



CITY COUNCIL POLICY
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Policy for Landing Rotary Aircraft in the
Burleson City Limits

Adopted date	August 28, 1980
Revised date	
Department Name	General

This policy is established to address procedural matters associated with requests to land rotary wing aircraft for hire in the Burleson City limits. (This policy is intended to supplement, not contradict City Ordinance B-219, Zoning Standards).

The following guidelines shall be used to consider application for operating a temporary helistop for hire (a landing pad for a limited period of time, by rotary wing aircraft not exceeding a gross weight of 6, 000 pounds and not for regularly scheduled stops nor fueling facilities and subject to the approval of the City of Burleson.)

1. The City Manager shall represent the City of Burleson on all matters concerning applicants for a permit to operate a temporary helistop.
2. The request to allow operation of such temporary helistop shall be made by the operator. The property owner shall provide a written letter of permission naming the individual, company, or corporation responsible for the operation of the temporary helistop.
3. There shall be insurance documents attached documenting \$100, 000 property damage and \$300,000 bodily injury insurance.
4. The applicant will be responsible for proper barricading and safety precautions associated with proper operation of a helistop. Prior to opening for business, the operator shall request inspections from the City of Burleson.
5. All provisions of Burleson City Ordinance B-219, Zoning Standards shall remain applicable in all cases.



CITY COUNCIL POLICY

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City of Burleson City Council Policy Establishing City Council Rules of Procedure For City Council Meetings

Adopted date	November 11, 1982
Revised date	May 5, 1985 & January 21, 2020
Department Name	City Council

I. AUTHORITY

Pursuant to the provisions of the Charter of the City of Burleson, Texas, the City Council shall enact rules of procedure for all meetings of the City Council of the City of Burleson, Texas, which shall be in effect upon their adoption by the City Council until such time as they are amended or new rules adopted. These guidelines shall remain flexible and in compliance with the City Charter, the Texas Open Meetings Act, and any other applicable state laws.

II. MEETING AGENDAS

- a. **Preparation & Posting of:** The City Manager is responsible for creating the agenda and agenda packet materials for City Council meetings. The City Secretary is responsible for posting the agenda and distributing agenda packets to the City Council.
- b. **Placing Items on the Agenda:** The Mayor or any one Councilmember may request that an item be placed on the agenda by the following means:
 - i. Request the item during the “Request for Future Agenda Items” during the work session portion of a Council meeting; or
 - ii. Notify the City Manager, in writing, of the request a least ten (10) business days prior to any regularly scheduled City Council meeting.
- c. **Agenda Packet:**

- i. Contents: The agenda packet will include a report and related documents (i.e. ordinance, contract, bid tabulation, etc.) for each item on the Consent Action and/or General Action sections of the agenda.
 - ii. Distribution: In most cases, the agenda packet should be made available to the City Council at least 5 (five) calendar days prior to the regularly scheduled City Council meeting.

- d. **Agenda Item Pages**: Each AIP shall contain all pertinent information on the item of business. Generally, the report shall include the following order of information:
 - i. Action requested of the City Council
 - 1. Items concerning an ordinance must identify the proponent of the ordinance in parenthesis following the action requested.
 - ii. Background and/or historical information
 - 1. Input/Recommendations received from applicable City Boards or from the public
 - 2. Financial impact (i.e. source of funds)
 - 3. Identity of the City Manager's office contact and city departmental staff member whom Council and the public should contact for additional information

- e. **Consent Agenda Items**: The City Manager may place on the consent agenda section of the agenda any items that, in the City Manager's view, are routine in nature. Consent agenda items should not include:
 - i. First reading of any ordinance
 - ii. An item concerning an election
 - iii. An item authorizing the issuance (or notice of issuance) of any debt instrument (bonds, certificates of obligation, capital lease agreements, etc.)
 - iv. A contract or purchase of a single good or professional service (i.e. excludes sole source and unit price supplies/materials) that exceeds the threshold amount regardless of whether or not the item is required to be bid. The threshold amount is twice (2 times) the amount established for a purchase to be competitively bid (Loc. Gov't Code, Sec. 252.021) (e.g. 2018=\$50,000; x 2= \$100,000)

- f. **Councilmember's Obligations to be Prepared in Advance**: In order to provide for informed decision making and to instill confidence in the

electorate, in advance of each meeting, each Councilmember is expected to:

- i. Study and be familiar with all material in the agenda packet provided by the staff in advance of the meeting.
- ii. Include staff and citizen contacts, field observations and inquiries in their preparation.
- iii. Direct any questions about the agenda packet to the city manager's office or the staff member designated on the agenda report.

III. COUNCIL MEETINGS: RULES, PROCEDURES AND CONDUCT

a. Presiding Officer

- i. The Mayor presides at meetings of the City Council (City Charter, Sec. 22(a)).
- ii. The Mayor Pro Tem, who shall act as mayor during the absence or disability of the Mayor (City Charter, Sec. 22(b)).
- iii. In the event the Mayor and Mayor Pro Tem are absent, the Councilmember in attendance with the longest tenure shall preside over the meeting. In the event of a tie in tenure, the members may draw lots to determine who shall preside.

b. Burleson Rules of Order

- i. The rules contained in Section V of this Policy shall govern the Burleson City Council meetings in all cases to which they are applicable and not in direct conflict with State laws. These rules are intended to be fair and complete.

c. Executive Session (Closed Session)

- i. The Texas Open Meetings Act provides for narrowly drawn exceptions to the requirement that meetings be open to the public. The City Council shall follow TOMA with regards to executive sessions requirements.

d. Annual Meeting Calendar: The City Council shall adopt a calendar outlining their scheduled regular meetings for any calendar year no later than December 1st of the preceding year.

e. Citizen Appearances: Each person in attendance who desire to speak to Council on item posted on the agenda, that is not a public hearing,

or on any subject not listed on the agenda, should speak during this section.

- i. A speaker card must be filled out and given to the City Secretary or representative prior to addressing the Council.
- ii. Under the Texas Open Meeting Act the city council may take action only on legally posted items on the agenda
- iii. There will be no discussion of any un-posted items, council will only receive comments and may only ask clarifying questions and respond with facts or explanation of policy
 1. Each person will be allowed three (3) minutes and will not be interrupted by Council or staff.
 2. Council may request the City Manager place the subject on a future Council meeting agenda or request staff meet with the person for further discussion.

IV. COUNCIL MEETINGS: ORDER OF BUSINESS

Council meetings shall generally adhere to the following order of business:

- a. **Work Session:** The work session provides an informal setting to discuss the following:
 - i. Changes to the meeting's agenda (The City Manager will advise Councilmembers of agenda items that need to be corrected, supplemented, continued, or withdrawn.)
 - ii. Upcoming and recent events
 - iii. Employee Recognitions
 - iv. Reports and Presentations from City Management and Staff (An opportunity for the City Manager or his/her staff to obtain direction from Council on a future item, provide information on current items, or respond to previous Councilmember requests for information.)
 - v. City Council Requests for Future Agenda Items or Reports
- b. **Executive Session:**
 - i. All formal action from executive session shall be done in open session and should be posted on the agenda for action.
- c. **Regular Session:**

- i. Should begin with a Call to Order by the Mayor (presiding officer)
 1. formal roll call or statement by presiding officer indicating quorum present
 2. statement of date and time – 7:00 p.m. start time may be adjusted due to the requirements of meeting
 3. invocation
 4. pledge of allegiance – United States and Texas
- ii. Public Presentations: Proclamations, recognitions, general reports, and updates from the public or community organizations.
- iii. Community Interest Items: In accordance with the Texas Open Meetings Act, an "item of community interest" includes the following:
 1. expressions of thanks, congratulations, or condolence;
 2. information regarding holiday schedules;
 3. honorary recognitions of city officials, employees, or other citizens;
 4. reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city official or city employee; and
 5. announcements involving imminent public health and safety threats to the city.
- iv. Items to be continued or withdrawn: Any City Councilmember or the City Manager may request an item be removed from consideration and either (1) continued to a future meeting date or (2) withdrawn from consideration altogether.
- v. Items to be withdrawn from the consent agenda for separate discussion: Any Councilmember wishing to discuss and vote on a consent agenda item individually should make that request.
- vi. Citizen Appearances:

It is the policy of the City Council of the City of Burleson to encourage open government and the opportunity for all citizens to address the Council and receive fair consideration for each item listed on the agenda. Therefore, and in the interest of time, decorum and the constraints of the Texas Open Meetings Act, there are rules that must be enforced. On items not posted on the agenda, the Council may receive comments or suggestions. The Council cannot discuss or deliberate on the unposted matter. The Council may, however, ask clarifying questions, respond with facts,

explain a policy, and propose that the item be placed on a future agenda.

1. In accordance with Section 551.007 of the Texas Open Meetings Act, the public has a right to speak on items on the agenda either at the beginning of the meeting or during the meeting when an agenda item is being considered.
2. Under the Texas Open Meetings Act and Public Information Act laws of the State of Texas, the City Council may take action only on items legally posted on the agenda.
3. On items not posted on the agenda, the Council may receive comments or suggestions. The Council cannot discuss or deliberate on the unposted matter. The Council may, however, ask clarifying questions, respond with facts, explain a policy, and propose that the item be placed on a future agenda.
4. Each person will be allowed three (3) minutes to comment on any particular subject. Council and staff will not interrupt speaker's time and will ask questions or clarification after the three (3) minutes of time. If the person requires a translator, they will receive six (6) minutes to allow to address the Council.
5. Each person shall fill out a speaker card and present to the City Secretary before speaking.
6. Profanity or threatening language will not be tolerated and may result in the following:
 - i. Cancellation of remaining time;
 - ii. Removal from the Council Chambers; and/or
 - iii. A contempt citation.
- vii. Consent Action Agenda: All items listed are considered to be routine by the City Council and will be enacted with one motion. There will be no separate discussion of the items unless a Councilmember or citizen so requests, in which event the item will be removed from the consent agenda and considered in its normal sequence.
- viii. General Action Items: Items may include, but are not limited to: Public Hearings, Ordinances & Resolutions, Contracts & Agreements, Reports & Discussion Items, etc. Items scheduled for public hearing or which involve outside organizations should, typically, be listed first.
- ix. Presentations and Reports: An opportunity for the City Manager or his/her staff to obtain direction from Council on a future item,

provide information on current items, or respond to previous Councilmember requests for information.

- x. Executive Session (if needed): The City Council may choose to meet in Executive Session in accordance with state law. As a matter of practice, the City Council will conduct executive session during the work session. However, executive session may be held at any time when a City Council meeting is convened.
- xi. Adjourn

V. **BURLESON RULES OF ORDER**

The rules contained in this section the policy shall govern the Burleson City Council meetings in all cases to which they are applicable and not in direct conflict with state laws.

- a. **Presiding Officer**: The Mayor, if present, shall be the presiding officer. In the absence of the Mayor the Mayor Pro Tem shall be the presiding officer. In the absence of both the Councilmember with the most senior tenure should preside.
 - i. Should by statement identify quorum present call the meeting to order according to posted agenda and clearly state date and time.
 - ii. Should establish the order of the meeting by following the posted agenda and may call items out of order for purpose of functionality.
 - iii. Shall not make initial motions on items before the Council, however may second a motion.
- b. **Motion**:
 - i. Motion dies from lack of second
 - ii. No amendments to original motion, except by the member making the motion
 - iii. Each item posted on the agenda should be voted on individually
- c. **Point of Order**:
 - i. Any Councilmember may request to identify procedural defect
 - ii. Any Councilmember may make call a filibuster point of order
 - 1. Presiding officer request Councilmember speaking to yield the floor
 - 2. Presiding officer present to the other members of Council an opportunity to speak

3. If no other member wishes to speak the officer can return the floor to the original member speaking

d. Point of Information:

- i. Any Councilmember may request additional information for other members to consider
- ii. There is no debate

e. Call the Question: Only when a motion is on the table for consideration

- i. Any Councilmember may call the question
- ii. Requires a second but no vote
- iii. Ends debate or discussion and requires immediate vote on item

f. Public Hearing:

- i. Council should fairly allow everyone to be heard before Councilmembers speak
- ii. After all speakers, Council may comment and recall speakers if needed
- iii. Each person will be allowed three (3) minutes to speak. Council and staff will not interrupt speaker's time and will ask questions or clarification after the three (3) minutes of time. If the person requires a translator, they will receive six (6) minutes to address the Council.

g. Table:

- i. Items will be tabled to a specific date and the request made by applicant or staff
- ii. If no date is stated when item is tabled, the item after 180 days will be placed on the next regular agenda and considered
- iii. In non-zoning cases, citizens may make a request to table

h. Adjourn:

- i. Adjournment of the meeting requires a motion and a second but no vote
- ii. Presiding officer will announce date and time of adjournment

i. Executive Session:

- i. Can be taken at any time during the meeting with proper notice to the public – presiding officer shall announce the exceptions and time
- ii. Any member of the Council present may request to convene into executive session
- iii. City Manager, Deputy City Manager, City Secretary or Deputy City Secretary may request Council convene into executive session
- iv. All request to convene into executive session requires a motion, a second and a vote by Council
- v. All request to reconvene into open session requires a motion, second and a vote by Council

VI. MAYOR/MAYOR PRO-TEM

a. Mayor:

- i. Per Sec. 22 of the Charter of the City of Burleson, the Mayor presides at meetings of the City Council and, except in cases involving conflict of interests, must vote upon all items voted on by the City Council.

b. Mayor Pro-Tem:

- i. The City Council shall elect in accordance with Sec. 22 of the Charter from among its members, a Mayor Pro Tem, who shall act as Mayor during the absence or disability of the Mayor, and, if a vacancy occurs in the Mayor's place, shall become Mayor until the next general election. (City Charter, Section 22(b))
- ii. Qualifications: Any Councilmember who has served at least 2 years on the City Council shall be qualified to serve as Mayor Pro Tem.
- iii. Nomination process: Councilmembers interested in serving as Mayor Pro Tem shall, at least five business days prior to the meeting, submit to the City Secretary written notification of their interest of serving. The City Secretary shall present to Council, in executive session, all the names of the interested, qualified, Councilmembers.
- iv. Election: Each year at a regular meeting by August 31st, an agenda item for Election of Mayor Pro-Tem shall be placed on the Regular Session agenda. All action for election of the Mayor Pro-Tem shall occur during open session.

