



**NOTICE OF A JOINT MEETING TO BE HELD BY THE
McALLEN PUBLIC UTILITY BOARD OF TRUSTEES
AND THE McALLEN BOARD OF COMMISSIONERS**

DATE: Monday, September 26, 2022

TIME: 5:00 PM

**PLACE: City Commission Chambers, 3rd Floor
1300 Houston Avenue
McAllen, Texas 78501**

JOINT MEETING WITH McALLEN BOARD OF COMMISSIONERS:


CALL TO ORDER

1. Order of the McAllen Public Utility Board, approving and recommending approval of the McAllen Public Utility Proposed Budget for Fiscal Year 2022-2023.
2. Roll call vote of an ordinance adopting the City of McAllen Annual Budget for Fiscal Year 2022-2023, including the McAllen Public Utility Budget.
3. Roll call vote of an ordinance adopting the City of McAllen 2022 Property Tax Rate.
4. Order of the McAllen Public Utility Board, approving and recommending adoption of an ordinance amending the McAllen Code of Ordinances, Article III, Division 3, Chapter 106, Section 106-82 and Article IV, Division 2, Section 106-166 providing for a utility rate increase.
5. Ordinance amending the McAllen Code of Ordinances, Article III, Division 3, Chapter 106, Section 106-82 and Article IV, Division 2, Section 106-166 providing for a utility rate increase.
6. Resolution approving the City's Investment Policy and Strategy by providing for Diverse Investment Opportunities allowed under the Public Funds Investment Act with the objective of enhancing earnings potential.

ADJOURNMENT

CERTIFICATION

I, the Undersigned authority, do hereby certify that the attached agenda of meeting of the McAllen Public Utility Board of Trustees is a true and correct copy and that I posted a true and correct copy of said notice on the bulletin board in the Municipal Building, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the **23rd day of September, 2022 at 3:00 PM** and will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.


Juan J. Rodriguez
Interim Utility Board Secretary



ITEM SUMMARY

BOARD: Public Utility Board

AGENDA ITEM	2.A.
DATE SUBMITTED	09/20/2022
MEETING DATE	9/26/2022

1. Agenda Item: Order of the McAllen Public Utility Board, approving and recommending approval of the McAllen Public Utility Proposed Budget for Fiscal Year 2022-2023.
2. Party Making Request: Mark Vega
3. Applicant:
4. Nature of Request: Order of the McAllen Public Utility Board, approving and recommending approval of the McAllen Public Utility Proposed Budget for fiscal year 2022-2023.
5. Fiscal Impact Summary:
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Melba Carvajal	Created/Initiated - 9/20/2022
Mark Vega	Final Approval - 9/20/2022
8. Staff Recommendation:

Approval as recommended.
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

ORDINANCE NO. 2022-_____
ORDER NO. 2022-_____

AN ORDINANCE ADOPTING THE BUDGET OF THE CITY OF McALLEN INCLUDING McALLEN PUBLIC UTILITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023, IN ACCORDANCE WITH THE ORDINANCES OF THE CITY OF McALLEN; PROVIDING FOR PUBLICATION; PROVIDING FOR A REPEALER; AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF.

WHEREAS, the City Manager has filed the proposed budget with the City Secretary on July 30, 2021; and

WHEREAS, notice of the public hearing on the proposed budget was given and a public hearing was held on September 12, 2022 at which time all interested citizens were given an opportunity to participate in the hearing.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS AND THE MCALLEN PUBLIC UTILITY BOARD OF TRUSTEES OF THE CITY OF McALLEN, TEXAS, THAT:

(a) SECTION I: The Budget Estimate of revenues for the City of McAllen and the expenses of conducting the affairs thereof for the ensuing fiscal year beginning October 1, 2022, and ending September 30, 2023, as submitted by the City Manager of the City of McAllen to the City Secretary on July 29, 2022 and as amended hereunder, be, and the same is in all things, adopted and approved as the budget estimate of all of the current revenues and expenses for the fiscal year beginning the 1st day of October, 2022 and ending the 30th day of September, 2023.

SECTION II: The amount of ad valorem taxes and revenue from other sources, as estimated by the City Manager, is hereby appropriated out of the following funds: General, Capital Projects, Sanitation, Airport, Toll Bridge, Anzalduas Bridge, Golf Course, Civic Center, Civic Center Expansion, Internal Services, Employee Health Benefits, Development Corporation, General Insurance and Workers' Compensation, Water and Sewer, and Debt Service, for the payment of

operating expenses and capital outlay of the City Government, including the operation of the aforementioned funds of the city, respectively. A copy of the Budget Summary indicating such revenues and appropriating their expenditure is attached hereto and made a part hereof for all purposes as Exhibit "A".

The adoption of this Ordinance specifically amends the proposed Budget as filed with the City Secretary, as required by the law, and the Board of Commissioners hereby finds such amendments to be in the interest of the taxpayers of McAllen, Texas.

SECTION III: All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION IV: This Ordinance shall be and remain in full force and effect from and after its passage by the Board of Commissioners and execution by the Mayor.

SECTION V: The City Secretary is hereby authorized and directed to cause the caption of this ordinance to be published in a newspaper having general circulation in McAllen, Hidalgo County, Texas in accordance with the Code of Ordinances of the City of McAllen, Section 2-56 **Publication of Ordinances**, but it shall not be published in the Code of Ordinances of the City of McAllen as it is not amendatory thereof; however, it shall be cited in the appropriate appendix of the Code of Ordinances. A true copy of the approved budget shall be filed with the City Secretary and in the office of the Hidalgo County Clerk.

SECTION VI: If any part or parts of this Ordinance are found to be invalid or unconstitutional by a court having competent jurisdiction, then such invalidity or unconstitutionality shall not affect the remaining parts hereof and such remaining parts shall remain in full force and effect, and to that extent this Ordinance is considered severable.

CONSIDERED, PASSED and APPROVED this 26th day of September, 2022 at a regular meeting of the Board of Commissioners of the City of McAllen at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code and Chapter 102 of the Texas Local Government Code.

SIGNED this ____ day of September, 2022.

CITY OF MCALLEN, TEXAS

By: _____
Javier Villalobos, Mayor

ATTEST:

By: _____
Perla Lara, TRMC/CMC, CPM
City Secretary

APPROVED AS TO FORM:

By: _____
Isaac J. Tawil, City Attorney

CONSIDERED, PASSED and APPROVED this 26th day of September, 2022, at a regular meeting of the McAllen Public Utility Board of Trustees of the City of McAllen at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code and Chapter 102 of the Texas Local Government Code.

SIGNED this _____ day of September, 2022.

McALLEN PUBLIC UTILITY
BOARD OF TRUSTEES

By: _____
Charles Amos, Chairman

ATTEST:

By: _____
Juan J. Rodriguez, Interim Utility Board Secretary

APPROVED AS TO FORM:

