co. Inc.  
RBC Capital Markets  
UBS Financial Services

Broker Contact

Don LaPiana  
Ric Panzera  
Tracy Marcus  
Phillip Smith  
John Doke



# Policy Report

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## SALE OF PROPERTY – 601 6<sup>TH</sup> STREET

### ISSUE

The Garland Independent School District has received an offer from the Garland Housing Finance Corporation to purchase the property located at 601 6<sup>th</sup> Street. The Garland Independent School District is requesting approval from Dallas County and the City of Garland to move forward with the sale of the property. The Garland Housing Finance Corporation has offered \$5,000 for the property which exceeds the judgment amount of \$1,670.93. The net proceeds from the sale to the City of Garland are \$3,636.50 for City liens, post judgment maintenance and \$223.16 for City of Garland prorated tax distribution.

### OPTIONS

1. Approve the sale and provide GISD with an executed deed without warranty.
2. Deny the request from GISD to sell the property to GHFC.

### RECOMMENDATION

Option 1 – Sell the property located at 601 6<sup>th</sup> Street. If Council concurs, this item will be scheduled for formal consideration at the November 6, 2012 Regular Meeting.

### COUNCIL GOAL

Sustainable Quality Development and Redevelopment  
Financially Stable Government with Tax Base that Supports Community Needs

### BACKGROUND

This property was struck off to the Garland Independent School District at a sheriff's sale on October 4, 1988. The Garland Independent School District Board of Trustees recently approved the sale of the property and each entity must execute a deed for a re-sale in order for the property to be sold. The Garland Independent School District will accept payment on behalf of all entities and disperse all sale proceeds.

### CONSIDERATION

This property has been held by the Garland Independent School District since 1988 and pursuant to Section 34.05 of the Texas Property Tax code may be resold to a private entity with approval of all taxing agencies.

**ATTACHMENTS**

- Letter from Sydna Gordon representing Garland Independent School District
- Cost and Distribution of Re-Sale Proceeds
- Deed Without Warranty

Submitted By:

Approved By:

Kevin Slay  
Managing Director

William E. Dollar  
City Manager

Date: 10/05/12

Date:



LAW OFFICES  
**GAY, MCCALL, ISAACKS, GORDON & ROBERTS, P.C.**

A PROFESSIONAL CORPORATION  
ATTORNEYS AND COUNSELORS

JOHN E. GAY  
DAVID MCCALL +  
LEWIS L. ISAACKS ♦+  
SYDNA H. GORDON  
WILLIAM J. ROBERTS +  
JENNIFER T. PETTIT  
J. DOUGLAS BURNSIDE  
ROBERT T. DRY, III  
JENNIFER EDMONDSON  
ERIN MINETT  
DUSTIN L. BANKS  
M. SHANNON KACKLEY

SUITE 310, LB 40  
1919 S. SHILOH ROAD  
GARLAND, TEXAS 75042  
(972) 278-8282 • Fax (972) 278-8222

♦ BOARD CERTIFIED -- CIVIL TRIAL LAW  
TEXAS BOARD OF LEGAL SPECIALIZATION  
+ATTORNEY - MEDIATOR

September 14, 2012

Ms. Carol Clark  
Tax Assessor/Collector  
City of Garland  
217 N. 5th Street  
Garland, Texas 75040

Via electronic-mail

Re: Garland Housing Finance Corporation offer to purchase 601 6<sup>th</sup> Street, Garland, Texas

Dear Ms. Clark:


The above referenced property was struck off on October 4, 1988 at a Sheriff's Sale pursuant to delinquent tax suit No. 86-40234-T-L, Garland ISD vs. Maggie Hughes Estate. The property was struck off for the total amount of the judgment, \$1,670.93. Because the property was struck off to "Garland ISD and Intervenor Dallas County and City of Garland", each entity will have to execute a deed for a re-sale.

Garland Housing Finance Corporation has made an offer to purchase this property for \$5,000. The GISD Board of Trustees has approved the sale for \$5,000. The costs and distribution of net proceeds are set out in the attachment to this letter.