VII. AUDIO/VIDEO USE

- a.** Recording of Council meetings on video equipment larger than a cell phone or tablet shall be located at the rear of the chambers so as not to interfere with the sight lines of the seated audience.



CITY COUNCIL POLICY

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Policies for the Investment of Funds of the City of Burleson

Adopted date	May 26, 1988
Revised date	October 5, 1995 (Policy is reviewed yearly)
Department Name	Finance

CITY OF BURLESON

CITY COUNCIL POLICY

PURPOSE: To establish policies for the investment of funds of the City of Burleson.

POLICY: I. Scope

This investment policy applies to the investment activities of the City of Burleson and the Burleson Community Service Development Corporation. All financial assets of the City, including the following fund types, shall be administered in accordance with the provisions of these policies.

General Fund
Special Revenue Funds
Debt Service Funds Capital
Project Funds Enterprise
Funds Internal Service
Funds

II. Objective

1. General - All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's return.

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.

Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; liquidity; and yield.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of this jurisdiction.

If the City's Investment Officer has a personal business relationship with an entity seeking to sell an investment to the City, the Officer shall file a statement disclosing that personal business interest. If the Investment Officer is related within the second degree by affinity or consanguinity, to an individual seeking to sell an investment to the City, he shall file a statement of disclosure with the City Council and the Texas Ethics Commission.

2. Safety - The primary objective of the City's investment activity is the preservation and safety of capital. Each investment transaction shall seek to first avoid capital losses, whether they be from securities defaults or erosion of market value.

3. Liquidity - The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with estimated cash flow requirements and by investing in securities with active secondary markets.

4. Yield

a. Non Restricted Cash & Investments - The City's pooled operating portfolio shall be designed with the objective of earning 1.02 times the average rate of return of the U.S. Treasury yield curve. The yield of the pool shall be compared to the yield of the U.S. Treasury yield curve at a point on the curve equal to the weighted average maturity of the pool.

b. Restricted Cash & Investments - Applicable Tax Exempt Debt Proceeds shall attempt to achieve a return equal to the above calculation unless that return exceeds the applicable arbitrage yield limit on the debt. In certain interest rate environments the City may need to restrict yields in order not to exceed arbitrage limits.

III. Responsibility and Control

The Council shall designate the Finance Director to act as the City's Investment Officer, by resolution. Management responsibility for the investment program is hereby delegated to the Investment Officer, who shall establish procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate investment officials. The Investment Officer shall be required to attend at least one annual training session related to investment responsibilities. The training shall be from an independent source approved by the City Council and shall comprise at least 10 hours every two years. Required training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with state and federal laws.

IV. Reporting

The Investment Officer shall submit a quarterly investment report that contains a summary statement of each pooled fund group stating the beginning market value, additions and changes to market value and the ending market value for the quarter. The report shall also state the book value, market value and maturity date of each separately invested asset. The report shall be prepared in compliance with generally accepted accounting principles and include fully accrued interest for the reporting period. Lastly, the report shall state the compliance of the City with the investment strategies stated in the City's investment policy. This report shall be submitted to the City Council and the City Manager.

Within 120 days of the end of the fiscal year, the Investment Officer shall present a comprehensive annual report on the City's investment activity.

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

The City's investment policy and investment strategies shall be reviewed and approved by the City Council on an annual basis (at minimum).

During any fiscal year in which the City invests in other than money market for mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposits, money market accounts or similar accounts, the investment officers' reports must be formally reviewed by an independent auditor and the auditor must report the results of the review to the City Council.

V. Monitoring

1. The Investment Officer shall monitor the market price of investments by use of a third party independent pricing source or by means of an on-line financial data service.
2. The Investment Officer shall monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall immediately solicit bids for and sell the security, if possible, regardless of a loss of principal.

VI. Investments

1. Authorized Investment Instruments - Assets of funds of the government of the City of Burleson may be invested in:
 - a. Obligations of the United States or its agencies or instrumentalities;
 - b. Fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations;
 - c. SEC registered, no load money market funds in accordance with state law and authorized by the City Council;
 - d. Eligible statewide Investment pools in accordance with State Law and authorized by the City Council.
 - e. Repurchase Agreements (direct security repurchase agreements and reverse repurchase agreements in accordance with state law) collateralized by U.S. Treasury or U.S. Government Agency Securities.
 - f. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
2. Maximum Investment Maturities - The maximum maturity for each fund group and instrument is set forth in the investment strategies under Section II.
3. The Finance Committee shall function as the City's designated Investment Committee. This Committee shall recommend strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than U.S. Treasury Bills, U.S. Treasury Notes and Investment pool. The recommendations of the Finance Committee will be presented to the City Council for final

approval.

4. The purchase of all individual investment instruments shall be executed on a delivery vs payment basis and shall be held in a third party institution designated and approved by the City Council.

5. The Investment Officer may not purchase any securities from a firm which has not delivered a written certification to the City as required by Sec. 2256.005(k)(l) of the Public Funds Investment Act.

6. The Investment Committee shall at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

VII. STRATEGIES

A. General

The City's basic investment strategy for all financial assets including pooled funds relating to all fund groups, emphasizes in order of priority: safety of principal, liquidity, and yield.

B. Safety

The City's selection of authorized investment instruments reflects a heavy emphasis on safety. Each of the authorized items exhibits relative degrees of credit risk, market volatility, liquidity, and yield potential when compared to each other. However, when compared to the entire range of items available in the financial markets or even the more restrictive range of options legally available to municipalities, the selected options essentially represent the "safest of safe" investment options.

C. Liquidity and Diversity

The goals and relative importance of safety and yield are apparent (with safety representing the primary objective). Other goals such as "liquidity" and "diversity" while also very important, are not ends unto themselves. Rather, these activities reflect strategies intended to help achieve one or both goals of safety or enhancement of yield.

1. Liquidity Issues - The goal of liquidity stems from the need of the City to maintain available cash balances sufficient to cover financial outlays as they arise. Since the timing and amount of all financial disbursements are not precisely predictable, there may be occasional needs to liquidate instruments prior to scheduled maturity. The City's investment strategy should provide a means of funding unanticipated expenditures and if necessary liquidating investments, while maintaining a low risk of capital loss or penalty.

2. Investment Diversity Issues - It is the policy of the City of Burlson to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The specific composition of the portfolio at any point in time will depend upon a number of interrelated factors including:

a. The Relative Size of Individual Investment Purchases. - Generally speaking, larger purchases (one million dollars or more) provide higher yields than smaller "odd lot" purchases. Larger lots also generally trade more easily, are more liquid, and therefore tend to command a somewhat higher price if the City desired to sell the instruments before maturity. The directly related factors of yield vs purchase size require the City to balance the benefit of diversification achieved by larger numbers of smaller purchases vs the potential increase in yield and liquidity created by larger but less numerous blocks of purchases.

b. The Size of the Portfolio - Other factors held constant, larger portfolios lend themselves to diversification more readily than smaller portfolios. Larger portfolios provide an opportunity for more coverage of investment types and maturities without resorting to "odd lot" purchases and the attendant yield reductions frequently associated with smaller purchases.

c. Type of Investment Instruments - Different investment instruments demonstrate varying degrees of credit and market risk. U.S. Treasury Bills and Notes are generally regarded as the lowest credit risk instruments in the world. There is also a wide and active market in these instruments which creates a relatively higher degree of liquidity in comparison to most other instruments. The market risk of these instruments also compares favorably with other potential options. Relatively higher concentrations of assets invested in T Bills and Notes carry somewhat less risk than similar concentrations in agency discount notes or certificates of deposits.

Other factors held equal, a portfolio denominated primarily in Treasury Notes and Bills would be generally more acceptable than an otherwise equivalent portfolio denominated primarily in agency instruments or certificates of deposit.

Investments in eligible investment pools are "diversified" by the very nature of their inclusion in a very large and active pool of investments. Consequently, concentrations of investments in pools represent a lower risk than concentrations in such individual instruments as agency discount notes or certificates of deposit. The potential characteristics and performances of the various available investment pools and no load mutual funds may vary widely depending on the composition and management of those entities. Any categorical or summary

conclusion regarding the level of participation in these funds should only be done on a case by case basis by the Finance Committee.

d. Required Liquidity - The City will generally be able to precisely quantify the level and timing of funding required for some purposes such as debt service and debt service reserve requirements. Other requirements may be relatively less predictable in terms of either timing, amount, or both. Other factors held equal, diversity may require less emphasis in predictable versus unpredictable portfolios.

c. Yield

Unless otherwise indicated, pooled portfolios shall seek to achieve a yield of at least 1.02 times the average rate of return of the U.S. Treasury yield curve. This measurement shall be determined by comparing the yield of the pools with the point on the Treasury curve that corresponds to the weighted average maturity of the pools. Yield objectives shall at all times be subordinate to the objectives of safety and liquidity.

D. Marketability

The Investment Officer will insure that marketability maintained in the pooled operating portfolios is sufficient to reasonably assure that investments could be liquidated if cash needs occur prior to the maturity date of the investments.

E. Pooled Investment Structure

1. General - The City will group investment instruments into a number of "pooled investment groups". These groups will reflect characteristics of maturity limits, diversity, and liquidity, commensurate with the underlying purpose for which the investments are intended to ultimately fund. Under this approach various individual investment instruments will comprise the total pool type. Individual funds will share equity interests in the assets and earnings of each pool (or pools), equal to their proportionate contributions to the pool (or pools). A pooled investment approach should provide several advantages over a system that seeks to procure specific investment instruments for specific fund types and financial resources.

2. Advantages - The advantages of pooling investments include:

a. Yield Enhancement - Pooling provides economies of scale that will allow purchases of larger denominations of specific investment instruments. Larger blocks of purchases typically yield greater returns than otherwise equivalent but smaller blocks. Larger blocks typically minimize transaction costs associated with the purchase, delivery, and safekeeping of investment instruments.

- b. Improved Diversity - These same economies of scale enhance diversification of investment type, issuer, and maturity relative to individual purchases.
 - c. Improved Liquidity - Pooling allows greater flexibility to "ladder" maturity dates, thus reducing the probability of a need to liquidate an instrument prior to stated maturity.
3. Basic Pool Requirements - The City requires the following basic types of pools:
- a. Short Term/Operating - Most of the City's fund types contain operating capital required to finance the particular activities for which the fund is responsible. Normal operations require ready access to financial resources. Capital assets will likely be expended within one budgetary cycle (one fiscal year). Cash flow projections are reasonably predictable but occasional circumstances may require unforeseen or unpredicted cash requirements. Financial resources in this category should be maintained at relatively short levels (usually one year or less). Due to the potential unpredictability of events, diversity and liquidity receive more relative emphasis than pools whose combined capital is to be disbursed on a more predictable schedule.
 - b. Long Term/Non-Operating Portfolio - Various fund types may contain financial assets in excess of the amounts necessary to fund the sum of operating costs and operating reserves. Other financial assets may be designated for projects scheduled to be implemented beyond the current operating period. The pool structured to invest these assets will require a longer maximum maturity limit than the operating pool. The size of the pool may vary widely over time. The pool will expand rapidly with the receipt of bond fund proceeds and contract as this capital is used for project construction. Since pool size influences the ability to achieve diversity and since diversity further influences the probability of occasional liquidation before maturity, specific categorical goals for these efforts will vary under existing circumstances.
 - c. Yield Restricted Portfolio - Proceeds from bond issuance's subject to arbitrage restrictions may necessitate yield restriction under some market conditions. Length of investment maturity may be dependent on market conditions as well as cash flow needs. The size of the pool may vary widely over time. Since pool size influences the ability to achieve diversity and since diversity further influences the probability of occasional liquidation before maturity, specific categorical goals for these efforts will vary under existing circumstances.