By: _____
Isaac J. Tawil, City Attorney

City of McAllen, Texas
Proposed FY 2022-2023 Combined Budget Summary - All Funds

Budget Adoption
 September 26, 2022



	Beginning Fund Balance	Projected Revenues	Transfers In	Transfers Out	Operations	Capital Outlay	Debt Service	Total Appropriations	Revenue Over/Under Expenditures	Other Items Working Capital	Ending Fund Balance
General Fund											
General Fund	\$ 72,981,391	\$ 138,275,174	\$ 6,863,814	\$ (7,807,084)	\$ 128,812,308	\$ 2,697,718	\$ 263,174	\$ 131,773,200	\$ 5,558,703	\$ -	\$ 78,540,095
Total General Fund	72,981,391	138,275,174	6,863,814	(7,807,084)	128,812,308	2,697,718	263,174	131,773,200	5,558,703	-	78,540,095
Special Revenue Funds											
Hotel Occupancy Tax	388	3,611,000	-	(2,665,047)	945,953	-	-	945,953	-	-	388
Hotel Venue Tax	543,886	1,032,372	-	(1,049,698)	-	-	-	-	(17,326)	-	526,560
Development Corp. of McAllen, Inc.	22,766,750	22,193,692	-	(2,863,645)	15,622,413	15,508,827	-	31,131,240	(11,801,193)	-	10,965,557
Christmas Parade	508,148	800,000	100,000	(12,000)	915,200	50,000	-	965,200	(77,200)	-	430,948
EB - 5	57,148	143	-	-	-	-	-	-	143	-	57,290
Parklands Zones #1,2,3	2,959,779	7,399	-	-	-	1,278,239	-	1,278,239	(1,270,840)	-	1,688,939
Public, Educational, and Governmental (PEG)	1,099,570	222,816	-	-	-	140,419	-	140,419	82,397	-	1,181,967
Friends of Quinta	358,762	1,206,897	-	(1,000,000)	74,000	-	-	74,000	132,897	-	491,659
Community Development Block Grant	-	2,449,818	-	-	852,818	1,597,000	-	2,449,818	-	-	-
Police Department Seized	1,255,196	-	-	-	-	-	-	-	-	-	1,255,196
Downtown Services Parking	217,940	1,178,445	-	-	1,206,855	-	4,875	1,211,730	(33,285)	-	184,655
Drainage Fee	4,064,682	1,269,662	-	-	-	5,334,343	-	5,334,343	(4,064,681)	-	-
America Rescue Plan	-	1,680,024	-	(110,024)	1,570,000	-	-	1,570,000	-	-	-
Tax Increment Reinvestment Zone (TIRZ) #1 & 2A	4,352,843	10,882	1,517,868	-	18,333	3,496,360	-	3,514,693	(1,985,943)	-	2,366,900
McAllen Marketing	-	-	408,000	-	408,000	-	-	408,000	-	-	-
City Special Events	-	130,000	-	-	130,000	-	-	130,000	-	-	-
Total Special Revenue Funds	38,185,092	35,793,150	2,025,868	(7,700,414)	21,743,572	27,405,188	4,875	49,153,635	(19,035,031)	-	19,150,059
Debt Service Funds											
Sales Tax Revenue Bond Debt Service	-	754,510	-	-	-	-	754,510	754,510	-	-	-
Local Government Finance Corporation Debt Service	347,262	-	910,120	-	-	-	910,120	910,120	-	-	347,262
TIRZ #1 Debt Service	243,962	1,517,357	-	-	-	-	1,517,357	1,517,357	-	-	243,962
General Obligation-Tax Note/C.O.	3,880,392	4,838,232	233,598	-	-	-	5,071,830	5,071,830	-	-	3,880,392
Hotel Tax Venue Debt Service	4	-	566,100	-	-	-	566,100	566,100	-	-	4
Water Debt Service	548,973	-	3,544,396	-	-	-	3,544,396	3,544,396	-	-	548,973
Wastewater Debt Service	2,902,028	-	6,099,343	-	-	-	6,099,343	6,099,343	-	-	2,902,028
Airport PFC Debt Service	250,641	-	644,000	-	-	-	644,000	644,000	-	-	250,641
Anzalduas Intl Crossing Debt Service A & B	993,872	-	2,577,275	-	-	-	2,577,275	2,577,275	-	-	993,872
Total Debt Service Funds	9,167,134	7,110,099	14,574,832	-	-	-	21,684,931	21,684,931	-	-	9,167,134
Capital Projects Funds											
Capital Improvement Projects	9,409,252	1,209,666	4,604,192	(117,000)	-	14,750,158	-	14,750,158	(9,053,300)	-	355,952
Quinta Mazatlán - Center for Urban Ecology Facility	9,678,654	22,438,714	1,000,000	-	-	44,929,851	-	44,929,851	(21,491,137)	-	(11,812,484)
Traffic / Drainage Bond	14,687,475	1,435,144	-	-	-	13,343,043	-	13,343,043	(11,907,899)	-	2,779,575
Parks Facility / Fire Station #2 Construction	3,019,976	7,550	117,000	-	-	3,144,291	-	3,144,291	(3,019,741)	-	235
Street Improvement Construction	2,365,540	1,089,702	-	-	-	2,798,672	-	2,798,672	(1,708,970)	-	656,570
Infrastructure & Improvements	38,264,808	-	1,680,024	-	370,000	38,355,280	-	38,725,280	(37,045,256)	-	1,219,552
Sports Facility Construction	810	-	-	-	-	-	-	-	-	-	810
Information Technology	220,548	65,263	-	-	-	270,420	-	270,420	(205,157)	-	15,391
Water Depreciation	3,999,977	24,000	1,768,040	-	1,365,690	3,320,000	-	4,685,690	(2,893,650)	-	1,106,327
Water Capital Improvement	4,165,305	22,902	1,018,790	-	518,790	2,025,000	-	2,543,790	(1,502,098)	-	2,663,207
Water Revenue Bonds	-	18,725,000	-	-	-	18,725,000	-	18,725,000	-	-	-
Wastewater Depreciation	15,860,902	83,555	3,861,464	-	674,615	4,645,000	-	5,319,615	(1,374,596)	-	14,486,306
Wastewater Capital Improvement	5,249,213	1,353,551	1,301,007	-	701,007	5,128,203	-	5,829,210	(3,174,652)	-	2,074,561
Wastewater Revenue Bond - CWSRF	(31,070)	272,431	-	-	-	241,361	-	241,361	31,070	-	-
Sanitation Depreciation	11,186,037	1,936,629	-	-	-	5,737,026	64,264	5,801,290	(3,864,661)	-	7,321,376
Champion Lakes Golf Course Depreciation	588,047	1,470	200,000	-	-	150,000	-	150,000	51,470	-	639,518
Convention Center Depreciation	2,491,594	6,229	250,000	-	-	1,403,800	-	1,403,800	(1,147,571)	-	1,344,023
Performing Arts Depreciation	1,291,815	3,230	250,000	-	-	210,000	-	210,000	43,230	-	1,335,045
Airport Passenger Facility Charge	6,424,403	1,743,360	-	(3,553,805)	40,000	2,272,434	-	2,312,434	(4,122,879)	-	2,301,524
McAllen International Airport Capital Improvement	487	40,301,436	11,121,592	-	1,420,000	50,003,028	-	51,423,028	-	-	487
Bridge Capital Improvement	3,733,693	9,334	1,389,360	-	-	3,244,610	-	3,244,610	(1,845,916)	-	1,887,777
Anzalduas Bridge Capital Improvement	656,743	1,642	505,584	-	-	743,210	-	743,210	(235,984)	-	420,759
Anzalduas Cargo Bridge Construction	-	84,737,600	-	-	-	83,000,000	-	83,000,000	1,737,600	-	1,737,600
Total Capital Project Funds	133,264,209	175,468,408	29,067,053	(3,670,805)	5,090,102	298,440,387	64,264	303,594,753	(102,730,097)	-	30,534,111
Enterprise Funds											
Water	5,898,891	26,878,327	-	(6,331,226)	19,322,586	-	-	19,322,586	1,224,515	(272,619)	6,850,787
Wastewater	3,868,727	23,617,891	-	(11,261,814)	11,358,164	-	-	11,358,164	997,913	-	4,866,640
Sanitation	14,497,553	22,131,244	-	(25,000)	20,578,975	2,392,600	-	22,971,575	(865,331)	-	13,632,222
Champion Lakes Golf Course	1,751,600	1,842,754	-	(200,000)	1,521,978	450,600	184	1,972,762	(330,008)	-	1,421,591
McAllen Convention Center	7,392,069	5,098,243	1,891,905	(274,500)	6,651,252	2,893,410	8,224	9,552,886	(2,837,238)	-	4,554,831
McAllen Performing Arts Center	3,275,725	1,271,489	723,142	(274,500)	2,015,648	219,300	-	2,234,948	(514,817)	-	2,760,909
McAllen International Airport	15,153,572	8,884,283	-	(10,399,712)	6,856,498	278,958	3,980	7,139,436	(8,654,865)	-	6,498,705
Metro McAllen Transit	904,636	3,867,024	1,495,683	(25,000)	5,137,540	-	-	5,137,540	200,166	-	1,104,802
Bus Terminal	1,041,229	18,181,898	208,842	-	1,181,147	17,241,803	3,033	18,425,983	(35,243)	-	1,005,986
McAllen International Toll Bridge	1,297,263	13,668,286	-	(6,990,430)	6,675,679	-	2,177	6,677,856	-	-	1,297,263
McAllen Intl Toll Bridge - Restricted Acct	4,881,884	-	4,750,295	(4,390,865)	-	-	-	-	-	-	5,241,314
Anzalduas International Crossing	1,648,546	4,131,362	841,775	(3,091,859)	1,202,573	-	-	1,202,573	678,705	-	2,327,251
Total Enterprise Funds	61,611,695	129,572,801	9,911,642	(43,264,906)	82,502,040	23,476,671	17,598	105,996,309	(10,136,203)	(272,619)	51,562,301
Internal Service Funds											
Inter-Departmental Service	394,122	4,790,000	-	-	4,295,223	209,200	731	4,505,154	284,846	-	678,968
General Depreciation	18,981,036	3,248,078	-	-	-	6,284,380	-	6,284,380	(3,036,302)	-	15,944,734
Health Insurance	(3,690)	13,707,771	-	-	13,086,254	4,000	-	13,090,254	617,517	-	613,827
Retiree Health Insurance	169,894	1,530,749	-	-	1,176,923	-	-	1,176,923	353,826	-	523,720
Workers Compensation Fund	7,359,317	2,037,787	-	-	2,239,467	6,800	-	2,246,267	(208,480)	-	7,150,837
Property & Casualty Insurance	11,221	1,512,171	-	-	1,523,115	-	-	1,523,115	(10,944)	-	277
Total Internal Service Funds	26,911,900	26,826,556	-	-	22,320,982	6,504,380	731	28,826,093	(1,999,537)	-	24,912,363
TOTALS	\$ 342,121,421	\$ 513,046,188	\$ 62,443,209	\$ (62,443,209)	\$260,469,004	\$358,524,344	\$ 22,035,573	\$ 641,028,921	\$ (128,342,165)	\$ (272,619)	\$ 213,866,069



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM	2.B.
DATE SUBMITTED	08/23/2022
MEETING DATE	9/26/2022

1. Agenda Item: Roll Call Vote on the adoption of an Ordinance adopting the City of McAllen Annual Budget for Fiscal Year 2022-2023, including the McAllen Public Utility Budget.
2. Party Making Request: Roel Rodriguez, Angie Rodriguez
3. Applicant:
4. Nature of Request: Formal adoption of the budget, to take place on September 26, 2022. See the attached "Exhibit "A"-Combined Budget FY 2022-2023 for all Funds.
5. Fiscal Impact Summary: See attached Exhibit "A"
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Denise Guerra	Created/Initiated - 8/23/2022
Angie Rodriguez	Approved - 9/20/2022
Mark Vega	Approved - 9/20/2022
Sergio Villasana	Approved - 9/20/2022
Isaac Tawil	Final Approval - 9/20/2022
8. Staff Recommendation: Approved as Presented, must be a roll call vote.
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

ORDINANCE NO. 2022-_____
ORDER NO. 2022-_____

AN ORDINANCE ADOPTING THE BUDGET OF THE CITY OF McALLEN INCLUDING McALLEN PUBLIC UTILITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023, IN ACCORDANCE WITH THE ORDINANCES OF THE CITY OF McALLEN; PROVIDING FOR PUBLICATION; PROVIDING FOR A REPEALER; AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF.