If the City Council approves this transaction, please forward to me the executed Deed. I will contact Garland Housing Finance Corporation to complete the transaction. Garland ISD will accept payment on behalf of all entities and disburse the sale proceeds.

If you have any questions or need additional information, please contact me.

Yours truly,



Sydna H. Gordon  
Attorney at Law

Costs and Distribution of Re-Sale Proceeds  
For 601 6<sup>th</sup> Street, Garland, Texas

Court Costs		\$321.00
Sheriff's Costs of Sale		\$73.00
Publication Fees		\$143.00
Net Court Costs and Costs of Sale		<u>\$537.00</u>
City Liens, post judgment maintenance		<u>\$3,636.50</u>
Garland ISD pro-rata tax distribution	51%	\$421.51
City of Garland pro-rata tax distribution	27%	\$223.16
Dallas County pro-rata tax distribution	22%	\$181.83
Total Pro-rata Tax Distribution		<u>\$826.50</u>
Net Court Costs and Costs of Sale		\$537.00
City maintenance liens		\$3,636.50
Total Pro-rata Tax Distribution		\$826.50
Total Sale Price		<u>\$5,000.00</u>

DEED WITHOUT WARRANTY

Date: \_\_\_\_\_

Grantor: GARLAND INDEPENDENT SCHOOL DISTRICT, CITY OF GARLAND,  
COUNTY OF DALLAS

Grantor's Mailing Address (including county):  
901 W. State Street, Suite A  
Garland, Texas 75040  
Dallas County

Grantee: GARLAND HOUSING FINANCE CORPORATION

Grantee's Mailing Address (including county):  
PO Box 461423  
Garland, TX 75046  
Dallas County

Consideration: TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration.

Property (including any improvements):

Property described in Exhibit "A" attached hereto and made a part hereof for all purposes.

This Deed Without Warranty is subject to:

- (i) any and all visible and apparent easements and encroachments, whether or record or not;
- (ii) any and all covenants, conditions, reservations, restrictions, exceptions, easements, rights-of-way, mineral interests, mineral leases, or other instruments of record applicable to the land or any part thereof;
- (iii) rights of the public to any portion of the above described property lying within the boundaries of dedicated or existing roadways or which may be used for road or street purposes;
- (iv) rights of parties in possession;
- (v) any right of redemption as specified in Chapter 34, Subchapter B, Texas Property Tax Code.

It is understood and agreed that Grantor is not making any warranties or representations of any kind or character, express, implied or statutory, with respect to the property, its physical condition or any other matter or thing relating to or affecting the property and that the property is being conveyed and transferred to Grantee "AS IS, WHERE IS AND WITH ALL FAULTS." Grantor does not warrant or make any representation, express or implied, as to fitness for a

particular purpose, merchantability, design, quantity, physical condition, operation compliance with specifications, absence of latent defects or compliance with laws and regulations (including, without limitation, those relating to zoning, health, safety and the environment) or any other matter affecting the property.

THIS DEED IS MADE WITHOUT WARRANTY, EXPRESS OR IMPLIED, AND GRANTOR EXPRESSLY DISCLAIMS, EXCEPTS AND EXCLUDES ANY AND ALL WARRANTIES OF TITLE OR OTHERWISE FROM THIS CONVEYANCE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES ARISING UNDER COMMON LAW OR STATUTE.

Grantor, for the consideration recited herein and subject to the reservations from and exceptions to conveyance, grants, sells and conveys to Grantee their heirs, successors and assigns forever, the property, to have and to hold the property, together with all and singular the rights and appurtenances thereto in any wise belonging, WITHOUT WARRANTY AND SUBJECT IN ALL RESPECTS TO THE DISCLAIMERS SET FORTH ABOVE.

The intent of this Deed Without Warranty is to transfer the property foreclosed on by the Grantor taxing jurisdictions in Cause 86-40234-T-L in the 193rd Judicial District Court, Dallas County, Texas, and no more.

When the context requires, singular nouns and pronouns include the plural.