This pool shall be structured to provide a yield equal to at least 1.02 times the average rate of return of the U.S. Treasury yield

curve, unless that return exceeds the maximum rates allowable under existing arbitrage provisions. In such instances yield will be restricted to the allowable maximum.

d. Debt Service Reserve Portfolio - These reserves are usually specifically defined in terms of amount and size. Liquidity and diversity require relative less emphasis than the shorter term operating portfolio.

Bond covenants typically require that reserve balances be maintained with a third party financial institution or paying agent. These institutions invest deposited reserves on behalf of the city and indirectly on the behalf of investors in whose interests the reserves are established. In such instances, the City may contract with such parties who will operate in the capacity of an investment advisor. These relationships will be approved by the City Council. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this pool of funds.

e. Interest & Sinking Fund Reserve - These reserves are usually specifically defined in terms of amount and size. Liquidity and diversity require relative less emphasis than the shorter term operating portfolio.

Bond covenants typically require that reserve balances be maintained with a third party financial institution or paying agent. These institutions invest deposited reserves on behalf of the city and indirectly on the behalf of investors in whose interests the reserves are established. In such instances, the City may contract with such parties who will operate in the capacity of an investment advisor. These relationships will be approved by the City Council. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this pool of funds.

F. Specific Investment Strategies

1. Short Term/Operating Funds - This pooled investment group includes the total of cash and investments available for current operations plus all required operating reserves of the following fund types: The general fund, internal service funds, debt service funds, special revenue funds, and enterprise funds. A key investment strategy for operating funds is to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar weighted average maturity of operating funds may not exceed one year. The maximum maturity of an individual investment shall not exceed two years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, or the State sponsored investment pool (Investment pool). Diversification and limitations among the remaining investment options will be determined and approved by the City of Burleson's Finance Committee, in light of existing market conditions. Unless otherwise approved, the total of the remaining investment instruments may not exceed 50% of the portfolio value (measured at cost).

2. Long Term/Non-Operating Funds - The primary revenue source of this pooled investment group is bond proceeds (which are typically subject to arbitrage yield limitations). The category also includes any amount of cash and investments in excess of the estimated required operating reserves in the general fund, enterprise funds, internal service funds, or debt service funds. A key investment strategy is to assure that anticipated cash flows are matched with adequate investment liquidity. An additional investment strategy is to provide additional income to offset rising costs for capital projects. The maximum weighted average maturity of the portfolio shall not exceed two years. The maximum maturity of an individual investment shall not exceed three years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, the State sponsored investment pool, or United States government agency issues. Diversification among the remaining investment options will be restricted to 75% of the portfolio value (measured at cost) unless otherwise approved by the City Council and approved by the City of Burleson's Finance Committee.

3. Yield Restricted Portfolio - A primary investment strategy is to assure that anticipated cash flows are matched with adequate investment liquidity. A further investment strategy is to limit investment yields to arbitrage ceilings. The maximum maturity of an individual investment shall not exceed three years. The maximum weighted average maturity of this portfolio shall not exceed two years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, the State sponsored investment pool, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the City of Burleson's Finance Committee, in light of existing market conditions.

4. Debt Service Reserve Funds - A primary investment strategy for debt service reserve funds is to provide income to the reserve portions of revenue bonds. Because the investments may be subject to arbitrage yield restrictions, the secondary investment strategy is to attempt to invest at a yield equal to the arbitrage limit applicable to the reserves. The maximum maturity of an individual investment shall not exceed ten years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, the State sponsored investment pool, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the City of Burleson's Finance Committee, in light of existing market conditions.

5. Debt Service Sinking Funds - The primary investment strategy for debt service sinking funds is to match investment maturities with debt service payment requirements. The securities must have an active secondary market. The maximum maturity of an individual

investment shall not exceed five years unless a specific longer maturity is legally required. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, the State sponsored investment pool, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the City of Burleson's Finance Committee, in light of existing market conditions.

Portfolio Type Summary

A summary of the composition of each portfolio is included on attachment "A".

ATTACHMENT A

FUND / CAPITAL TYPE	PORTFOLIO TYPE				
	Short Term / Operating	Long Tern / Non Oper	Yield Rest	Dt Svc Resv	I & S
General					
Operating	Yes	No	No	No	No
Non-operating	Yes	Yes	No	No	No
Water & Sewer					
Operating	Yes	No	No	No	No
Non-operating	Yes	Yes	No	No	No
Bond Proceeds					
Yield Restricted	Yes(1)	Yes(1)	Yes	No	No
Non-yield restricted	Yes	Yes	No	No	No
Reserve					
Yield Restricted	No	No	No	Yes	No
Non-yield restricted	No	No	No	Yes	No
Sinking Fund					
Yield Restricted	No	No	No	No	Yes
Non-yield restricted	No	No	No	No	Yes
Dt Svc					
Total Avail funds	Yes	No	No	No	No
Capital Proj					
Yield Restricted	Yes(1)	Yes(1)	Yes	No	No
Non-yield restricted	Yes	Yes	No	No	No
Special Revenue					
Total Avail funds	Yes	No	No	No	No
Internal Svc					
Operating	Yes	No	No	No	No
Non-operating	Yes	Yes	No	No	No

(1) Providing that the yield will not exceed earnings limits.



CITY COUNCIL POLICY
32
City of Burleson Financial Policy Statements

Adopted date	May 26, 1988
Revised date	October 5, 1995, March 4, 2019
Department Name	Finance

City of Burleson, Texas

FINANCIAL POLICY STATEMENTS

Revised 12/09/2019

I. STATEMENT OF PURPOSE

The intent of the following Financial Policy and Financial Management Policy is to enable the City to achieve a long-term stable and positive financial condition. The guiding principles of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The more specific purpose is to provide guidelines to the Finance Director in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager and City Council.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts, in order to:

- a. present fairly and with full disclosure the financial position and results of financial operations of the City in conformity to generally accepted accounting principles (GAAP) as set forth by the governmental accounting standards board (GASB), and
- b. determine and demonstrate compliance with finance related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

II. GENERAL IMPLEMENTATION AND COMPLIANCE GUIDELINES

- A. **FINANCE COMMITTEE.** The Finance and Internal Services City Council Committee, the City Manager, and the Finance Director shall be designated as the Finance Committee. The committee may meet quarterly, or as needed. The committee will report to the City Council within 10-14 days after each meeting. The function of the committee will be:
 - 1) Fiscal policy review.
 - 2) Auditor selection recommendation.
 - 3) Investment policy review and guidance.
 - 4) Long-range planning.
- B. **ANNUAL REVIEW.** Based upon the results and recommendations of the Finance Committee review, the Council will annually approve the fiscal policies.
- C. **IMPLEMENTATION, COMPLIANCE, ACCOUNTABILITY AND REVIEW.** The Finance Director will be accountable for

implementing these policies and will, to the best of his or her knowledge, make the City Manager, Finance Committee and the City Council aware of any variances in practice from these policies or any other deviation from prudent financial practices in accordance with GAAP, the city charter, state laws and/or ethics of the profession. Any variances will be presented at quarterly meetings of the Finance Committee, unless there is a need for a special meeting.

III. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

A. ACCOUNTING. The City is solely responsible for the reporting of its financial affairs, both internally and externally. The City Manager is the City's Chief Fiscal Officer and the head of the administrative branch of the City government. The Director of Finance is appointed by the City Manager to have full charge of the administration of the financial affairs of the City, as specified in the City's Charter Article VII, Section 68.

B. AUDITING. An independent certified public accounting (CPA) firm will perform annual financial audits.

- 1) Qualifications of the Auditor. In conformance with the City's Charter and according to the provisions of Texas Local Government Code, Title 4, Chapter 103, the City will be audited annually by outside independent accountants ("auditor").
- 2) Auditor Repute. The auditor must be a CPA firm of good reputation and must demonstrate that it has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be registered as a partnership or corporation or certified public accountants, holding a license under Article 41a-1, Section 9, of the Civil Statutes of Texas, capable of demonstrating that it has sufficient staff which will enable it to conduct the City's audit in accordance with generally accepted auditing standards as required by the City Charter and applicable state and federal laws.
- 3) Timing. The auditor's report on the City's financial statements will be completed within 150 days of the City's fiscal year end.
- 4) Management Letter. The independent CPA firm shall provide a management letter, if one is issued, no later than March 31 following the end of each fiscal year. The auditor will prepare and will jointly review the management letter with the Finance Committee within 20 working days of its receipt by the staff. Within 10 days of this joint review, the Finance Director shall respond in writing to the City Manager and City Council regarding the auditor's management letter, addressing the issues contained therein. The Council shall schedule its formal acceptance of the auditor's report upon the resolution of any issues resulting from the joint review.
- 5) Responsibility of Auditor to City Council. The auditor is accountable to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the Auditor considers such communication necessary to fulfill its legal and professional responsibilities.
- 6) Rotation of Auditor. The City will not require an auditor rotation, but will circulate requests for proposal for audit services at least every five years. Should the City Council be dissatisfied with the auditor's performance, it may request new proposals at any time. Year to year authorization to continue shall be done by July 1st of each year.
- 7) Auditor Accountability to Staff. The following will be provided to City Staff by the auditor:
 - a. Hourly time sheets accounting for time spent both by audit phase and level of auditor will be submitted to the City on a monthly basis.
 - b. Copies of all work papers, either electronically or on paper, will be furnished to the City upon completion of the audit. Originals will be maintained at the auditor's office.

C. FINANCIAL REPORTING.

- 1) External Reporting.
 - a. Scope. The Financial Report shall be prepared in accordance with generally accepted accounting principles (GAAP).
 - b. Timing. The Report shall be presented to the Council within 150 calendar days of the City's fiscal year end. If

City staffing limitations preclude such timely reporting, the Finance Director will inform the City Council of the delay and the reasons thereof.

- c. Awards. The Report shall be presented annually to the Government Finance Officer's Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting. (For a discussion of this award, see XI.C. below).
- 2) Internal Reporting. The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout these policies. (See Section IV. Budgeting, C. Reporting, below).

IV. OPERATING BUDGET.

- A. PREPARATION. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan. The scope of the budget includes all funds for which the City will adopt a formal budget, including Government Funds, Proprietary Funds, and Fiduciary Funds.
 - 1) Budgetary Process. The budget is prepared by the City Manager or his/her designee with the cooperation of all City Departments. The budget should be presented to the City Council between 60 and 90 days prior to fiscal year end, and should be enacted by the City Council prior to fiscal year end in accordance with the Charter.
 - 2) Awards. If feasible, the operating budget will be submitted to the GFOA annually for evaluation and consideration for the Award for Distinguished Budget Presentation.
 - 3) Basis of Budgeting. The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and the Special Revenue Funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Funds are prepared on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.
 - 4) Financial Forecast. A five-year financial forecast shall be prepared annually projecting revenues and expenditures for all operating and capital funds. This forecast shall be used as a planning tool in developing the following year's operating budget.
 - 5) Proposed Budget Format. A proposed budget shall be prepared by the Manager with the participation of all of the City's Department Directors, within the provisions of the City Charter. The budget shall include at least four basic segments for review and evaluation. These segments are: (1) personnel costs, (2) operations and maintenance costs, (3) capital and other (non-capital) project costs, and (4) revenues. A four column format should be used such that prior year actual, current year budget and revised, and next year proposed are all clearly shown.
 - 6) Council Participation. The budget review process shall include Council participation in the development of each of the four segments of the proposed budget and a Public Hearing to allow for citizen participation in the budget preparation. The budget process shall span sufficient time to address policy and fiscal issues by the Council. The budget process will be coordinated so as to identify major policy issues for City Council consideration prior to the budget approval date so that proper decision analysis can be made.
 - 7) Filing and Adoption. Upon the presentation of a proposed budget document acceptable to the Council, the Council shall call and publicize a public hearing and adopt by Ordinance such budget as the City's Official Budget, effective for the fiscal year beginning. A copy of the proposed budget shall be filed with the City Secretary in accordance with the provisions of the City Charter. Should the Council fail to take final action on or before the last day of the fiscal year, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the City Council.
 - 8) Amending the Official Budget. The council may amend the budget for municipal purposes in accordance with state law.
 - 9) Encumbrances. Encumbrances outstanding at the end of each fiscal year shall be reflected as reservations of fund balance. Subsequent year's payments on previously encumbered funds will be reflected as expenditures of the prior year with a corresponding decrease of the reservation of fund balance.
- B. BALANCED BUDGET. The operating budget will be balanced with current revenues and other resources greater than or equal to current expenditures/expenses. Use of beginning balances and other reserves to balance operations will be disclosed

in the document with the underlying rationale.