WHEREAS, the City Manager has filed the proposed budget with the City Secretary on July 30, 2021; and

WHEREAS, notice of the public hearing on the proposed budget was given and a public hearing was held on September 12, 2022 at which time all interested citizens were given an opportunity to participate in the hearing.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS AND THE MCALLEN PUBLIC UTILITY BOARD OF TRUSTEES OF THE CITY OF McALLEN, TEXAS, THAT:

(a) SECTION I: The Budget Estimate of revenues for the City of McAllen and the expenses of conducting the affairs thereof for the ensuing fiscal year beginning October 1, 2022, and ending September 30, 2023, as submitted by the City Manager of the City of McAllen to the City Secretary on July 29, 2022 and as amended hereunder, be, and the same is in all things, adopted and approved as the budget estimate of all of the current revenues and expenses for the fiscal year beginning the 1st day of October, 2022 and ending the 30th day of September, 2023.

SECTION II: The amount of ad valorem taxes and revenue from other sources, as estimated by the City Manager, is hereby appropriated out of the following funds: General, Capital Projects, Sanitation, Airport, Toll Bridge, Anzalduas Bridge, Golf Course, Civic Center, Civic Center Expansion, Internal Services, Employee Health Benefits, Development Corporation, General Insurance and Workers' Compensation, Water and Sewer, and Debt Service, for the payment of

operating expenses and capital outlay of the City Government, including the operation of the aforementioned funds of the city, respectively. A copy of the Budget Summary indicating such revenues and appropriating their expenditure is attached hereto and made a part hereof for all purposes as Exhibit "A".

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SECTION V: The City Secretary is hereby authorized and directed to cause the caption of this ordinance to be published in a newspaper having general circulation in McAllen, Hidalgo County, Texas in accordance with the Code of Ordinances of the City of McAllen, Section 2-56 **Publication of Ordinances**, but it shall not be published in the Code of Ordinances of the City of McAllen as it is not amendatory thereof; however, it shall be cited in the appropriate appendix of the Code of Ordinances. A true copy of the approved budget shall be filed with the City Secretary and in the office of the Hidalgo County Clerk.

SECTION VI: If any part or parts of this Ordinance are found to be invalid or unconstitutional by a court having competent jurisdiction, then such invalidity or unconstitutionality shall not affect the remaining parts hereof and such remaining parts shall remain in full force and effect, and to that extent this Ordinance is considered severable.

CONSIDERED, PASSED and APPROVED this 26th day of September, 2022 at a regular meeting of the Board of Commissioners of the City of McAllen at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code and Chapter 102 of the Texas Local Government Code.

SIGNED this ____ day of September, 2022.

CITY OF MCALLEN, TEXAS

By: _____
Javier Villalobos, Mayor

ATTEST:

By: _____
Perla Lara, TRMC/CMC, CPM
City Secretary

APPROVED AS TO FORM:

By: _____
Isaac J. Tawil, City Attorney

CONSIDERED, PASSED and APPROVED this 26th day of September, 2022, at a regular meeting of the McAllen Public Utility Board of Trustees of the City of McAllen at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code and Chapter 102 of the Texas Local Government Code.

SIGNED this _____ day of September, 2022.

McALLEN PUBLIC UTILITY
BOARD OF TRUSTEES

By: _____
Charles Amos, Chairman

ATTEST:

By: _____
Juan J. Rodriguez, Interim Utility Board Secretary

APPROVED AS TO FORM:

By: _____
Isaac J. Tawil, City Attorney

EXHIBIT "A"

City of McAllen, Texas
Proposed FY 2022-2023 Combined Budget Summary - All Funds

Budget Adoption
September 26, 2022



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Hotel Venue Tax	543,886	1,032,372	-	(1,049,698)	-	-	-	-	(17,326)	-	526,560
Development Corp. of McAllen, Inc.	22,766,750	22,193,692	-	(2,863,645)	15,622,413	15,508,827	-	31,131,240	(11,801,193)	-	10,965,557
Christmas Parade	508,148	800,000	100,000	(12,000)	915,200	50,000	-	965,200	(77,200)	-	430,948
EB - 5	57,148	143	-	-	-	-	-	-	143	-	57,290
Parklands Zones #1,2,3	2,959,779	7,399	-	-	-	1,278,239	-	1,278,239	(1,270,840)	-	1,688,939
Public, Educational, and Governmental (PEG)	1,099,570	222,816	-	-	-	140,419	-	140,419	82,397	-	1,181,967
Friends of Quinta	358,762	1,206,897	-	(1,000,000)	74,000	-	-	74,000	132,897	-	491,659
Community Development Block Grant	-	2,449,818	-	-	852,818	1,597,000	-	2,449,818	-	-	-
Police Department Seized	1,255,196	-	-	-	-	-	-	-	-	-	1,255,196
Downtown Services Parking	217,940	1,178,445	-	-	1,206,855	-	4,875	1,211,730	(33,285)	-	184,655
Drainage Fee	4,064,682	1,269,662	-	-	-	5,334,343	-	5,334,343	(4,064,681)	-	-
America Rescue Plan	-	1,680,024	-	(110,024)	1,570,000	-	-	1,570,000	-	-	-
Tax Increment Reinvestment Zone (TIRZ) #1 & 2A	4,352,843	10,882	1,517,868	-	18,333	3,496,360	-	3,514,693	(1,985,943)	-	2,366,900
McAllen Marketing	-	-	408,000	-	408,000	-	-	408,000	-	-	-
City Special Events	-	130,000	-	-	130,000	-	-	130,000	-	-	-
Total Special Revenue Funds	38,185,092	35,793,150	2,025,868	(7,700,414)	21,743,572	27,405,188	4,875	49,153,635	(19,035,031)	-	19,150,059
Debt Service Funds											
Sales Tax Revenue Bond Debt Service	-	754,510	-	-	-	-	754,510	754,510	-	-	-
Local Government Finance Corporation Debt Service	347,262	-	910,120	-	-	-	910,120	910,120	-	-	347,262
TIRZ #1 Debt Service	243,962	1,517,357	-	-	-	-	1,517,357	1,517,357	-	-	243,962
General Obligation-Tax Note/C.O.	3,880,392	4,838,232	233,598	-	-	-	5,071,830	5,071,830	-	-	3,880,392
Hotel Tax Venue Debt Service	4	-	566,100	-	-	-	566,100	566,100	-	-	4
Water Debt Service	548,973	-	3,544,396	-	-	-	3,544,396	3,544,396	-	-	548,973
Wastewater Debt Service	2,902,028	-	6,099,343	-	-	-	6,099,343	6,099,343	-	-	2,902,028
Airport PFC Debt Service	250,641	-	644,000	-	-	-	644,000	644,000	-	-	250,641
Anzalduas Intl Crossing Debt Service A & B	993,872	-	2,577,275	-	-	-	2,577,275	2,577,275	-	-	993,872
Total Debt Service Funds	9,167,134	7,110,099	14,574,832	-	-	-	21,684,931	21,684,931	-	-	9,167,134
Capital Projects Funds											
Capital Improvement Projects	9,409,252	1,209,666	4,604,192	(117,000)	-	14,750,158	-	14,750,158	(9,053,300)	-	355,952
Quinta Mazatlán - Center for Urban Ecology Facility	9,678,654	22,438,714	1,000,000	-	-	44,929,851	-	44,929,851	(21,491,137)	-	(11,812,484)
Traffic / Drainage Bond	14,687,475	1,435,144	-	-	-	13,343,043	-	13,343,043	(11,907,899)	-	2,779,575
Parks Facility / Fire Station #2 Construction	3,019,976	7,550	117,000	-	-	3,144,291	-	3,144,291	(3,019,741)	-	235
Street Improvement Construction	2,365,540	1,089,702	-	-	-	2,798,672	-	2,798,672	(1,708,970)	-	656,570
Infrastructure & Improvements	38,264,808	-	1,680,024	-	370,000	38,355,280	-	38,725,280	(37,045,256)	-	1,219,552
Sports Facility Construction	810	-	-	-	-	-	-	-	-	-	810
Information Technology	220,548	65,263	-	-	-	270,420	-	270,420	(205,157)	-	15,391
Water Depreciation	3,999,977	24,000	1,768,040	-	1,365,690	3,320,000	-	4,685,690	(2,893,650)	-	1,106,327
Water Capital Improvement	4,165,305	22,902	1,018,790	-	518,790	2,025,000	-	2,543,790	(1,502,098)	-	2,663,207
Water Revenue Bonds	-	18,725,000	-	-	-	18,725,000	-	18,725,000	-	-	-
Wastewater Depreciation	15,860,902	83,555	3,861,464	-	674,615	4,645,000	-	5,319,615	(1,374,596)	-	14,486,306
Wastewater Capital Improvement	5,249,213	1,353,551	1,301,007	-	701,007	5,128,203	-	5,829,210	(3,174,652)	-	2,074,561
Wastewater Revenue Bond - CWSRF	(31,070)	272,431	-	-	-	241,361	-	241,361	31,070	-	-
Sanitation Depreciation	11,186,037	1,936,629	-	-	-	5,737,026	64,264	5,801,290	(3,864,661)	-	7,321,376
Champion Lakes Golf Course Depreciation	588,047	1,470	200,000	-	-	150,000	-	150,000	51,470	-	639,518
Convention Center Depreciation	2,491,594	6,229	250,000	-	-	1,403,800	-	1,403,800	(1,147,571)	-	1,344,023
Performing Arts Depreciation	1,291,815	3,230	250,000	-	-	210,000	-	210,000	43,230	-	1,335,045
Airport Passenger Facility Charge	6,424,403	1,743,360	-	(3,553,805)	40,000	2,272,434	-	2,312,434	(4,122,879)	-	2,301,524
McAllen International Airport Capital Improvement	487	40,301,436	11,121,592	-	1,420,000	50,003,028	-	51,423,028	-	-	487
Bridge Capital Improvement	3,733,693	9,334	1,389,360	-	-	3,244,610	-	3,244,610	(1,845,916)	-	1,887,777
Anzalduas Bridge Capital Improvement	656,743	1,642	505,584	-	-	743,210	-	743,210	(235,984)	-	420,759
Anzalduas Cargo Bridge Construction	-	84,737,600	-	-	-	83,000,000	-	83,000,000	1,737,600	-	1,737,600
Total Capital Project Funds	133,264,209	175,468,408	29,067,053	(3,670,805)	5,090,102	298,440,387	64,264	303,594,753	(102,730,097)	-	30,534,111
Enterprise Funds											
Water	5,898,891	26,878,327	-	(6,331,226)	19,322,586	-	-	19,322,586	1,224,515	(272,619)	6,850,787
Wastewater	3,868,727	23,617,891	-	(11,261,814)	11,358,164	-	-	11,358,164	997,913	-	4,866,640
Sanitation	14,497,553	22,131,244	-	(25,000)	20,578,975	2,392,600	-	22,971,575	(865,331)	-	13,632,222
Champion Lakes Golf Course	1,751,600	1,842,754	-	(200,000)	1,521,978	450,600	184	1,972,762	(330,008)	-	1,421,591
McAllen Convention Center	7,392,069	5,098,243	1,891,905	(274,500)	6,651,252	2,893,410	8,224	9,552,886	(2,837,238)	-	4,554,831
McAllen Performing Arts Center	3,275,725	1,271,489	723,142	(274,500)	2,015,648	219,300	-	2,234,948	(514,817)	-	2,760,909
McAllen International Airport	15,153,572	8,884,283	-	(10,399,712)	6,856,498	278,958	3,980	7,139,436	(8,654,865)	-	6,498,705
Metro McAllen Transit	904,636	3,867,024	1,495,683	(25,000)	5,137,540	-	-	5,137,540	200,166	-	1,104,802
Bus Terminal	1,041,229	18,181,898	208,842	-	1,181,147	17,241,803	3,033	18,425,983	(35,243)	-	1,005,986
McAllen International Toll Bridge	1,297,263	13,668,286	-	(6,990,430)	6,675,679	-	2,177	6,677,856	-	-	1,297,263
McAllen Intl Toll Bridge - Restricted Acct	4,881,884	-	4,750,295	(4,390,865)	-	-	-	-	-	-	5,241,314
Anzalduas International Crossing	1,648,546	4,131,362	841,775	(3,091,859)	1,202,573	-	-	1,202,573	678,705	-	2,327,251
Total Enterprise Funds	61,611,695	129,572,801	9,911,642	(43,264,906)	82,502,040	23,476,671	17,598	105,996,309	(10,136,203)	(272,619)	51,562,301
Internal Service Funds											
Inter-Departmental Service	394,122	4,790,000	-	-	4,295,223	209,200	731	4,505,154	284,846	-	678,968
General Depreciation	18,981,036	3,248,078	-	-	-	6,284,380	-	6,284,380	(3,036,302)	-	15,944,734
Health Insurance	(3,690)	13,707,771	-	-	13,086,254	4,000	-	13,090,254	617,517	-	613,827
Retiree Health Insurance	169,894	1,530,749	-	-	1,176,923	-	-	1,176,923	353,826	-	523,720
Workers Compensation Fund	7,359,317	2,037,787	-	-	2,239,467	6,800	-	2,246,267	(208,480)	-	7,150,837
Property & Casualty Insurance	11,221	1,512,171	-	-	1,523,115	-	-	1,523,115	(10,944)	-	277
Total Internal Service Funds	26,911,900	26,826,556	-	-	22,320,982	6,504,380	731	28,826,093	(1,999,537)	-	24,912,363
TOTALS	\$ 342,121,421	\$ 513,046,188	\$ 62,443,209	\$ (62,443,209)	\$260,469,004	\$358,524,344	\$ 22,035,573	\$ 641,028,921	\$ (128,342,165)	\$ (272,619)	\$ 213,866,069