ATTEST:

GARLAND INDEPENDENT SCHOOL DISTRICT

\_\_\_\_\_  
Secretary  
Board of Trustees

By: \_\_\_\_\_  
Linda Griffin, President  
Board of Trustees

(Acknowledgment)

THE STATE OF TEXAS           §

COUNTY OF DALLAS           §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2012, by Linda Griffin, President of the Board of Trustees of the Garland Independent School District, Garland, Texas as the act and deed of said Garland Independent School District.

ATTEST:

DALLAS COUNTY, TEXAS

\_\_\_\_\_

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

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

(Acknowledgment)

THE STATE OF TEXAS           §

COUNTY OF COLLIN           §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_, \_\_\_\_\_ of Dallas County, Texas as the act and deed of said Dallas County, Texas.

ATTEST:

CITY OF GARLAND

\_\_\_\_\_

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

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

(Acknowledgment)

THE STATE OF TEXAS

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_, \_\_\_\_\_ of the City of Garland, Texas as the act and deed of said City of Garland, Texas.

\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name, (printed):

Notary's commission expires: \_\_\_\_\_

EXHIBIT A

Being Lot 1, Block 28, EMBREE, an addition to the City of Garland, Dallas County, Texas, also known as 601 6<sup>th</sup> Street, Garland, Dallas County, Texas.



# Policy Report

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## CREATION OF A BATTALION CHIEF POSITION

### ISSUE

Council is requested to consider authorizing the creation of a Battalion Chief position in exchange for a Lieutenant position. This would increase the number of Battalion Chiefs from 7 to 8, and decrease the number of Lieutenant positions from 14 to 13.

### OPTIONS

1. Authorize the Fire Department to add a Battalion Chief position.
2. Do not authorize adding a Battalion Chief position.

### RECOMMENDATION

Option 1: Staff recommends Council authorize the Fire Department to add a Battalion Chief position. If Council concurs, this item will be scheduled for formal consideration at the November 6, 2012 Regular Meeting.

### COUNCIL GOAL

Consistent Delivery of Reliable City Services

### BACKGROUND

The Fire Marshal administers the Fire Code to the business community and is responsible for the correct application of fire control systems in Garland schools and businesses. The measure of authority required for this responsibility warrants the Fire Marshal position to be a Chief Officer. Captain Mike Vanbuskirk is up for promotion. The timing is right to add the Battalion Chiefs position, which will enable the Fire Marshal to hold the rank of Battalion Chief.

This request was discussed with Council during the Fire Department's 2012-13 budget presentation. The additional funding for the upgraded position from Lieutenant to Battalion Chief was approved by Council in the 2012-13 Approved Budget.



**CONSIDERATION:**

The Fire Marshal's duties and responsibilities warrant the rank of Chief Officer. Fire Marshals in the Dallas area are predominately Chief Officers. The Fire Department recommends adding the Battalion Chief position in exchange for a Lieutenant position.

**ATTACHMENTS**

None

Submitted By:

Raymond Knight  
Fire Chief

Date: October 7, 2012

Approved By:

William E. Dollar  
City Manager

Date: October 7, 2012



# City Council Item Summary Sheet

**Work Session**

Date: October 15, 2012

**Agenda Item**

## Utility Services Committee Report

### Summary of Request/Problem

Council Member Lori Dodson, chair of the Utility Services Committee, will provide a committee report on the following items:

- GP&L summer energy market
- TMPA third party operating agreement vs. traditional general manager
- Proposal for GP&L to oversee TMPA transmission division

### Recommendation/Action Requested and Justification

Council discussion.

**Submitted By:**

**Approved By:**

**William E. Dollar**  
**City Manager**



# City Council Item Summary Sheet

**Work Session**

Date: October 15, 2012

**Agenda Item**

## Development Services Committee Report

### Summary of Request/Problem

Deputy Mayor Pro Tem Preston Edwards, chair of the Development Services Committee, will provide a committee report on the following items:

- Current sign ordinance
- Bulky waste pickup program
- Senior citizen discount program for residential environmental waste services

### Recommendation/Action Requested and Justification

Council discussion.

**Submitted By:**

**Approved By:**

**William E. Dollar**  
**City Manager**