- C. REPORTING. Monthly financial reports will be prepared to enable the Department Managers to manage their budgets and to enable the Finance Director to monitor and control the budget as authorized by the City Manager. Summary financial reports will be presented to the departments within 5 business days and to the City Council within 30 days after the end of each reporting period. Such reports will be in format appropriate to enable the City Council to understand the budget status at a level of summary executive detail.
- D. CONTROL. Operating Expenditure Control is addressed in Section VI.C. of these Policies.
- E. ACTIVITY INDICATORS AND STATISTICS. Where appropriate, activity indicators and statistics will be used as guidelines and reviewed for efficiency and effectiveness. This information will be considered in the annual budgeting process and reported to the City Council regularly.
- F. OPERATING POSITION. The guidelines that the City should be following to assure fiscal stability are those outlined in Financial Condition/ Reserves/Stability Ratios (IX.A. through F.).

V. REVENUE MANAGEMENT.

A. The City will strive for the following optimum characteristics in its revenue system:

- 1) SIMPLICITY. The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs and to make it more understandable to the taxpayer or service recipient. The City will avoid nuisance taxes or charges as revenue source.
- 2) CERTAINTY. A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
- 3) EQUITY. The City shall make every effort to maintain, equity in its revenue system structure; i.e., the City shall seek to minimize or eliminate all forms of subsidy between entities, funds, services, utilities, and customers. The City shall require that there be a balance in the revenue system; i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- 4) ADMINISTRATION. The benefits of a revenue will exceed the cost of collecting and administering the revenue program. The cost of collection will be reviewed annually for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
- 5) DIVERSIFICATION AND STABILITY. In order to protect from fluctuations in a revenue source due to fluctuations in the economy and variations in weather, a diversified revenue system will be maintained which has a stable source of income. This stability is also achieved by a balance between elastic and inelastic sources of revenues.
- 6) GRANTS AND RESTRICTED REVENUES. In order to maintain flexibility in the revenue system, restricted revenues will be kept to a minimum, and shall be pursued on a cost-benefit basis. All grants and other federal/state, and restricted funds shall be managed and accounted to comply with the laws, regulations, and guidance of the grantor.

B. The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

- 1) COST/BENEFIT OF ABATEMENT. The City will use due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such caution.
- 2) NON-RECURRING REVENUES. One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs.
- 3) PROPERTY TAX REVENUES. All real and business personal property located within the City shall be valued at

100% of the fair market value for any given year based on the current appraisal supplied to the City by the Johnson County Appraisal District and Tarrant County Appraisal District. Total taxable valuation will be reappraised and reassessed in accordance with State statute, in order to maintain current market values.

A 98% collection rate shall serve each year as a goal for tax collections. All taxes shall be aggressively pursued each year by the City's appointed tax assessor/collector. Tax accounts delinquent July 1st shall be submitted for collection each year to an attorney selected by the City Council. A penalty shall be assessed on all property taxes delinquent in accordance with State law and shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's contract with the City. Annual performance criteria will be developed for the attorney.

- 4) **INTEREST INCOME.** Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the operating and capital budgets which, wherever possible, will be in accordance with the equity balance of the fund from which monies were provided to be invested.
- 5) **USER-BASED FEES AND SERVICE CHARGES.** For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as "Full Cost Recovery", "Partial Cost Recovery," and "Minimal Cost Recovery," based upon City Council policy.
- 6) **UTILITY RATES.** The City will review and adopt utility rates annually that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects. Components of Utility Rates will include transfers to the General Fund as follows:
 - a. General and Administrative Charge. An administrative fee will be charged to the Utility Fund for services of general overhead, such as administration, finance, personnel, data processing, and legal counsel. This fee will be documented through a cost allocation procedure.
 - b. Franchise payment. A rate consistent with those charged to private utilities will be charged to the Utility Fund.. This rate may be either raised or lowered so as to be consistent with those of the private utilities.
 - c. Payment in lieu of Property Tax (PILOT). A fee will be charged to the Utility Fund to equate to property taxes lost due to municipal ownership. Net book value will be used as a basis, barring absence of known market value. The existing tax rate will be applied to this base to determine the PILOT charge.
- 7) **REVENUE MONITORING.** Revenues received will be regularly compared to budgeted revenues and significant variances will be investigated. This process will be summarized in the appropriate budget report.

VI. EXPENDITURE CONTROL

- A. **APPROPRIATIONS.** The level of budgetary control is at the Department level budget in the General and Enterprise Funds, and at the fund level in all other funds. When budget adjustments among Departments and/or funds are necessary, these must be approved by the City Council. Budget appropriation amendments at lower levels of control, which is defined as transfers that increase budgetary fund balances, shall be made in accordance with the applicable administrative procedures.
- B. **AMENDMENTS TO THE BUDGET.** In accordance with the City Charter, all budget amendments shall be approved by the Council.
- C. **CENTRAL CONTROL.** No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Director without the prior authorization of the City Manager. However, Department Directors are authorized to approve budgetary line items transfers in the same fund within their own assigned departments. The City Manager assigns Departments to each Director as areas of their responsibilities, and documents it in the City's Organization Chart.

- D. PURCHASING. All purchases should be in accordance with the City's purchasing policies as defined in the Purchasing Manual. In accordance with Charter provisions, purchases and contracts as per the City's Procurement Policy, will be reviewed and recommended by staff and presented to Council for approval.
- E. PROMPT PAYMENT. All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt in accordance of Government Code Title 10. General Government, Subtitle F. State and Local Contracts and Fund Management, Chapter 2251.021 and other related state and local government laws and regulations.
- F. EQUIPMENT FINANCING. Equipment is accounted for at the original acquisition cost, which includes purchase price plus any costs incurred to place the equipment in service. Equipment may be leased or financed when the unit purchase price is \$5,000 or more and the useful life is at least five years. Departments shall contact the Finance Department for transfer or disposal instructions.
- G. RISK MANAGEMENT. The City will aggressively pursue every opportunity to provide for the Public's and City employees' safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks. Such options may include risk transfer, insurance, and risk retention.
- H. AUTHORIZATION OF PAYMENT. Two signatures are required to conduct business of behalf City of Burleson, Texas. BOTH the City Manager and the Director of Finance, or their designee(s), are hereby authorized to execute the required Agreement with the Bank Depository. Designee(s) who are authorized to transact business on behalf of the City Manager are a City of Burleson's Deputy City Manager or the City Secretary. The designee who is authorized to transact business on behalf of the Director of Finance is the City of Burleson's Assistant Director of Finance. Payments may use reproducible authorized signature(s) or ACH (automated clearinghouse)
- I. AUTHORIZATION OF WIRE TRANSFERS BY THE CITY.

1. In general, attachments A through D to this Policy are as follows:

- a. Attachment A List of authorized individuals who may approve wire transfers.
- b. Attachment B Designation of Custodial/Safekeeping Agent.
- c. Attachment C List of authorized Investment Pools.
- d. Attachment D List of authorized Paying Agents.

Changes to attachments for revisions, additions, or deletions to any of the designations on Attachment A, B, C and D shall require the approval of two individuals listed on Group B as listed on Attachment A. Copies of additions, deletions, and changes will be provided to the Finance Committee at their next regular scheduled meeting.

2. SECURITY PURCHASES.

- a. Two employees designated on Group A of Attachment A must approve wire transfers associated with security purchases.
- b. All security purchases shall be executed delivery vs. payment.
- c. Any change in the City's custodial relationship must be approved by two individuals designated in Group B of Attachment A.

3. INVESTMENT POOLS

- a. Two employees designated on Group A of Attachment A must approve wire transfers to designated investment pools.

- b. Any revision, addition or deletions to the list of designated investment pools shall require the approval of two individuals designated in Group B of Attachment A . Copies of additions, deletions, and changes will be provided to the Finance Committee at their next regularly scheduled meeting.

4. PAYING AGENTS

- a. Two individuals designated on Group A of Attachment A must approve wire transfers to designated paying agents.
- b. Any revision, addition or deletion to the list of designated paying agents will require the approval of two individuals designated in Group B of Attachment A . Such approval shall not be necessary when supplementary information unrelated to the accounts varies. For example, the paying agent may request that the wire include a notation that the transaction is to the attention of a certain individual. So long as the wire is the benefit of an authorized account, such clarifying information is permissible. Copies of additions, deletions, and changes will be provided to the Finance Committee at their regular scheduled meeting.

5. MISCELLANEOUS

- a. Wire transfers to any party not involving a security purchase destined for custodial safekeeping with an approved organization, or to an authorized investment pool, or to an authorized paying agent, shall require the approval of two authorized individuals in Group B of Attachment A. Copies of such transactions will be provided to the Finance Committee at their next regularly scheduled meeting.

6.

VII. ASSET MANAGEMENT

- A. **INVESTMENTS.** The Finance Director shall promptly invest all City funds with the Bank Depository in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the Council has authorized under the provisions of the Texas Public Funds Investment Act and in accordance with the City Council approved Investment Policy.
- B. **CASH MANAGEMENT.** The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including property tax payments, utility bills, municipal fines, building and related permits and licenses, and other collection offices as appropriate. Cycle billing will be used where appropriate.
- C. **FIXED ASSETS AND INVENTORY.** These assets will be reasonably safeguarded and properly accounted for, and prudently insured. A fixed asset of the City shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, buildings or accessioned Library materials. The cost or value of any such acquisition must be \$5,000 or more within an expected useful life greater than one year. All City departments with inventory are required to conduct a physical inventory under their control on an annual basis.
- D. **DEPOSITORIES** The City Council, having given due consideration to all of its options and taking into consideration what is in the best interest of the municipality, hereby authorizes the consideration of applications of depositories not doing business within the City of Burleson, Texas so long as that bank maintains a business location within a five-mile radius of Burleson City Hall. This authorization encompasses all of the depository uses and requirements of the City.

VIII. CAPITAL BUDGET AND PROGRAM

- A. PREPARATION. The City will endeavor to develop a capital budget to include all capital projects being considered and all resources for capital funding. The budget will be prepared on a fiscal year ending calendar and reported annually.. The capital budget will be prepared by the Finance Director with the involvement of all department staff as needed.
- B. CONTROL. All capital project expenditures must be appropriated in the capital budget at a project level. The Finance Department must certify the availability of such appropriations or the availability of resources needed to be appropriated before a capital project contract is presented to the City Council for approval. Any remaining funds of a completed project not allocated by City Council will be closed into an unallocated account in the same fund. Similar projects are to be grouped together in a fund based on type of project and source of funding, using the similar Capital Projects Fund classifications for reporting purposes in the Comprehensive Annual Financial Report.
- C. PROGRAM PLANNING. The capital budget will include capital improvements program plans for future years. The planning time frame should normally be at least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operational costs will be considered at the initiation of a project so the costs can be included in the relevant operating budget.
- D. FINANCING PROGRAMS. Where applicable, assessments, impact fees, pro-rata charges, or other fees should be used to fund capital projects having a primary benefit to specific, identifiable property owners.
- E. INFRASTRUCTURE MAINTENANCE. The City recognizes that deferring maintenance increases future capital costs. Therefore, a portion of the appropriate fund's budget will be set aside each year to maintain the quality of the City's infrastructure. The inclusion of infrastructure maintenance and replacement costs in the current operating budget will place the burden of the costs and repairs on the current users of the systems.
- F. REPORTING. Periodic financial reports will be prepared to enable Department Managers to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager. Summary capital projects status reports should be presented to the City Council quarterly.

IX. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. OPERATIONAL COVERAGE. (NO OPERATING DEFICITS). The City will maintain an operational coverage factor of 1.00, such that current operating revenues (plus approved fund balance appropriations) will equal or exceed current operating expenditures.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums as stated in Paragraph B, following.