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM	2.C.
DATE SUBMITTED	09/20/2022
MEETING DATE	9/26/2022

1. Agenda Item: Roll Call Vote of an Ordinance adopting the City of McAllen 2022 Property Tax Rate.
2. Party Making Request: Rebecca Grimes
3. Applicant:
4. Nature of Request: Consider the Ordinance for the adoption of the City of McAllen 2022 Property Tax Rate. Proposed Tax Rate - \$0.479900 cents per \$100 valuation.
5. Fiscal Impact Summary:
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Rebecca Grimes	Created/Initiated - 9/20/2022
Michelle Rivera	Approved - 9/20/2022
Isaac Tawil	Final Approval - 9/20/2022
8. Staff Recommendation: Since this year's proposed rate exceeds the no-new-revenue tax rate, the vote on the ordinance setting the tax rate must be a record vote and 60% of the governing body must vote in favor of the adoption of the tax rate. A motion to adopt the ordinance must be made in the following form: **I move that the property tax rate be increased by the adoption of a tax rate of \$0.479900, which is effectively a 5.44 percent increase in the tax rate.** Also, state the following: **This year's proposed rate of \$0.479900 per \$100 of assessed valuation is allocated at the rate of \$0.436298/\$100 for Maintenance & Operations and \$0.043602/\$100 for Debt Services.**
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

Tax Office

MEMO

To: Mayor Javier Villalobos and City Commission
Through: Roel "Roy" Rodriguez, P.E., City Manager
From: Rebecca M. Grimes, Tax Assessor-Collector
Date: September 26, 2022
Re: Adoption of 2022 Tax Rate

In order to comply with Truth in Taxation laws, Section 26.05 (b) of Property Tax Code, certain language is required in the motion setting for the tax rate. This year's proposed tax rate of \$0.479900 exceeds the no-new-revenue tax rate. ***The vote on the ordinance, resolution, or order setting the tax rate must be a record vote. A motion to adopt the ordinance, resolution, or order must be made in the following form:***

"I move that the property tax rate be increased by the adoption of a tax rate of 0.479900, which is effectively a 5.44 percent increase in the tax rate."

A taxing unit authorized to pay both **M&O and Debt Service must adopt the M&O rate and the I&S rate individually.** *This year's proposed rate of \$0.479900 per \$100 of assessed valuation is allocated at the rate of \$0.436298/\$100 for Maintenance and Operations, and \$0.043602/\$100 for Debt Services.*

rmgrimes

Attachments

ORDINANCE NO. 2022-____

AN ORDINANCE ADOPTING THE TAX RATE AND LEVYING AD VALOREM TAXES FOR THE CITY OF MCALLEN, TEXAS, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2023, AND THE TAX YEAR 2022 IN CONFORMITY WITH THE CHARTER PROVISIONS AND ORDINANCES OF THE CITY AND THE PROPERTY TAX CODE OF THE STATE OF TEXAS; PROVIDING FOR A REPEALER; PROVIDING FOR PUBLICATION; AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF.

WHEREAS, Section 26.05 Texas Tax Code provides for the procedures for adoption of the annual ad valorem tax rate for municipalities; and

WHEREAS, the vote on the tax rate must be a record vote as reflected hereunder and such vote was separate from the vote of the Board of Commissioners adopting the budget as required by law; and

WHEREAS, a motion being first made as follows: **“I move that the property tax rate be increased by the adoption of a tax rate of \$0.479900, which is effectively a 5.44 percent increase in the tax rate”** and upon vote of the Board of Commissioners as follows:

	<u>Aye</u>	Nay	<u>Absent</u>
Mayor Javier Villalobos	_____	_____	_____
Mayor Pro Tem/Comissioner			
Joaquin “J.J.” Zamora	_____	_____	_____
Commissioner Antonio “Tony” Aguirre, Jr.	_____	_____	_____
Commissioner J. Omar Quintanilla	_____	_____	_____
Commissioner Rodolfo “Rudy” Castillo	_____	_____	_____
Commissioner Victor “Seby” Haddad	_____	_____	_____
Commissioner Jose R. “Pepe” Cabeza de Vaca	_____	_____	_____

WHEREAS, **THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE** and

WHEREAS, **THE TAX RATE WILL EFFECTIVELY BE RAISED BY 5.44 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-11.06.**

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF MCALLEN, TEXAS, THAT:

SECTION I: There shall be and is hereby levied for the fiscal year ending September 30, 2023, and the Tax year 2022, upon the assessed taxable value of all property of every description

subject to taxation within the City of McAllen, Texas, on the 1st day of January A.D. 2022, the following tax rates, to-wit:

(a) An ad valorem tax to be computed at the rate of \$0.436298 per \$100.00 of the assessed taxable value thereof estimated in lawful currency of the United State of America for the purpose of paying the general expense of the City Government for the period ending September 30, 2023, as provided in the appropriation ordinance adopted by the Board of Commissioners of McAllen, Texas, and when collected such monies are to be deposited in the fund known as the “General Fund” and disbursed for the purpose stated in said ordinance.

(b) An ad valorem tax to be computed at the rate of \$0.043602 per \$100.00 of the assessed taxable value thereof estimated in lawful currency of the United States of America for the purpose of paying the interest and principal on the several outstanding bond issues of the City of McAllen, Texas, such levy being in conformity with the requirement of the levy of taxes heretofore made by ordinance and orders of the Board of Commissioners of the said City of McAllen relating to such bonded indebtedness.

SECTION II: All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION III: This Ordinance shall be and remain in full force and effect from and after its passage by the Board of Commissioners and execution thereof by the Mayor.

SECTION IV: The City Secretary is hereby authorized and directed to cause the caption of this ordinance to be published in a newspaper having general circulation in McAllen, Hidalgo County, Texas in accordance with the Code of Ordinances of the City of McAllen, Section 2-56 **Publication of Ordinances**, but it shall not be published in the Code of Ordinances of the City of McAllen as it is not amendatory thereof; however, it shall be cited in the appropriate appendix of the Code of Ordinances.

SECTION V: If any part or parts of this Ordinance are found to be invalid or unconstitutional by a court having competent jurisdiction, then such invalidity or unconstitutionality shall not affect the remaining parts hereof and such remaining parts shall remain in full force and effect, and to that extent this Ordinance is considered severable.

CONSIDERED, PASSED and APPROVED this 26th day of September 2022, at a regular meeting of the Board of Commissioners of the City of McAllen at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code and Chapter 26 of the Texas Tax Code.

SIGNED this _____ day of September 2022

CITY OF MCALLEN

By: _____
Javier Villalobos, Mayor

ATTEST:

By: _____
Perla Lara, TRMC/CMC, CPM
City Secretary

APPROVED AS TO FORM:

By: _____
Isaac Tawil, City Attorney



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM	2.D.
DATE SUBMITTED	09/19/2022
MEETING DATE	9/26/2022

1. Agenda Item: Order of the McAllen Public Utility Board, approving the adoption of an ordinance amending the McAllen Code of Ordinances, Article III, Division 3, Chapter 106, Section 106-82 and Article IV, Division 2, Section 106-166 providing for a utility rate increase.
2. Party Making Request: Mark Vega
3. Applicant:
4. Nature of Request:
5. Fiscal Impact Summary:
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Melba Carvajal	Created/Initiated - 9/19/2022
Mark Vega	Final Approval - 9/20/2022
8. Staff Recommendation:
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

ORDER NO. 2022- _____

AN ORDER AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCALLEN AT CHAPTER 106 (“UTILITIES”); ARTICLE III (“WATER”), DIVISION 3 (RATES AND CHARGES), SECTION 106-82 AND ARTICLE IV (“SANITARY SEWER SYSTEM”), DIVISION 2 (“SERVICE CHARGES”) SECTION 106-166; PROVIDING FOR AN EFFECTIVE DATE; PROVIDING FOR FILING; PROVIDING FOR SEVERABILITY, AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER.

WHEREAS, the McAllen Public Utility Board of Trustees of the City of McAllen adopts the recommendation to the City Commission that seeks to manage, control, and operate a water system and to set rates, fees, and charges for such water;

WHEREAS, the McAllen Public Utility Board of Trustees by ordinance of the City Commission providing for the creation of the McAllen Public Utility Board of Trustees, has the authority to manage and control the McAllen Public Utility;

NOW, THEREFORE, BE IT ORDAINED BY THE McALLEN PUBLIC UTILITY BOARD OF TRUSTEES OF THE CITY OF MCALLEN, TEXAS, THAT:

SECTION I: The McAllen Public Utility Board of Trustees of the City of McAllen hereby adopts the Ordinance amending Chapter 106 (“Utilities”); Article III (“Water”), Division 3 (“Rates and Charges”), Section 106-82 and Article IV (Sanitary Sewer System), Division 2 (“Service Charges”), Section 106-166 authorizing the PUB to amend the rates, fees, and charges for water and the Code of Ordinances of the City of McAllen, Texas to read as follows:

ARTICLE III. - WATER

DIVISION 3. – RATES AND CHARGES

Sec. 106-82. Standard water rate schedule within the city.

(a) Except as provided by subsection (b) hereof, the rate to be charged for water furnished and consumed by single-family residence, multifamily, commercial and industrial customers is as follows:

(1) Minimum monthly base fee charges shall be made, and bills rendered at \$12.45 per month, regardless of meter size.

(2) Commodity charges:

Residential: \$1.65 per 1,000 gallons for the first 4,999 gallons; \$1.95 for the next 5,000 to 9,999 gallons; \$2.15 for 10,000 to 14,999 gallons, and \$2.25 per 1,000 gallons thereafter.

Multifamily: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Commercial: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Industrial: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Irrigation/pool services: \$2.15 per 1,000 gallons.

(3) Traveling meters:

Minimum monthly base fee charges shall be made, and bills rendered at \$50.00 per month, regardless of meter size. Commodity charges shall be made as indicated in item (2) above. The traveling meter shall be retrieved by city after three months of zero consumption usage.

(b) Provide that until the buyout cost is recovered and 30 days after approved by the utility board, the monthly charges shall be made, and bills rendered accordingly on all accounts located or to be located on or after May 1, 1995, in the areas covered by Sharyland Water Supply Corporation's Certificate of Convenience and Necessity buyout Phase #2, #3, #4, #5A, and #6 as shown in the agreements between the McAllen Public Utility Board and Sharyland Water Supply Corporation covering the same, as follows:

(1) Residential connection ($\frac{5}{8}$ " or $\frac{3}{4}$ " meter):

0 to 3,000 gallons \$9.00

(2) Commercial connection ($\frac{5}{8}$ " or $\frac{3}{4}$ " meter):

0 to 3,000 gallons \$15.00

(3) Meters larger than $\frac{5}{8}$ " or $\frac{3}{4}$ ":

1" meter, 0 to 3,000 gallons \$16.00

2" meter, 0 to 3,000 gallons \$24.00

3" meter, 0 to 3,000 gallons \$29.00

4" meter, 0 to 3,000 gallons \$34.00

6" meter, 0 to 3,000 gallons \$39.00

- (4) Charge per 1,000 gallons, after the first 3,000 gallons of usage, for both residential and commercial connections:

Per Thousand Gallons

3,000 to 20,000 gallons \$1.50

20,001 to 100,000 gallons \$1.60

100,001 to 150,000 gallons \$1.75

All over 150,000 gallons \$2.00

- (c) The penalties and/or remedies provided in division 2 of this article apply to any violation of the provisions of this section. Such penalties or remedies are not exclusive and it is expressly provided that any remedies available by law to the city to enforce the provisions of this section are also applicable to violations of the provisions of this section.

ARTICLE IV. – SANITARY SEWER SYSTEM

DIVISION 2. – SERVICE CHARGES

Sec. 106-166. Necessity of levy; rate schedules.

It is hereby determined and declared to be necessary for the city to levy and collect charges from all persons using the sanitary sewer system and lines of the city, including storm sewer lines if such lines are used for the purpose of disposing of wastes, cooling water, etc. The schedules of such charges shall be as follows:

- (1) *Residential, multifamily, commercial, industrial uses.* \$12.50 per account for administrative charges and other fixed costs as a minimum monthly bill plus:

Commodity charges:

Residential: \$1.70 per 1,000 gallons or part thereof of metered water according to the monthly water billing up to 19,999 gallons; \$2.20 per 1,000 gallons thereafter.

Commercial: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Multifamily: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Industrial: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

- (2) *Metered accounts.* Nothing in this division shall be construed to prevent the installation of a meter to actually meter the effluent being discharged into the sewer system, if such meter is approved by utility manager and its installation is also approved by the city engineer. The bill for a metered sewer account shall be computed as follows: \$9.00 per account for administrative charge and other fixed cost plus \$0.91 per 1,000 gallons of metered sewage.
- (3) *Septic tank waste disposal fees.*

a. Inside city limits:

1. 0—1,000 gallons . . . \$50.00
2. Each subsequent 1,000 gallons or part thereof . . . \$40.00

b. Outside city limits:

1. 0—1,000 gallons . . . \$75.00
2. Each subsequent 1,000 gallons or part thereof . . . \$40.00

All disposal of septic waste generated from sources outside the city limits shall be subject to a 50 percent surcharge of the applicable rate.

SECTION II: This Order shall be effective October 1, 2022 and after its passage and execution in accordance with the law.

SECTION III: If any part or parts of this Order are found to be invalid or unconstitutional by a court having competent jurisdiction, then such invalidity or unconstitutionality shall not affect the remaining parts hereof and such remaining parts shall remain in full force and effect, and to that extent this Order is considered severable.

CONSIDERED, PASSED and **APPROVED** this _____ day of September 2022, at a regular meeting of the McAllen Public Utility Board of Trustees of the the City of McAllen, Texas at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code.

SIGNED this ____ day of September 2022.

McALLEN PUBLIC UTILITY
BOARD OF TRUSTEES

By: _____
Charles Amos, Chairman

Attest:

J.J. Rodriguez
Interim Board Secretary

Approved as to Form:

Isaac J. Tawil, City Attorney



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM

2.E.