- B. OPERATING RESERVES/FUND BALANCES

- a. Governmental funds of the City of Burlison shall be defined as follows:

- 1) General Fund The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.
- 2) Special Revenue Funds Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, omitted, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the

fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

- 3) Capital Projects Funds Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
 - 4) Debt Service Funds Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, even if it is being accumulated for future years' payments. Debt service funds should be used to report resources if legally mandated.
 - 5) Permanent Funds Permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Permanent funds do not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. Currently the City of Burleson does not have any Permanent Funds.
- 2) Ending fund balances of the City of Burleson shall be reported according to the following classifications:
- 1) General Fund
 - i. 001 General Fund
 - ii. 002 General Fund Health Insurance - Assigned
 - 2) DEBT SERVICE FUNDS RESTRICTED:
 - i. 201 Debt Service Fund General Restricted
 - ii. 202 4B Sales Tax Debt Service Restricted
 - iii. 203 4A Sales Tax Debt Service Restricted
 - 3) SPECIAL REVENUE FUNDS RESTRICTED/COMMITTED
 - i. 101 General Government SRF - Restricted
 - ii. 102 Public Safety SRF - Restricted
 - iii. 103 Public Works SRF Restricted
 - iv. 104 Culture & Recreation SRF Restricted
 - v. 105 Hotel/Motel SRF - Restricted
 - vi. 106 BCDC 4B Sales Tax SRF Restricted
 - vii. 107 Public Safety Grants SRF Restricted
 - viii. 109 Culture & Recreation Grant SRF Restricted
 - ix. 110 BCDC 4A Sales Tax SRF Restricted
 - x. 113 Economic Development Incentive SRF Restricted
 - xi. 114 TIF #2 SRF Restricted
 - xii. 115 Traffic Safety SRF Restricted
 - xiii. 116 Parks Performance SRF Committed
 - xiv. 117 General Government Grants SRF Restricted
 - xv. 118 Burleson TIF #3 - Restricted
 - xvi. 150 PID #1 - Restricted
 - 4) CAPITAL PROJECT FUNDS NON-BONDED - COMMITTED
 - i. 301 Street Paving Trust Committed

- ii. 302 Park Dedication Fund Committed
- iii. 352 Miscellaneous Capital Projects Committed
- iv. 351 4A Sales Tax Capital Project Fund Committed
- v. 350 4B Sales Tax Capital Project Fund Committed
- vi. 353-354 Mineral Lease Funded Capital Projects Committed

- 3) CAPITAL PROJECT FUNDS BONDED RESTRICTED Order of expenditure -- When committed, assigned and unassigned resources can be used for the same purpose, funds shall be spent in the sequence of committed resources first, assigned second, and unassigned last.
- 4) When it is appropriate for fund balance to be assigned, the Council delegates that authority to the Director of Finance.
- 5) It is the goal of the City that the unassigned fund balance of the General Fund should be at least 20% of the General Fund annual expenditures. This percentage is the equivalent of 73 days expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the City will strive to maintain the fund balance if the unassigned balance grows beyond 90 days expenditures.
- 6) The Water and Wastewater Fund working capital should be maintained at least at 20% of total operating expenditures or the equivalent of 73 days.
- 7) Cash and investment balances in the City's economic development corporation special revenue funds, both 4A Corp and BCSDC, should be maintained at a minimum of 25% of the next 12 months budgeted expenditures and transfers, generally meaning cash should equal 50% of the year-end estimate of the combined expenses and transfers budgeted. The 50% calculation is recommended at year-end to cover around December 30th of each year.

C. CAPITAL AND DEBT SERVICE FUNDS

- 1) Items in the Capital Projects Funds will be completed and paid for within 36 months of receipt of proceeds. Balances will be used to generate interest income to offset construction costs.
- 2) General Obligation Debt Service Funds will not have reserves or balances in excess of one month of principal and interest plus 15% of the principal outstanding for unrefunded debt issued prior to September 1, 1986. This maximum is dictated by Federal law and does not include the amounts accrued for the next debt service payment.

The policy above does not preclude the debt service reserves normally established to market revenue bonds. The City's policy and bond ordinance requirements are to maintain these debt service reserves at the level of the average annual debt service.
- 3) Revenue Obligations will maintain Debt Coverage Ratios as specified by the bond covenants. The City is currently required to have net revenues in excess of average annual debt by 1.25 times. Net revenues must also exceed the maximum outstanding debt by 1.10 times. Both these tests must be met in order to issue additional bonds.
- 4) Obligations of Burlison's economic development corporations will maintain coverage ratios as specified by bond covenants. If the City issues obligations partially secured by a limited pledge of the corporations' sales tax revenues, not subject to the coverage ratios of the revenue bond covenants, coverage shall be maintained at no less than 1.25 times average annual debt service, and 1.15 times the maximum annual debt service. Both of these tests must be met in order to issue additional bonds.

D. COMPENSATED ABSENCES. The City will assign a reserve within its operating funds to pay for material accrued reimbursable vacation and sick leave.

E. SELF-INSURANCE. The City will assign a fund balance in the operating fund to meet the current year's maximum requirement that is 25% of the cost of the City's employee self-insured health benefit.

X. TREASURY AND DEBT MANAGEMENT

- A. CASH MANAGEMENT. Periodic review of cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, (2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be done.

The City will adhere to the investments authorized through the Texas Public Funds Investment Act and the city's established comprehensive Investment Policies and Guidelines. Such policies clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

B. TYPES OF DEBTS

- a. SHORT-TERM DEBT. Pursuant to the City Charter, tax anticipation notes ("TAN") will be retired annually and will not exceed 25% of anticipated taxes. Bond anticipation notes ("BAN") will be retired within six months of completion of the project. Any short-term debt outstanding at year-end will not exceed 5% (including TAN but excluding BAN) of net operating revenues.
- b. LONG-TERM DEBT. Long-term debt will not be used for operating purposes, and the life of a bond issue will not exceed the useful life of a project financed by that bond issue.
- c. SELF-SUPPORTING DEBT. When appropriate, self-supporting revenues will pay debt service in lieu of tax revenues.
- C. ANALYSIS OF FINANCING ALTERNATIVES. The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves of current monies.
- D. DISCLOSURE TO RATING AGENCIES. Full disclosure of operations will be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies, will aid in the production of Offering Statements, and will take responsibility for the accuracy of all financial information released.
- E. FEDERAL REQUIREMENTS. The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.
- F. DEBT STRUCTURING. The City's non-self-supporting debt will issue general obligation bonds with an average life of 10.5 years or less, not to exceed the life of the asset acquired. Self-supporting debt will also issue general obligation bonds with an average life of 10.5 or less except in cases specifically approved by city council. In no case will debt life exceed the life of the underlying asset.

The structure should approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream.

Consideration of market factors, such as the tax-exempt qualification, minimum tax alternative, and so forth will be given during the structuring of long-term debt instruments.

G. DEBT ISSUANCE.

- 1) Method of Sale. The City will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the City will publicly present the reasons why, and the City will participate with the financial advisor in the selection of the underwriter or direct purchaser.

- 2) Bidding Parameters. The notice of sale will be carefully constructed so as to ensure the best possible bid for the City in light of the existing market conditions and other prevailing factors. Parameters to be examined include:
 - a. Limits between lowest and highest coupons
 - b. Coupon requirements relative to the yield curve
 - c. Method of underwriter compensation, discount or premium coupons
 - d. Use of True Interest Cost (TIC) vs. Net Interest Cost (NIC)
 - e. Use of bond insurance
 - f. Original Issue discount bonds/Capital Appreciation Bonds
 - g. Variable rate bonds
 - h. Call provisions (25 years by Charter)

- 3) Bond Issuance Costs. The City will be involved in the selection of all financial advisors, underwriters, paying agents, and bond counsel. The City shall evaluate the merits of rotating professional advisors and consultants and the kinds of services and fee structures available from independent financial advisors, investment banking firms, and commercial banks. The City will carefully itemize and scrutinize all costs associated with the issuance of bonds.

- 4) Financial Advisor. The City will discourage perceived conflicts of interest which arise when a financial advisor is allowed to bid on debt obligations of the City. The financial advisor will be expected to provide planning and analytical services which extend beyond the issuance of debt. The payment to the Financial Advisor should be related to the costs of providing their service to the City.

a. .

b. MISCELLANEOUS

- i. ANNUAL REVIEW. The Disclosure Officer shall conduct an evaluation of the policies set forth in this Policy no less often than annually, and promptly after completing the evaluation, the Disclosure Officer shall prepare an annual report of the Issuer's compliance.

- ii. AMENDMENTS TO POLICY. This Policy may be amended from time to time to adapt to changed circumstances that arise from a change in legal requirements or industry disclosure practices or procedures, a change in Rule 15c2-12, or a change in law.

XI. INTERNAL CONTROLS

- A. WRITTEN PROCEDURES. Written procedures will be established and maintained by the Director of Finance for all functions and financial cycles including cash handling and accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

- B. DEPARTMENT DIRECTORS AND MANAGERS RESPONSIBILITY. City administrators and manager are charged with the responsibility for establishing a network of processes with the objective of controlling the operations of the City in a manner which provides reasonable assurance that:
 - 1) Data and information published either internally or externally is accurate, reliable, complete, and timely.
 - 2) The actions of administrators and employees are in compliance with the City's charter, plans, policies and procedures, and all relevant laws and regulations.
 - 3) The City's resources including its people, systems, data/information, assets, and citizens are adequately protected.
 - 4) Resources are acquired economically and employed effectively.
 - 5) The City's internal controls promote the achievement of plans, programs, goals, and objectives.

Each Department Manager is responsible to ensure that good internal controls are followed throughout his or her Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

XII. STAFFING AND TRAINING

- A. ADEQUATE STAFFING. Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.
- B. TRAINING. The City will support the continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.
- C. AWARDS, CREDENTIALS AND RECOGNITION. The City will support efforts and involvements resulting in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager. Further, the Finance Director will try to obtain and maintain the designation of Certified Government Finance Officer as awarded by the GFOA of Texas.

The City will strive to maintain a high level of excellence in its accounting policies and practices as it prepares its Financial Report. The Report will be presented to the Government Finance Officers Association (GFOA) for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. Additionally, the City will submit its annual budget to GFOA for consideration for Distinguished Budget Award.

- D. TRANSPARENCY. A reasonable effort will be made to ensure relevant financial information is made available to all citizens in a user friendly format in an easy to understand terminology. In pursuit of this goal, the city will seek recognition through state and national transparency and reporting programs.

ATTACHMENT A – AUTHORIZED INDIVIDUALS FOR WIRE TRANSFERS

Any **two** individuals from Group A are hereby authorized to:

1. Execute wire transfers for security purchases executed on a delivery vs payment basis and for which custodial safekeeping is maintained at an approved institution.
2. These same individuals are further authorized to execute wire transfers to approved investment pools and paying agents.

The approval of any two individuals from Group B is required to:

1. Make a wire transfer for any other purpose. Any revision, addition or deletion involving an approved custodial agent, investment pool, or paying agent require the approval of two individuals from Group B.

The City Council shall approve the additions or deletions of any custodial agent, investment pool, or paying agent as shown in attachment “A”, “B” and “C”. Revisions to existing relationships will be provided to the Finance Committee at their next regularly scheduled meeting.

Group A

Director of Finance
City Manager

Deputy City Manager
Assistant Finance Director
Senior Staff Accountant (1)

Group B

Director of Finance
City Manager

Deputy City Manager
Senior Staff Accountant (2)

Note: Senior Staff Accountant (1) is the senior staff accountant with the most number years employed with the City of Burleson with the title of “Senior Staff Accountant.” Senior Staff Accountant (2) is the senior staff accountant with the second most number years employed with the City of Burleson with the title of “Senior Staff Accountant.”

ATTACHMENT B – CUSTODIAL (SAFEKEEPING) AGENT

American National Bank of Texas

ABA = 111901519 (routing)

FAO = For Account of – City of Burleson

ATTACHMENT C – AUTHORIZED INVESTMENT POOLS

TEXPOOL

State Street Boston

ABA # 011000028

ACCOUNT # 67573774

BANK OF NEW YORK

ABA # 021000018

ACCOUNT #8900549424

ACCOUNT NAME: LONE STAR INVESTMENT POOL

TEXSTAR

JP MORGAN CHASE

ABA # 021000021

ACCOUNT # 9102733343

LOGIC

JP MORGAN CHASE

ABA # 1130000609

ACCOUNT # 08805173794

ATTACHMENT D – AUTHORIZED PAYING AGENTS

U.S. BANK, N.A.
MILWAUKEE, WI 53202
ABA # 091000022
BNF: USBANK CT WIRE CLRG
ACCOUNT #180121167365
OBI: ACCOUNT NAME
REF: ACCOUNT NUMBER

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY©

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ARTICLE I

PURPOSE AND SCOPE

SECTION 1.01 DEFINITIONS.

The words and terms used in this Model Securities Law Compliance and Disclosure Policy (this "Policy") have the meanings specified in Article II hereof, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number, and *vice versa*.

SECTION 1.02 PURPOSE OF POLICY.