DATE SUBMITTED

09/19/2022

MEETING DATE

9/26/2022

1. Agenda Item: Ordinance amending the McAllen Code of Ordinances, Article III, Division 3, Chapter 106, Section 106-82 and Article IV, Division 2, Section 106-166 providing for a utility rate increase.
2. Party Making Request: Mark Vega
3. Applicant:
4. Nature of Request:
5. Fiscal Impact Summary:
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Melba Carvajal	Created/Initiated - 9/19/2022
Mark Vega	Final Approval - 9/20/2022
8. Staff Recommendation:
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

ORDINANCE NO. 2022- _____

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCALLEN AT CHAPTER 106 (“UTILITIES”); ARTICLE III (“WATER”), DIVISION 3 (RATES AND CHARGES), SECTION 106-82 AND ARTICLE IV (“SANITARY SEWER SYSTEM”), DIVISION 2 (“SERVICE CHARGES”) SECTION 106-166; PROVIDING FOR AN EFFECTIVE DATE; PROVIDING FOR PUBLICATION; PROVIDING FOR SEVERABILITY, AND ORDAINING OTHER PROVISIONS RELATED TO THE SUBJECT MATTER HEREOF.

WHEREAS, the Public Utility Board seeks to manage, control, and operate a water system and to set rates, fees, and charges for such water; and,

WHEREAS, the City of McAllen seeks to ensure the health and safety of all McAllen’s citizens and visitors by ensuring a quality water system;

WHEREAS, the City of McAllen finds that an efficient water system augments the health and safety of McAllen’s citizens and visitors;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF MCALLEN, TEXAS, THAT:

SECTION I: That from and after the effective date of this Ordinance, The Code of Ordinances, City of McAllen, Texas, Chapter 106 (“Utilities”); Article III (“Water”), Division 3 (Rates and Charges,) Section 106-82 and Article IV (“Sanitary Sewer System”), Division 2 (“Service Charges”), Section 106-166 are hereby amended to read as follows:

ARTICLE III. - WATER

DIVISION 3. – RATES AND CHARGES

Sec. 106-82. Standard water rate schedule within the city.

- (a) Except as provided by subsection (b) hereof, the rate to be charged for water furnished and consumed by single-family residence, multifamily, commercial and industrial customers is as follows:

(1) Minimum monthly base fee charges shall be made, and bills rendered at \$12.45 per month, regardless of meter size.

(2) Commodity charges:

Residential: \$1.65 per 1,000 gallons for the first 4,999 gallons; \$1.95 for the next 5,000 to 9,999 gallons; \$2.15 for 10,000 to 14,999 gallons, and \$2.25 per 1,000 gallons thereafter.

Multifamily: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Commercial: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Industrial: \$1.65 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.15 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Irrigation/pool services: \$2.15 per 1,000 gallons.

(3) Traveling meters:

Minimum monthly base fee charges shall be made, and bills rendered at \$50.00 per month, regardless of meter size. Commodity charges shall be made as indicated in item (2) above. The traveling meter shall be retrieved by city after three months of zero consumption usage.

(b) Provide that until the buyout cost is recovered and 30 days after approved by the utility board, the monthly charges shall be made, and bills rendered accordingly on all accounts located or to be located on or after May 1, 1995, in the areas covered by Sharyland Water Supply Corporation's Certificate of Convenience and Necessity buyout Phase #2, #3, #4, #5A, and #6 as shown in the agreements between the McAllen Public Utility Board and Sharyland Water Supply Corporation covering the same, as follows:

(1) Residential connection ($\frac{5}{8}$ " or $\frac{3}{4}$ " meter):

0 to 3,000 gallons . . . \$9.00

(2) Commercial connection ($\frac{5}{8}$ " or $\frac{3}{4}$ " meter):

0 to 3,000 gallons . . . \$15.00

(3) Meters larger than $\frac{5}{8}$ " or $\frac{3}{4}$ ":

1" meter, 0 to 3,000 gallons . . . \$16.00

2" meter, 0 to 3,000 gallons . . . \$24.00

3" meter, 0 to 3,000 gallons . . . \$29.00

4" meter, 0 to 3,000 gallons . . . \$34.00

6" meter, 0 to 3,000 gallons . . . \$39.00

- (4) Charge per 1,000 gallons, after the first 3,000 gallons of usage, for both residential and commercial connections:

Per Thousand Gallons

3,000 to 20,000 gallons . . . \$1.50

20,001 to 100,000 gallons . . . \$1.60

100,001 to 150,000 gallons . . . \$1.75

All over 150,000 gallons . . . \$2.00

- (c) The penalties and/or remedies provided in division 2 of this article apply to any violation of the provisions of this section. Such penalties or remedies are not exclusive and it is expressly provided that any remedies available by law to the city to enforce the provisions of this section are also applicable to violations of the provisions of this section.

ARTICLE IV. – SANITARY SEWER SYSTEM

DIVISION 2. – SERVICE CHARGES

Sec. 106-166. Necessity of levy; rate schedules.

It is hereby determined and declared to be necessary for the city to levy and collect charges from all persons using the sanitary sewer system and lines of the city, including storm sewer lines if such lines are used for the purpose of disposing of wastes, cooling water, etc. The schedules of such charges shall be as follows:

- (1) *Residential, multifamily, commercial, industrial uses.* \$12.50 per account for administrative charges and other fixed costs as a minimum monthly bill plus:

Commodity charges:

Residential: \$1.70 per 1,000 gallons or part thereof of metered water according to the monthly water billing up to 19,999 gallons; \$2.20 per 1,000 gallons thereafter.

Commercial: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Multifamily: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

Industrial: \$1.70 per 1,000 gallons for all usage under last fiscal year's average monthly usage, and \$2.20 per 1,000 gallons for all usage above last fiscal year's average monthly usage.

(2) *Metered accounts.* Nothing in this division shall be construed to prevent the installation of a meter to actually meter the effluent being discharged into the sewer system, if such meter is approved by utility manager and its installation is also approved by the city engineer. The bill for a metered sewer account shall be computed as follows: \$9.00 per account for administrative charge and other fixed cost plus \$0.91 per 1,000 gallons of metered sewage.

(3) *Septic tank waste disposal fees.*

a. Inside city limits:

1. 0—1,000 gallons . . . \$50.00

2. Each subsequent 1,000 gallons or part thereof . . . \$40.00

b. Outside city limits:

1. 0—1,000 gallons . . . \$75.00

2. Each subsequent 1,000 gallons or part thereof . . . \$40.00

All disposal of septic waste generated from sources outside the city limits shall be subject to a 50 percent surcharge of the applicable rate.

SECTION II: The City Secretary of the City of McAllen is hereby authorized and directed to cause the caption of this ordinance to be published in a newspaper having general circulation in McAllen, Hidalgo County, Texas in accordance with the Code of Ordinances of the City of McAllen, Section 2-56. Publication of ordinances.

SECTION III: The City Secretary of the City of McAllen is hereby authorized and directed to cause the language in Chapter 106 (“Utilities”); Article III (“Water”), Division 3 (“Rates and Charges”) Section 106-82 and Article IV (“Sanitary Sewer System”), Division 2 (“Service Charges”), Section 106-166 of the McAllen Code of Ordinances, as amended by Section I, hereinabove, to be published in the appropriate location in the said Code of Ordinances.

SECTION IV: This Ordinance shall be and remain in full force and effect beginning October 1, 2022 and after its passage by the Board of Commissioners, and execution by the Mayor.

SECTION V: If any part or parts of this Ordinance are found to be invalid or

unconstitutional by a court having competent jurisdiction, then such invalidity or unconstitutionality shall not affect the remaining parts hereof and such remaining parts shall remain in full force and effect, and to that extent this Ordinance is considered severable.

CONSIDERED, PASSED and APPROVED this 26th day of September, 2022 at a regular meeting of the Board of Commissioners of the City of McAllen, Texas at which a quorum was present and which was held in accordance with Chapter 551 of the Texas Government Code.

SIGNED this ____ day of September 2022.

CITY of McALLEN

By: _____
Javier Villalobos, Mayor

Attest:

Perla Lara, TRMC/CMC, CPM
City Secretary

Approved as to form:

Isaac J. Tawil, City Attorney



ITEM SUMMARY

BOARD: City Commission


AGENDA ITEM	2.F.
DATE SUBMITTED	09/20/2022
MEETING DATE	9/26/2022

1. Agenda Item: Resolution approving the City's Investment Policy and Strategy by providing for diverse investment opportunities allowed under the Public Funds Investment Act with the objective of enhancing earnings potential.
2. Party Making Request: Roel Rodriguez, Mark Vega, Sergio Villasana, Melba Carvajal
3. Applicant:
4. Nature of Request:
5. Fiscal Impact Summary:
6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____
7. Routing:

Cindy Zuniga	Created/Initiated - 9/20/2022
Melba Carvajal	Approved - 9/20/2022
Mark Vega	Final Approval - 9/21/2022
8. Staff Recommendation:
9. Advisory Board:
10. City Attorney: Approve. IJT
11. Manager's Recommendation: Approve. RR

Memo

To: Roel Rodriguez, P.E., City Manager; Mark Vega, P.E., General Manager
From: Melba Carvajal, Director of Finance for Utilities; Sergio Villasana, Finance Director 
CC: Isaac Tawil, City Attorney; David McElwain, Meeder Investments (Patterson & Associates)
Date: September 20, 2022
Re: Annual Review and Approval of Investment Policy and Strategy

The annual review and approval of the City's Investment Policy and Strategy is required to be conducted prior to September 30, 2022, for the upcoming fiscal year. The Public Funds Investment Act has not been amended to require any material changes to the City's Investment Policy and Strategy. As such, staff recommends adoption of the Policy and Strategy without revision to the City Commission and McAllen Public Utility Board.

Please do not hesitate to call me at extension 1632, should you have any questions.

and which was held in accordance with the provisions of Chapter 551, Texas Government Code.

SIGNED this _____ day of September, 2022.

CITY OF MCALLEN

By: _____
Javier Villalobos, Mayor

ATTEST:

Perla Lara, City Secretary

MCALLEN PUBLIC UTILITY

By: _____
Charles Amos, Chairman

ATTEST:

Juan J. Rodriguez, Interim Board Secretary

APPROVED AS TO FORM:

Isaac Tawil, City Attorney

Exhibit A

ANNUAL REVIEW INVESTMENT POLICY AND STRATEGY

**City of McAllen (CITY)
Public Utility Board (PUB)
McAllen-Hidalgo International Toll Bridge (BRIDGE)
Anzalduas International Crossing (ANZALDUAS)
Development Corporation of McAllen (CORP.)**

September 2022

INVESTMENT POLICY AND STRATEGY

**City of McAllen (CITY)
Public Utility Board (PUB)
McAllen-Hidalgo International Toll Bridge (BRIDGE)
Anzalduas International Crossing (ANZALDUAS)
Development Corporation of McAllen, Inc. (CORP.)**

INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of McAllen/McAllen Public Utility Board/McAllen-Hidalgo International Toll Bridge/Anzalduas International Crossing/Development Corporation of McAllen, Inc. (hereinafter referred to collectively as "City") in order to achieve the goals of safety, liquidity, diversification, and yield for all investment activity.

This policy serves to satisfy the statutory requirement, specifically the Public Funds Investment Act, Chapter 2256 of the Government Code (the "Act"), to define, adopt and review a formal investment strategy and policy. The City shall review and adopt its investment strategies and policy not less than annually.

SCOPE

This investment policy applies to all financial assets of the City. These funds are reported in the Comprehensive Annual Financial Report (CAFR). Any new funds created, unless specifically exempted by the City and this Policy, are to be included under the provisions of the policy.

INVESTMENT OBJECTIVES

The City shall manage and invest its cash with three objectives, listed in order of priority: Preservation and Safety of Principal, Liquidity, Diversification, and Yield. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Local Law.

The City shall maintain a comprehensive cash management program that includes collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to maintain cash availability and increase interest earnings on short-term investment of idle cash.

Preservation and Safety of Principal

The primary objective of the City investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from investment defaults or erosion of market value.

Liquidity

The City investment portfolio shall be structured such that the City is able to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

Diversification

Diversification of the portfolio will include diversification by maturity and market sector. The City will diversify its investment in an effort to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions, as appropriate.

Yield

The City's portfolios shall be designed with the objective of attaining a reasonable market yield, taking into account its investment risk constraints and liquidity needs. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

INVESTMENT STRATEGY

The City maintains portfolios that utilize five specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. Funds may be commingled for investment purposes. The portfolio structure will recognize and reflect the unique needs of all funds. The maximum weighted average maturity ("WAM"), calculated on stated maturities and in accordance with GASB requirements, shall not exceed three (3) years for the ladder portion of the portfolio (which excludes liquid funds).

- A. Investment strategy for operating funds has as its primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. This may be accomplished by purchasing high credit quality short-to-intermediate-term investments.
- B. Investment strategy for bond debt service fund(s) shall have as the primary objective the assurance of investment liquidity adequate to fund all debt service obligations on the required payment dates. Investments purchased shall not have a stated final maturity date which exceeds the next unfunded bond debt service payment date. Investment Officers are authorized to invest bond proceeds or revenue pledged to the payment of the debt obligation only to the extent permitted by the Act, in accordance with provisions governing the debt issuance, as applicable, and the local government's approved investment policy regarding the debt issuance, as applicable.

- C. Investment strategy for bond reserve fund(s) shall have as the primary objective to generate a dependable revenue stream to the appropriate debt service fund from investments with a low degree of volatility. Investments should be of high credit quality and, except as may be required by the Bond Ordinance specific to an individual issue, of short-to-intermediate-term maturities. Investment Officers are authorized to invest bond proceeds or revenue pledged to the payment of the debt obligation only to the extent permitted by the Act, in accordance with provisions governing the debt issuance, as applicable, and the local government's approved investment policy regarding the debt issuance, as applicable.

- D. Investment strategy for capital projects funds will have as the primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid cash equivalent investments to allow for flexibility and unanticipated project outlays. The stated final maturity dates of investments held should not exceed the estimated project completion date. Investment Officers are authorized to invest bond proceeds or revenue pledged to the payment of the debt obligation only to the extent permitted by the Act, in accordance with provisions governing the debt issuance, as applicable, and the local government's approved investment policy regarding the debt issuance, as applicable.

- E. Investment strategy for customer deposit funds shall have as the primary objective the assurance of investment liquidity adequate to cover the return of deposit to customers or its application to balances due. Investments purchased shall not have a stated final maturity date which exceeds two (2) years.

DELEGATION OF RESPONSIBILITY

Investment Committee

An Audit and Investment Committee, consisting of the audit committee members appointed by the City Commission and Public Utility Board will meet at least quarterly to determine operational strategies and to monitor results. The Investment Committee shall include in its deliberation such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risks, independent training sources, and authorized brokers/dealers. The Committee is authorized to adopt the annual broker/dealer list and approve training sources.

Delegation of Authority and Investment Officers Training

Authority to manage the City investment program is derived from investment officer designation resolutions of the City. Those authorized by said resolution are designated as investment officers of the City and, in conjunction with the Audit and Investment Committee, are responsible for investment decisions and activities. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy.

The Finance Director and the investment officers shall attend at least one training session from an

independent source approved by the Investment Committee. Training shall accumulate at least 10 hours of instruction relating to the officer's responsibility under the Act and any other requirements of the Act within 12 months after assuming duties. The Finance Director and the investment officers shall attend 8 hours of such investment training sessions not less than once in every two-year period that begins on the first day of the City's fiscal year.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment Officers 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.

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

Prudence

The standard of care to be applied by the investment officers shall be the "prudent person" rule, which states: "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." In determining whether the investment officers have exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- A. The investment of all funds, or funds under the City's control, over which the officers had responsibility and not necessarily consideration as to the prudence of a single investment.
- B. Whether the investment decision was consistent with this policy.

The investment officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately.

Ethics and Conflicts of Interest

City staff 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 the ability to make impartial investment decisions. City staff shall disclose to the City any material interests in financial institutions that conduct business with the City, and they shall further disclose positions that could be related to the performance of the City portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to timing of purchases and sales.

An investment officer of the City who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics

Commission and the City Council or Board of Directors, as appropriate.

REPORTING

Quarterly Reporting

The Finance Director shall submit a quarterly investment report signed by the investment officers to the Investment Committee and to the City in accordance with the Act that contains sufficient information to permit an informed outside reader to evaluate the performance of the investment program. The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy.

The report shall summarize current market conditions, economic developments, and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter and describe the portfolio on a detail and summary basis. The final quarterly report of the fiscal year will include a snapshot of asset allocation changes throughout the year.

The report will include the following:

- A. A detailed listing of individual securities and positions by maturity held at the end of the reporting period.
- B. Beginning and ending amortized book and market value of securities and positions for the period.
- C. Changes to the market value during the period.
- D. Average weighted yield to maturity of the portfolio.
- E. The earnings for the period (including accrued interest) net of amortization/accretion.
- F. The percentage of the total portfolio that each type of investment represents.
- G. Statement of compliance of the City investment portfolio with the Act and the Investment Strategy and Policy adopted by the City.

The Finance Director shall establish and implement procedures for monitoring the market price and rating changes in investments acquired with public funds and the liquidation of such investments. The market prices shall be obtained from an independent source.

AUTHORIZED INVESTMENTS

Assets of the City may be invested only in the following instruments in accordance with and further defined by the Act.

- I. Authorized Investments
 - A. Obligations of the U.S. Government, its agencies and instrumentalities not to exceed seven years to stated maturity to include pass-through mortgage-backed securities and

collateralized mortgage obligations (CMO) which pass the high-risk mortgage security test. Investment in mortgage-backed securities must be pre-approved by the City governing bodies.

- B. FDIC insured or collateralized certificates of deposit of state and national banks doing business in Texas including deposit spreading products initiated through a Texas bank. The certificates must be collateralized in accordance with this policy and not exceed three years to stated maturity.
- C. Local government investment pools created and managed in accordance with the Act and that maintain as an investment objective of a \$1.00 net asset value.
- D. AAA-rated, SEC registered and regulated money market mutual funds which include in their investment objectives the maintenance of a stable net asset value of \$1.0000. The City may own no more than 10 percent of the total assets of the mutual fund.
- E. A no-load bond mutual fund:
 - (1) registered with the Securities and Exchange Commission;
 - (2) with an average weighted maturity of less than two years;
 - (3) investing exclusively in obligations approved by this Policy; and
 - (4) continuously rated at least three stars by Morningstar.

Investment in such mutual funds must represent:

In the aggregate less than 15 percent of the City's operating monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and may not be utilized for any portion of bond proceeds, reserves and funds held for debt service. The City may own no more than 10 percent of the total assets of the mutual fund.