- (a) Continuing Disclosure Undertaking Requirement. Under Rule 15c2-12, underwriters of Municipal Securities may not purchase or sell Municipal Securities unless the underwriters have reasonably determined that the issuer of the Municipal Securities or its designated agent has undertaken in a written agreement to provide continuing disclosure of certain financial information and operating data, and to file notices of certain events designated in Rule 15c2-12. The Issuer is required under its Continuing Disclosure Undertakings to provide disclosures of certain financial information and operating data and notice of certain events to the MSRB on EMMA to facilitate informed secondary market trading. This Policy is adopted by the Issuer to assist in its compliance with federal and state securities laws and regulations, including, specifically, Rule 15c2-12. This Policy is established to ensure that the Issuer maintains adequate policies and procedures for gathering, analyzing and disclosing all information that is required to be provided to, or that may be reasonably expected to reach investors or trading markets, which relates to the issuance of the Issuer's Debt Obligations. Such information consists of the content of the Issuer's Offering Documents, continuing disclosure reports, event notices and other statements reasonably expected to reach the public markets.
- (b) Recommendation of Written Procedures. The Issuer recognizes that the SEC recommends adopting disclosure policies and amending existing disclosure policies from time to time to address the process for evaluating the disclosure process including disclosures for certain Event Notices. Written policies and procedures adopted by the Issuer will serve to streamline the process of disclosing required information. The Disclosure Officer, and other officers selected by the Issuer, if any, may establish additional written procedures from time to time to ensure that any Offering Documents (i) fully and accurately present the Issuer's financial condition and operations and (ii) do not omit any Material information regarding the Issuer.

SECTION 1.03 SCOPE OF POLICY.

This Policy applies to all Debt Obligations of the Issuer that are currently outstanding and all future bonds, notes, leases or derivative instruments to be executed by the Issuer. If the provisions of this Policy conflict with a respective Continuing Disclosure Undertaking, the terms of such Continuing Disclosure Undertaking will control.

ARTICLE II DEFINITIONS

SECTION 2.01 DEFINED TERMS.

"Annual Report" means the Issuer's audited financial statements (or unaudited financial statements if permitted by the Continuing Disclosure Undertaking) and certain other financial information and operating data required to be filed annually with the MSRB.

"Business Day" means any day except any Saturday or Sunday, any day which is a federal legal holiday in the United States, or any day on which banking institutions are authorized or required by law to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compliance Date" means February 27, 2019.

"Continuing Disclosure Undertaking" means a continuing disclosure agreement, continuing disclosure undertaking, continuing disclosure instructions or other written certification and agreements of the Issuer setting out covenants for satisfying the Issuer's requirements for providing information to the MSRB in an electronic format pursuant to and in accordance with Rule 15c2-12.

"Debt Obligation" means each contract of the Issuer that has sufficient characteristics of debt so that it is included in the Issuer's financial statements as a long-term liability of the Issuer, including, but not limited to bonds, notes, leases and similar instruments used by the Issuer for borrowing purposes.

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY

"Disclosure Officer(s)" means the Issuer's Director of Finance, or, if the position of Director of Finance is vacant, the person(s) filling the responsibilities of the City Manager or Assistant City Manager for the Issuer.

"EMMA" means the Electronic Municipal Market Access system, the prescribed electronic format for disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"Event 15" means the event set forth in Section 5.02(a) of this Policy.

"Event 16" means the event set forth in Section 5.03(a) of this Policy.

"Event Notices" means all event notices required by Rule 15c2-12.

"Financial Obligation" means: (i) a Debt Obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned Debt Obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GASB" means the Governmental Accounting Standards Board.

"IRS" means the Internal Revenue Service.

"Issuer" means the City of Burleson, Texas.

"Material" has the meaning given in Section 3.02(f) of this Policy.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Obligated Person" means any person, including an issuer of Municipal Securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Municipal Securities to be sold in the Offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities); furthermore, for purposes of this Policy, the Issuer is an Obligated Person.

"Offering" means a primary offering of Municipal Securities with an aggregate principal amount of \$1,000,000 or more.

"Offering Document" means any preliminary or final official statement, private placement memorandum or limited offering memorandum, or other similar instrument prepared in connection with the sale, issuance and delivery of an Offering.

"Rule 15c2-12" means SEC Rule 15c2-12, governing the obligations of dealers regarding Municipal Securities under the Securities Exchange Act of 1934, as amended from time to time, which is available at <https://www.gpo.gov/fdsys/pkg/CFR-2013-title17-vol3/pdf/CFR-2013-title17-vol3-sec240-15c2-12.pdf>.

"SEC" means the United States Securities and Exchange Commission.

"SEC Municipal Markets Report" means the Report on the Municipal Securities Market of the SEC, dated July 31, 2012, available at <https://www.sec.gov/news/studies/2012/munireport073112.pdf>.

"Terms Affecting Security Holders" means a Material agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer that affects securityholders.

"U.S. Bankruptcy Code" means Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such Title and any other applicable federal bankruptcy, insolvency or similar law.

ARTICLE III

DISCLOSURE OFFICER; RECORD RETENTION; TRAINING

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY

SECTION 3.01 DISCLOSURE OFFICER.

The Issuer shall appoint a Disclosure Officer who shall be responsible for implementing this Policy. The Disclosure Officer will work with other employees and officials of the Issuer to assist in implementing this Policy. The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary to carry out the purpose of this Policy. The Disclosure Officer will report to the Issuer's governing body as provided in Section 6.01 herein, regarding implementation of this Policy and any recommended changes or amendments to this Policy.

SECTION 3.02 DUTIES OF DISCLOSURE OFFICER.

- (a) General Duties. The Disclosure Officer shall be primarily responsible for ensuring and determining the Issuer's compliance with this Policy and federal and state securities laws and regulations applicable to the Issuer, including specifically Rule 15c2-12, and including identifying and remedying any non-compliance with this Policy and such laws and regulations.
- (b) Review of Relevant Documents. The Disclosure Officer will review the following documents, obligations, and disclosure and reporting requirements of the Issuer in connection with the issuance of Municipal Securities to comply with Article IV and V of this Policy and in the ordinary course of business of the Issuer:
 - i. Offering Documents;
 - ii. Audited and unaudited financial statements, including notes to such statements;
 - iii. Changes to accounting standards promulgated by GASB and other applicable accounting standards and rules;
 - iv. Adopted annual budgets and amendments thereto;
 - v. Continuing Disclosure Undertakings; and
 - vi. Other relevant documents that reflect the Issuer's financial position and operating data.

The Disclosure Officer shall take reasonable steps to ensure that all Offering Documents are timely provided to the Issuer's governing body to ensure meaningful review and approval thereof. In addition, the Disclosure Officer shall take reasonable steps to ensure that for purposes of securities law compliance the Issuer's governing body is generally aware of the other documents listed above and of the significance of those documents to the Issuer's disclosure obligations.

- (c) Solicitation of Relevant Information. In the performance of its duties under this Policy, the Disclosure Officer shall be responsible for soliciting any relevant information from other employees, officials or departments within the internal organization of the Issuer, including public statements made by officials of the Issuer that the Disclosure Officer reasonably believes will reach investors or trading markets generally. The Disclosure Officer is additionally responsible for obtaining any documentation prepared by an outside source that may be necessary to assist the Disclosure Officer in carrying out this Policy. The Disclosure Officer shall undertake a thorough review of the form and content of each of the Issuer's annual filings, and any Event Notice filings, as required pursuant to Article IV and V hereof.
- (d) Public Statements Regarding Financial Information. Whenever an officer or employee of the Issuer makes statements or releases information relating to its finances and other operations of the Issuer to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Event Notices, statements in a comprehensive annual financial report, and other financial reports and statements of the Issuer), the Disclosure Officer shall be responsible for ensuring that such statements and Material information are complete, true, and accurate in all material aspects and available to all investors. The Disclosure Officer will work with other officers of the Issuer to ensure that all public statements and information released by the Issuer are accurate and are not misleading in all Material aspects.

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY

- (e) Issuance of Debt Obligations. Whenever the Issuer prepares or participates in the preparation of an Offering Document, the Disclosure Officer, in addition to any other officers selected by the Issuer, shall be responsible for making all certifications that may be required to the effect that such Offering Document does not contain any untrue statement of Material fact or omit to state any Material fact necessary to make the information contained in such documents, in the light of the circumstances under which it was provided, not misleading.

Such determination by the Disclosure Officer shall only be made after coordination with the Issuer's attorney or other administrative officer having ultimate responsibility with respect to the Issuer's operations, risks and litigation, to ensure that any current, pending or threatened losses, investigations or litigation, and any settlement or court orders that are Material to the Issuer are properly identified.

- (f) Determination of Material Information. The Issuer understands that determining materiality requires a complete review of facts and circumstances (which may include a review of outstanding Debt Obligations) and in some instances may require the Disclosure Officer to discuss matters with other officers or consultants of the Issuer. Furthermore, each determination of materiality made by the Disclosure Officer shall be made on a case-by-case basis. For purposes of this Policy, information is "Material" if there is a substantial likelihood that the disclosure of that information would be viewed by a reasonable investor as having significantly altered the total mix of information made available in making an informed investment decision.¹

SECTION 3.03 RECORD RETENTION.

The Disclosure Officer will maintain or cause to be maintained all records relating to annual disclosure filings including the financial information and operating data to be included in the Annual Report for a period of three (3) years after retirement of the related Debt Obligations. The Disclosure Officer will additionally maintain or cause to be maintained all records relating to Event Notices required to be filed with the MSRB under the Continuing Disclosure Undertaking. Such records shall be maintained in either paper or electronic format, or in both formats.

SECTION 3.04 TRAINING.

The Disclosure Officer shall have at least a general familiarity with the content of Rule 15c2-12 and the SEC Municipal Markets Report, and in furtherance thereof receive appropriate training regarding the Issuer's disclosure obligations in accordance with federal securities laws, state regulations and Rule 15c2-12. When appropriate, the Disclosure Officer and/or other Issuer employees and officials under the direction of the Disclosure Officer will attend training programs offered by the SEC or other industry professionals regarding disclosure policies and procedures developed in the context of Rule 15c2-12 that are relevant to the Issuer. Each person acting in the capacity of a Disclosure Officer shall receive such training as may be necessary for the person to perform competently the duties and responsibilities of Disclosure Officer to ensure the Issuer's compliance with the provisions of this Policy.

ARTICLE IV

ANNUAL DISCLOSURE FILINGS

SECTION 4.01 ANNUAL DISCLOSURE FILINGS.

¹The general materiality standard used by the United States Supreme Court. *See TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976).

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY

The Disclosure Officer shall annually review each Continuing Disclosure Undertaking to determine: (i) the appropriate financial information and operating data required to be included in the Annual Report; and (ii) the filing deadline for such Annual Report or a part thereof. The Disclosure Officer should review the Issuer's documents, Debt Obligations, and disclosure and reporting requirements described in Sections 3.01 and 3.02 of this Policy in determining the appropriate financial information and operating data to be included in the Annual Report. As indicated in Section 3.02 of this Policy, the Disclosure Officer's review necessarily includes review of other documents relating to the financial and operating status of the Issuer to ensure that all required information is appropriately incorporated into the Annual Report. The Disclosure Officer shall be required to provide only the financial information, operating data, financial statements and notices which the Issuer has expressly agreed to provide pursuant to a respective Continuing Disclosure Undertaking, but, in consultation with appropriate accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, may submit other appropriate information to EMMA that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer. Additionally, the Disclosure Officer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with the Continuing Disclosure Undertaking.

ARTICLE V

DISCLOSURE FILINGS FOR EVENT NOTICES

SECTION 5.01 DISCLOSURE FILINGS FOR EVENT NOTICES 1-14.

The Disclosure Officer shall determine whether an event included below has occurred with respect to the Issuer. If the Disclosure Officer determines that notice of the following events should be provided to the MSRB pursuant to a Continuing Disclosure Undertaking, the Disclosure Officer will cause the appropriate notice to be filed with the MSRB on EMMA, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

ATTACHMENT E - SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY

For the purposes of the event identified as item (12) in this Section 5.01, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The Disclosure Officer may seek the advice of other employees and officials of the Issuer, as well as the advice of the consultants and counsel to the Issuer, as to whether one of the above described events has occurred and whether an Event Notice shall be filed with the MSRB consistent with Rule 15c2-12.

SECTION 5.02 EVENT 15: INCURRENCE OF A MATERIAL FINANCIAL OBLIGATION OR TERMS AFFECTING SECURITY HOLDERS.

- (a) Event 15. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01 and Event 16 described in Section 5.03, the Disclosure Officer shall determine whether an Event 15 has occurred with respect to the Issuer. If the Disclosure Officer determines that an Event 15 has occurred, the Disclosure Officer shall file, or cause to be filed, notice of such Event 15 with the MSRB through EMMA in a timely manner, not in excess of ten (10) Business Days after the date of incurrence. Beginning on the Compliance Date, Rule 15c2-12 establishes that an Event 15 is as follows:

- (15) Incurrence of a Financial Obligation of the Obligated Person, if Material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if Material.

The Issuer recognizes that, unlike the events listed in Section 5.01 above, the stated purpose of the SEC in adding Event 15 to Rule 15c2-12 is to provide the secondary market with information regarding all debt, debt-like or debt-related Financial Obligations or Terms Affecting Security Holders incurred by the Issuer. The incurrence of Financial Obligations may occur outside the issuance of Municipal Securities and therefore engagement by the Disclosure Officer with counsel and other consultants experienced in compliance issues related to Rule 15c2-12 may be necessary to determine whether it is necessary to file an Event Notice for Event 15 with the MSRB through EMMA.

- (b) Financial Obligations and Terms Affecting Security Holders Subject to Disclosure. The Disclosure Officer shall first determine whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to disclosure under Event 15. When assessing whether a particular contract or obligation is a Financial Obligation or Terms Affecting Security Holders subject to disclosure as such terms are used in Event 15, the Disclosure Officer should consider the facts and circumstances surrounding the Issuer's incurrence of each type of contract and obligation, as well as the factors set forth below:
- i. Whether the contract or obligation could affect, or contains provisions or triggers that may impair, the Issuer's liquidity, overall creditworthiness or an existing security holders' rights;
 - ii. Whether the contract or obligation is a private placement of debt with a financial institution, letter of credit, standby line of credit, or a similar "credit agreement" that relates to a Debt Obligation;
 - iii. Whether the contract or obligation is an ordinary financial and operating liability incurred in the Issuer's normal course of business;

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- iv. Whether the contract or obligation contains acceleration provisions or restrictive debt service covenants that could affect the rights of existing security holders;
- v. Whether the contract or obligation is a short or long-term Debt Obligation of the Issuer under the terms of an indenture, loan agreement, capital lease, or other similar contract such as a line of credit;
- vi. Whether the contract or obligation is an operating lease, or a capital lease which operates as a vehicle for borrowing money (e.g. a lease-purchase agreement). For purposes of this Disclosure Policy, factors relevant to determining whether a lease is a vehicle for borrowing money (i.e., a Financial Obligation) are included in **Exhibit A** attached hereto;
- vii. Whether the contract or obligation represents competing debt with the Issuer's prior Debt Obligations that may affect the rights of the existing security holders;
- viii. Whether the contract or obligation is a derivative instrument entered into in connection with a pledge as security or source of payment for an existing or planned Debt Obligation, which may include any swap, security-based swap, futures contract, forward contract, option, a combination of the foregoing or any similar instrument;
- ix. Whether the contract or obligation is a derivative instrument designed to mitigate investment risk; or
- x. Whether the contract or obligation is a guarantee provided by the Issuer as a guarantor for the benefit of a third party.

The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary in making a determination as to whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to the disclosure requirements of Event 15.

- (c) **Determination of Material Event 15.** If the Disclosure Officer determines that the Issuer has incurred a Financial Obligation or Terms Affecting Security Holders subject to Event 15, the Disclosure Officer shall proceed to determine whether such Financial Obligation or Terms Affecting Security Holders are Material. The same practice used by the Issuer for determining whether a particular piece of information is Material in connection with preparing a disclosure document for an Offering set forth in Section 3.02(f) should be used for purposes of Event 15.

The Disclosure Officer shall determine whether a Financial Obligation or Terms Affecting Security Holders are Material upon the incurrence of the Financial Obligation or the Terms Affecting Security Holders, taking into account all relevant facts and circumstances. Relevant facts and circumstances may include, but are not limited to:

- i. The principal amount of the Financial Obligation, including the aggregate par amount of a series of related Financial Obligations, and the method of setting or adjusting the interest rate thereof;
- ii. The Issuer's overall balance sheet and the size of its existing Debt Obligations;
- iii. The source of security pledged for repayment of the Financial Obligation and the rights associated with such pledge;

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- iv. The length of time that the Financial Obligation is to remain outstanding; and
- v. Other appropriate terms of a Financial Obligation that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer.

The Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, to the extent necessary, shall no less often than annually set objective standards of materiality with respect to Debt Obligations incurred by the Issuer, which may include, but are not limited to, a monetary threshold that, in connection with other relevant facts and circumstances, is the basis for the determination of materiality for Financial Obligations or Terms Affecting Security Holders of the Issuer. With respect to lease agreements entered into by the Issuer, the Disclosure Officer shall implement the guidelines set forth in **Exhibit A** when assessing whether such lease agreements are Material Financial Obligations.

- (d) Incurrence. A Financial Obligation and Terms Affecting Security Holders is considered to be incurred by the Issuer on the date that such Financial Obligation or Terms Affecting Security Holders is enforceable against the Issuer. As a filing under Event 15 is required to be made in a timely manner, not in excess of ten (10) Business Days after date of incurrence, the Disclosure Officer shall begin the process of assessing whether a particular Financial Obligation or Terms Affecting Security Holders should be disclosed as far in advance of its incurrence as possible. Additionally, although not required, the Disclosure Officer may file a voluntary filing of all outstanding Material Financial Obligations incurred prior to the Compliance Date.
- (e) Exemption of Municipal Securities as to Which a Final Official Statement Has Been Provided. The Disclosure Officer is not obligated to disclose, as a Financial Obligation or Terms Affecting Security Holders subject to Event 15, Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12. The Disclosure Officer recognizes that this exclusion from the definition of "Financial Obligation" does not extend to Debt Obligations, contingent or otherwise, related to such Municipal Securities that may be disclosed or referenced in such final official statements.
- (f) Exemption of Monetary Obligations Resulting From Legal Proceedings. The Disclosure Officer is not required to disclose monetary obligations resulting from a judicial, administrative, or arbitration proceeding as an Event Notice.
- (g) Subjecting Debt Obligations to Annual Appropriation not Determinative. The Disclosure Officer understands that qualifying Debt Obligations or Financial Obligations such that payment is subject to annual appropriation may remove the "debt" designation for state constitutional or statutory purposes; however, this qualification alone will not be determinative as to whether the Issuer or Obligated Person has incurred a Material Financial Obligation; rather, when analyzing Debt Obligations and Financial Obligations that are subject to annual appropriation, the Disclosure Officer shall determine whether such Financial Obligation is Material, as described in Section 3.02(f), taking into account all relevant facts and circumstances as described in this Section 5.02.
- (h) Form of Event 15 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that a Debt Obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders that are Material and not exempt under subsection (e) and (f) of this Section 5.02, and therefore subject to Event 15, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA a notice not in excess of ten (10) Business Days of the date of the incurrence of the Financial Obligations or Terms Affecting Security Holders. The Disclosure Officer shall include a description of the Material terms of the Financial Obligation or Terms Affecting Security Holders within the Event 15 Event Notice. Terms considered Material for Event 15 may include, but are not limited to:

- i. The date of incurrence;

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- ii. Principal amount;
- iii. Maturity and amortization;
- iv. Interest rate, if fixed, or method of computation and any default rates, if variable; or
- v. Other appropriate terms deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with such incurrence of Financial Obligations or Terms Affecting Security Holders.

The Disclosure Officer shall determine, based on the facts and circumstances, whether to submit to the MSRB a description of the Material terms of the Financial Obligation or the Terms Affecting Security Holders, or alternatively or in addition, submit related materials such as transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders that set forth the material terms of the Financial Obligation or the Terms Affecting Security Holders. The Disclosure Officer shall not include, and shall take actions to redact, confidential information such as account numbers or other personally identifiable information (but not information relating to an interest rate or other pricing data). Should the Disclosure Officer determine that filing one or more of the transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders is appropriate under this subsection, the Disclosure Officer may redact any confidential or personally identifiable information from the Event 15 Event Notice.

SECTION 5.03 EVENT 16: EVENTS UNDER THE TERMS OF A FINANCIAL OBLIGATION WHICH REFLECT FINANCIAL DIFFICULTIES.

- (a) Event 16. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01, and Event 15 described in Section 5.02, the Disclosure Officer shall determine whether an Event 16 has occurred with respect to the Issuer as follows:
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

If the Disclosure Officer determines that an Event 16 has occurred with respect to the Issuer, the Disclosure Officer will file or cause to be filed with the MSRB through EMMA a notice of Event 16, whether Material or not, provided the occurrence reflects financial difficulties of the Issuer. The Disclosure Officer shall file an Event 16 Event Notice even where the underlying Financial Obligation was incurred before the Compliance Date.

- (b) Reflection of Financial Difficulty of Obligated Person. The Disclosure Officer shall disclose to the MSRB the occurrence of an event listed in Event 16 only if the Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the Issuer, to the extent necessary, determines that the occurrence of the event reflects financial difficulties of the Issuer.
- (c) Events Subject to Event 16 Filing. Subject to subsection (b) of this Section 5.03, the Disclosure Officer should disclose any occurrence in connection with the terms of a Financial Obligation that reflects financial difficulties of the Issuer. Such occurrences may include, but are not limited to the following types of events:
 - i. Monetary defaults or events of non-appropriation where the Issuer has failed to pay principal, interest, or other funds due, or a non-payment related default where the Issuer has failed to comply with specified covenants;
 - ii. An event of acceleration exercised by a trustee or counterparty as the result of an event of default or other applicable remedy provision;
 - iii. A modification of terms that reflects financial difficulties of the Issuer;

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- iv. A written or verbal waiver of an agreement provision that is a departure from what was agreed to under the original terms of such agreement; and
 - v. Other events under the terms of a Financial Obligation that reflect financial difficulties of the Issuer and share similar characteristics with the specific types of events in Event 16.
- (d) Form of Event 16 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that, in connection with the terms of a Financial Obligation of the Issuer, the Issuer is experiencing financial difficulties pursuant to Event 16, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA an Event 16 notice filing within ten (10) Business Days of the date of such determination containing a description of the relevant terms of the Financial Obligation. Terms considered relevant to an Event 16 notice filing may include, but are not limited to:
- i. The provisions within the Financial Obligation giving rise to the occurrence under Event 16;
 - ii. The nexus between the terms of such Financial Obligation giving rise to the occurrence under Event 16 and the existing or potentially forthcoming financial difficulties resulting therefrom;
 - iii. A description of the Issuer's current financial status; and
 - iv. Other appropriate facts deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with the occurrence of events relating to a Financial Obligation that reflect financial difficulties.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01 ANNUAL REVIEW.

The Disclosure Officer shall conduct an evaluation of the policies set forth in this Policy no less often than annually, and promptly after completing the evaluation the Disclosure Officer shall prepare an annual report of the Issuer's compliance.

SECTION 6.02 AMENDMENTS TO POLICY.

This Policy may be amended from time to time to adapt to changed circumstances that arise from a change in legal requirements or industry disclosure practices or procedures, a change in Rule 15c2-12, or a change in law.

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EXHIBIT A

LEASE AGREEMENTS OPERATING AS VEHICLES TO BORROW MONEY (FINANCIAL OBLIGATIONS)

As a result of the amendments to Rule 15c2-12, compliance therewith effective February 27, 2019, Issuers or Obligated Persons that periodically enter into leases should develop policies and procedures to (i) determine whether the lease is a vehicle to borrow money, and is therefore a Financial Obligation, as opposed to an operating lease, (ii) determine if such lease becomes Material once incurred, after considering other relevant factors and all outstanding Financial Obligations (an Issuer or Obligated Person's threshold for outstanding Financial Obligations) and (iii) require that all executed leases are timely communicated to the Disclosure Officer for purposes of determining whether an Event Filing is necessary.

I. Leases Operating as Vehicles to Borrow Money (Financial Obligations)

The SEC has determined that a lease should generally be considered a debt obligation and thus a "Financial Obligation" under the Rule when such lease operates as a vehicle to borrow money (i.e., capital leases but not mere operating leases).¹

Capital leases are generally recorded on the balance sheet of the Issuer or Obligated Person as an asset and a liability by an amount equal to the present value of the minimum lease payments; in contrast, operating leases are handled as off-balance sheet financings of assets and are recorded as operating expenses on the Issuer or Obligated Person's income statement. In determining which types of leases to include under the umbrella of "Financial Obligations," the SEC deemed it appropriate to include only those leases that could represent competing debt of the Issuer or Obligated Person (e.g., capital leases which are essentially vehicles to borrow money).

Because capital leases of the Issuer or Obligated Person are recorded in the same fashion as other competing debt of the Issuer or Obligated Person, each sharing a line item in the balance sheet as a liability or included in a more general line item (i.e., competing debt), capital leases are viewed by the SEC as rising to the level of a Financial Obligation because they operate more like a debt obligation. As such, Issuers and Obligated Persons should have procedures in place that help determine whether leases are capital leases or operating leases, as the incurrence of a capital lease will require a Materiality analysis to determine whether an Event 15 notice filing is required.