- F. FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas to include depository spread money market accounts initiated through a Texas bank.
- G. Debt obligations of any state or political subdivision in any U.S. state rated A or higher with a stated maturity not to exceed seven years.
- H. Fully collateralized repurchase agreements with a defined termination date. A flexible repurchase agreement may be used for bond proceeds with a maturity not to exceed the expenditure plan of the proceeds.
- I. A1/P1 commercial paper not to exceed 365 days to maturity from the date of issuance.
- J. FDIC insured brokered certificate of deposit securities from U.S. banks, settled delivery versus payment to City safekeeping with a maximum maturity of two (2) years.

- II. The following securities are not authorized for investment by the City.
- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays 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 (10) years.
 - D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

The City intends to match the maturities of investment funds with liquidity needs of the City. The maximum final stated maturity of any investment shall not exceed seven years and it is further provided that any security with a stated maturity over five years must be approved by the Audit and Investment Committee. No more than ten percent (10%) of the total security portion of the investment portfolio may have a stated maturity exceeding five years.

Risk and Diversification

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is managed through portfolio diversification which shall be achieved by the following general guidelines:

- A. Risk of issuer default is managed by limiting investments to high credit quality instruments allowed by the Act.
- B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity or market sector, limitation of average maturity, and avoidance of over-concentration of assets in specific instruments, as appropriate.

INTERNAL CONTROLS

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that the objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Finance Director shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points at a minimum.

- A. Control of collusion.
- B. Separation of transaction authority from accounting and record keeping.
- C. Perfection of City ownership and pledge rights through safekeeping.
- D. Clear delegation of authority to subordinate staff members.
- E. Written documentation on all transactions.
- F. Development of a wire transfer agreement with the depository bank or third-party custodian.
- G. Establishment of procedures to monitor rating changes in investments acquired with City funds and the liquidation of such investments consistent with the provisions of Section 2256.021, Government Code.

Competitive Bidding

All transactions shall be made on a competitive basis to assure that the City is receiving the best rates and has compared all comparable investments.

Delivery versus Payment

All securities shall be purchased on a delivery versus payment (DVP) settlement basis. Funds shall not be released until receipt of the security by the City's approved custodian. The records shall assure the notation of the City ownership of or explicit claim on the securities. The custodian shall provide the City with proof of ownership or claim by an original document delivered to the City.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officers will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

Monitoring FDIC Status for Mergers and Acquisitions

The Investment Officers shall monitor the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officers or Adviser shall immediately notify the Finance Director and present information to make an informed decision on possible liquidation.

COLLATERALIZATION

Time and Demand Bank Deposits Pledged Collateral

Collateralization is required on all bank time and demand deposits over the applicable FDIC insurance coverage. All securities pledged to the City for these deposits shall be held by an independent third-party institution outside the holding company of the pledging bank.

In order to anticipate market changes and provide a level of additional security for all funds, the market value of securities held as collateral will be maintained at 105% of total principal and accrued interest on the deposits or investments less an amount insured by the FDIC. And letters of credit

issued by the Federal Home Loan Bank held as collateral will be maintained at 100% of principal and accrued interest on the deposits or investments less an amount insured by the FDIC. Federal Home Loan Bank letters of credit held as collateral must expire at least two business days beyond the maturity date of the investment, or if rolling letters of credit are utilized, advance notice prior to any expiration must be provided along with a letter of credit extension, and the extension to cover the final expiration of the investment must extend at least two business days beyond the final maturity date. The depositories will be responsible for monitoring and maintaining the collateral and margins daily. The safekeeping custodian will provide monthly reports to the City detailing the collateral.

Collateral will be pledged under the terms of a written depository agreement executed under the terms of FIRREA. (If the custodian is the Federal Reserve the City will execute a Circular 7 form.) The agreement will be approved by resolution of the bank's board or loan committee.

The City shall accept only the following as collateral:

- A. FDIC insurance
- B. Obligations of the US Government, its agencies and instrumentalities, excluding mortgage backed securities, but including letters of credit issued by the Federal Home Loan Bank

Repurchase Agreements Owned Collateral

Collateral under a repurchase agreement is owned by the City. It will be held by an independent third-party safekeeping agent approved by the City under an executed Master Repurchase Agreement, or similar agreement. Collateral with a market value totaling 102% of the principal and accrued interest of the repurchase amount is required and the counterparty is responsible for the monitoring and maintaining of collateral and margins at all times. Monthly reports are required at a minimum.

All collateral shall be subject to inspection and audit by the Finance Director or the City independent auditors.

SELECTION OF BANKS AND DEALERS

Depository

At least every five years a Depository shall be selected through the City's banking services procurement process, which shall include a formal request for applications (RFA). The depository contract shall contain a provision that the City may terminate the agreement at its sole discretion at any time. In selecting a depository, the services, fees, credit worthiness of institutions, and earnings potential may be considered.

Broker/Dealers

The Investment Committee shall approve those broker/dealers through whom the City buys or sells securities on an annual basis. Investment officers shall not knowingly conduct business with any broker/dealer representative with whom public entities have sustained losses on investments based upon improper recommendations. All broker/dealers shall provide the City with references from

public entities which they are currently serving. A list of not less than five broker/dealers shall be maintained to assure a competitive process.

All broker/dealers who desire to transact business with the City must supply the following, as appropriate:

- 1) Annual audited financial statements
- 2) Proof of Financial Industry Regulatory Authority (FINRA) certification and CRD Number
- 3) Proof of Texas State Securities registration

No investment transactions may be entered into with a brokerage subsidiary of the City's depository bank unless it can fulfill all delivery versus payment (DVP) requirements for trade independence.

Policy Review Certification

Every local government investment pool (e.g. business organization) shall have been provided a copy of this Policy to assure that they are familiar with the goals and objectives of the investment program. The authorized representative of the pool shall sign a written certification, in a form acceptable to the City, substantially to the effect that the firm has:

- (1) received and reviewed the investment policy of the entity; and
- (2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the City's investment policy, except to the extent that this authorization:
 - (A) is dependent on an analysis of the makeup of the City's entire portfolio;
 - (B) requires an interpretation of subjective investment standards; or
 - (C) relates to investment transactions of the City that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

No investment transaction shall be executed with a firm which has not delivered this written certification. Material changes in this Policy will require re-certification by business organizations.

The City is under no obligation to transact business with any financial institution.

All approved broker/dealers and financial institutions shall receive a copy of the Investment Policy. If any material changes are made to the policy an updated copy will be sent.

SAFEKEEPING AND CUSTODY

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository in accordance with a safekeeping agreement signed by authorized representatives of the City, the Depository, and the custodian (with the exception of the Federal Reserve as Custodian). The Finance Director or a third-party financial institution shall maintain evidence of the pledged collateral. The Custodian shall provide a monthly report of collateral directly

to the City. Collateral shall be reviewed weekly to assure that the market value of the pledged securities is adequate.

Safekeeping Agreement

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

INVESTMENT POLICY ADOPTION

The City investment policy and strategy shall be adopted by resolution of the City Commission/PUB/Bridge/Corp. The resolution shall include any changes made to the policy and strategy. The Investment Committee shall review the policy for effectiveness on an annual basis and any modification will be recommended for approval to the City.

**GLOSSARY
Of
COMMON TREASURY TERMINOLOGY**

Agencies:	Federal agency and instrumentality securities.
Asked:	The price at which securities are offered.
Bid:	The price offered to buy securities.
Broker:	A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market brokers are active in markets in which banks buy and sell money and in interdealer markets.
Brokered Certificate of Deposit Security:	A time deposit which has been sold onto the secondary market and divided to assure FDIC insurance coverage. This is a registered security with a CUSIP and is settled over the FedWire or other settlement system
Depository Certificate of Deposit (CD):	A time deposit with a financial institution with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.
Collateral:	Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public monies.
Coupon:	(a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.
Dealer:	A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own account.
Debenture:	A bond secured on by the general credit of the issuer.
Delivery versus Payment:	There are two methods of delivery of securities; delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for

securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. The Federal Reserve through open-market operations currently pegs this rate.

Federal Home Loan Banks (FHLB): The institutions that regulate and lend to banks and savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

Federal National Mortgage Association (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development, (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder corporation. The corporation purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve is a permanent member while the other

presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Government National
Mortgage Association**

(GNMA of Ginnie Mae): Securities guaranteed by GNMA are issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA, or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government

Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in a common pool for investment and reinvestment.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase
Agreement:**

To protect investors, many public investors will request that repurchase agreements be preceded by a master repurchase agreement between the investor and financial institution of dealer. The master agreement should define the nature of the transaction, identify the relationship between the parties, establish normal practices regarding ownership and custody of the collateral securities during the term of the investment provide remedies in the case of default by either party and clarify issues of ownership. The master repurchase agreement protects the investor by eliminating the uncertainty of ownership and hence, allowing investors to liquidate collateral if a bank or dealer defaults during the term of the agreement.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the

FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

- Portfolio:** Collection of securities held by an investor.
- Primary Dealer:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities brokers-dealers, banks and a few unregulated firms.
- Prudent Person Rule:** An investment standard. 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.
- Rate of Return:** The yield obtained on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.
- Repurchase Agreement (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use REPOs extensively to finance their positions. Exception: When the Fed is said to be doing REPOs, it is lending money that is, increasing bank reserves.
- Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.
- Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.
- Securities & Exchange Commission:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.
- Treasury Bills:** A non-interest bearing discount security issued by the U.S. Treasury to

finance the national debt. Most bills are issued to mature in three months, six months, and one year.

Treasury Bonds: Long-term U.S. Treasury securities having initial maturities of more than ten years.

Treasury Notes: Intermediate term coupon bearing U.S. Treasury securities having initial maturities from two to ten years.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price of the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.