To make the determination of whether a lease operates as a vehicle to borrow money, the Disclosure Officer should work with appropriate staff and accountants, municipal advisors, financial advisors and other outside consultants of the Issuer or Obligated Person, to the extent necessary, to determine whether the lease is a vehicle to borrow money (i.e., a capital lease) or an operating lease as operating leases will not rise to the level of a Financial Obligation under Event 15 of Rule 15c2-12.

Characteristics of Leases Operating as Vehicles to Borrow Money (Capital Leases)

In making the determination of whether a lease operates as a vehicle to borrow money and is therefore a Financial Obligation for purposes of Event 15, relevant characteristics may include, but are not limited to, the following:

- i. The lease contains a transfer of ownership of the underlying asset at the end of the lease term or shortly thereafter;
- ii. An option to purchase the underlying asset being leased at a discounted price is available, which may be exercised during or at the end of the lease term;
- iii. The term of the lease is greater than 75% of the useful life of the leased asset; or
- iv. The present value of the lease payment is greater than 90% of the leased asset's fair market value.

Although the characteristics above may be helpful in determining whether a lease operates as a vehicle to borrow money, the Disclosure Officer and appropriate staff and consultants should review of the entire lease, in context with the Issuer's financing and/or operating objectives, in considering whether a lease is a Financial Obligation subject to Event 15. Although a capital lease (as such term in commonly understood) will generally be treated as a vehicle to borrow money, the mere labelling of the lease as "capital" or "operating" will not itself be determinative.

II. Determining Factors for Materiality of Leases that Constitute Financial Obligations

¹ Although the SEC in Release No. 34-83885, implementing the amendment of Rule 15c2-12 to include Event 15 and 16, has discontinued (following GASB's lead) the use of the term "capital lease" and "operating lease," the distinction remains useful to the extent that "capital leases" are commonly understood to be financed purchases of an underlying

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asset (and thus generally are vehicles to borrow money) whereas "operating leases" are not.

Issuers and Obligated Persons should apply the Materiality standard in Section 3.02(f) and the relevant facts and circumstances in Section 5.02(c) of this Policy, in conjunction with the factors below for purposes of determining whether a lease that operates a vehicle to borrow money is Material and subject to an Event Filing under Event 15.

Given the difference in size, sophistication, features and number of obligations executed by certain issuers and Obligated Persons, factors used in determining the materiality of a lease that operates as a vehicle to borrow money may vary. The Disclosure Officer may utilize factors relevant to the Issuer or Obligated Person which may include, but are not limited to, one or more the following:

- i. Whether the cost of the lease incurred and the payment obligations thereof exceeds a specified percentage of the Issuer's or Obligated Person's fund balance (for purposes of this and the following considerations, the Issuer must determine, given its circumstances, the appropriate way to measure the impact of a lease, e.g., by the aggregate payments required, by principal amount or by annual payment impact to the Issuer's debt portfolio);
- ii. Whether the incurrence of the lease will increase the outstanding indebtedness of the Issuer or Obligated Person by more than a specified ratio or percentage;
- iii. Whether the incurrence of the lease and the payment obligations thereof exceeds a specified percentage of the Issuer's unrestricted revenues;
- iv. Whether the lease represents multiple counterparts of a single transaction that, if incurred at once, would exceed the limits stated in (i), (ii) or (iii) above;
- v. Whether the incurrence of the lease in conjunction with other outstanding Financial Obligations would in the aggregate exceed the limits stated in (i), (ii) and (iii) above; or
- vi. Whether the lease has acceleration provisions or is considered a security on parity or senior to outstanding Financial Obligations.

When utilizing the above factors, the Disclosure Officer must be aware that although a lease may not be Material when compared to the Issuer's or any Obligated Person's general revenues and fund balance, such lease may be material to Financial Obligations pledged to be paid from the specifically pledged revenues and fund balances. Therefore, the Disclosure Officer must look at both the general revenues and the specifically pledged revenues of the Issuer and any Obligated Person when determining the materiality of a lease that operates as a vehicle to borrow money.

If after using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above, the Disclosure Officer determines that the lease operating as a vehicle to borrow money is Material, a filing under Event 15 must be made within ten business days from the incurrence of such lease.

If a determination of Materiality is made under factor (v) above for a lease or any other Financial Obligation, additional Financial Obligations incurred thereafter may likely carry a *de facto* Materiality designation. As such, factor (v) above works as a magnitude test of the Issuer or Obligated Person as it becomes the Issuer or Obligated Person's Materiality threshold for all outstanding Financial Obligations.

III. Communication Amongst Departments Once Leases are Incurred

The Disclosure Officer should become aware of the frequency in which the Issuer or Obligated Person incurs leases, as opposed to other forms Financial Obligations, in the ordinary course of the Issuer or Obligated Person's business. To further communication amongst multiple departments within the Issuer or Obligated Person, the Disclosure Officer should require that any member of the Issuer or Obligated Person's staff authorized to execute leases on behalf of the Issuer or Obligated Person report and provide copies of all leases directly to the Disclosure Officer within two (2) business days prior to their execution. Upon receipt of any lease, the Disclosure Officer shall immediately work with appropriate staff and accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, to the extent necessary, to determine whether the lease operates as a vehicle to borrow

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money (i.e., is a Financial Obligation) and whether such lease is Material using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above.



CITY COUNCIL POLICY

35

Policy Establishing the Appointment of Voting Student Members to Various Burleson Boards and Committees

Adopted date	March 5, 2012
Revised date	March 19, 2012 (Membership criteria for P&Z to include a student voting member)
Department Name	City Council

The city council shall consider for appointment voting student members to various City of Burleson boards and committees. Only those students who have demonstrated their civic interest, general knowledge of the community, independent judgment, and availability to prepare for and attend meetings shall be considered for appointment.

This policy designates the following boards and committees to include a voting student member: Library Board Place 2, Parks Board Place 2, Cemetery Board Place 4, Animal Shelter Advisory Committee Place 4, and Old Town Design Standards Review Committee Place 2.

In the event that a qualified student is not identified for appointment, the designated place may be occupied by a non-student member.

At the time of appointment, students must be 13 to 17 years of age and enrolled in an accredited school recognized by the State Commissioner of Education or a home school participant.

It is the intent of the city council that members shall, by reason of diversity of their individual interests and experience, constitute a commission which is broadly representative of the community.

Appointed student members of a board or committee shall be subject to the provisions of the City of Burleson, Code of Ordinances, Chapter 2, Article II. Boards, Commissions, and Committees.

The City Council approved Ordinance C-277 (A0312) on first reading at the March 5, 2012 meeting with changes to add Place 8 as the student voting member who is between 15-17 years of age. With eight (8) places appointed, a quorum shall be five (5) members. If a qualified student voting member is not appointed, the commission returns to the original seven (7) places and the quorum will be unchanged from its current number of four (4) members. The requested changes have been included in the Ordinance for consideration on final reading.

ORDINANCE C-277 (A0312)

AN ORDINANCE AMENDING CHAPTER 62, ARTICLE II, OF THE CODE OF ORDINANCES OF THE CITY OF BURLESON, TEXAS, BY REVISING THE MEMBERSHIP CRITERIA FOR THE PLANNING AND ZONING COMMISSION OF THE CITY; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Burleson is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, Texas Local Government Code, Chapters 211 and 212 authorize the creation of a municipal Planning Commission and Zoning Commission; and

WHEREAS, Section 211.007(a) of the Texas Local Government Code authorizes the creation of a consolidated municipal Planning and Zoning Commission; and

WHEREAS, the City Council has previously created the City of Burleson Planning and Zoning Commission (the "Commission") and adopted detailed criteria governing appointment to and membership on the Commission; and

WHEREAS, the City Council now desires to amend the appointment and membership criteria of the Commission to authorize the appointment of a member who is a student; and

WHEREAS, the City Council finds that the proposed amendment will broaden the diversity of the Commission members' individual interests and experience and will be in the best interests of the public health, safety, morals and general welfare.

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

SECTION 1.

Section 62-32. of the Code of Ordinances, City of Burleson, Texas, is hereby amended to read as follows:

"Sec. 62-32. - Membership; appointment; attending meetings; compensation; removal for absence.

The planning and zoning commission shall be composed of eight members identified as places one through eight. The city council will consider for appointment to the commission only those persons who have demonstrated their civic interest, general knowledge of the community, independent judgment, interest in planning and zoning, and availability to prepare for and attend meetings. Place 8 shall be designated for appointment of a student w/10 is a resident of the City and who, at the time of appointment, is 15 to 17 years of age and enrolled in an accredited school recognized by the State Commissioner of Education or a home school participant. In the event that a qualified student is not identified for appointment, place 8 shall remain vacant until a qualified student is identified to be appointed. Save and except for the student member, all other members must be registered voters of the city. It is the intent of the city council that members shall, by reason of diversity of their individual interests and experience, constitute a commission which is broadly representative of the community. The members of the commission shall regularly attend meetings and public hearings of the commission and shall serve without compensation, except for reimbursement of authorized expenses attendant to the performance of their duties. Absences from commission meetings shall be treated in accordance with the provisions of section 2-34."

SECTION 2.

Section 62-33. of the Code of Ordinances, City of Burleson, Texas, is hereby amended to read as follows:

Sec. 62-33. - Terms of office.

The terms of four of the members shall expire on October 1 of each odd-numbered year, and the terms of the other four members shall expire on October 1 of each even-numbered year. The members of the commission shall be identified by place numbers one through eight. The odd-numbered places shall expire in the odd-numbered years; the even-numbered places shall expire in the even-numbered years. Commission members may be appointed to succeed themselves. Vacancies shall be filled for unexpired terms, but no member shall be appointed for a term in excess of two years. Newly-appointed members shall be installed at the first regular commission meeting after their appointment.

SECTION 3.

Section 62-35. of the Code of Ordinances, City of Burleson, Texas, is hereby amended to read as follows:

Sec. 62-35. - Meetings.

(a) The planning and zoning commission shall meet regularly and shall designate the time and place of its meetings. The commission shall adopt its own rules of procedure and keep a record of its proceedings consistent with the provisions of this chapter and the requirements of law. If a student member has been appointed to Place 8, a quorum for the conduct of business shall consist of five members of the commission. If a student member has not been appointed to Place 8, a quorum for the conduct of business shall consist of four members of the commission. Planning and zoning commission actions shall be by a motion which may be made by any member of the commission.

SECTION 4. CUMULATIVE

This ordinance shall be cumulative of all provisions of ordinances and of the Code of Ordinances of the City of Burleson, Texas, as amended, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances and such Code, in which event the conflicting provisions of such ordinances and such Code are hereby repealed.

**SECTION 5.
SEVERABILITY**

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

**SECTION 6.
EFFECTIVE DATE**

This ordinance shall be in full force and effect from and after its date of passage, and it is so ordained.

PASSED AND APPROVED ON THIS _____ DAY OF _____, 2012.

MAYOR _____

ATTEST:

City Secretary

First Reading: _____, 2012



CITY COUNCIL POLICY
36
City of Burleson Procurement Policy

Adopted date	July 2, 2018
Revised date	
Department Name	Finance

CITY OF BURLESON PURCHASING POLICY

1.0 Governing Authority

The primary governing authority for the City of Burleson’s Purchasing Policy shall be the City’s Charter in conjunction with Local Government Code Chapter 252, “Purchasing and Contracting Authority of Municipalities.” All procurement activity shall be governed by the Purchasing Policy, in accordance with applicable state and local government codes. The Mayor and Council shall from time to time review the Purchasing Policy and the City’s resolution shall record any changes made to the Policy.

All powers of the City vest in the City Council. Authority for purchasing of goods and services is delegated to the City Manager provided the purchase does not exceed \$25,000. The City Manager’s authority is delegated to the Purchasing Manager, subject to the requirements of this policy and adopted purchasing procedures. In addition, authority for the following payments is delegated to the City Manager:

- Payments made pursuant to the City’s compensation and benefit plans including:
- Payroll
- TMRS contributions
- Payments to deferred compensation plans
- Accrued employee benefits
- Payments to the federal government or its agencies

- Transfer payments of employee deductions or garnishments
- Health insurance claims and fees
- Other insurance premiums
- Utility bills including wholesale water and wastewater treatment
- Remittance to the state of Texas
- Procurement card remittance
- Scheduled bond or lease payments

To ensure proper oversight, all purchases and requisitions in excess of \$10,000 will be reported to Council monthly. The report will include the vendor, purpose, amount, and source of funds for the expenditure.

2.0 Purpose and Scope

The Purchasing Policy applies to the procurement activities of the City of Burleson. All procurement activities for the City shall be administered in accordance with the provisions of this policy, with the express intent to promote open and fair conduct in all aspects of the procurement process.

3.0 Objectives

The Purchasing Division is responsible for ensuring that City departments comply with federal, state and local statutes regulating competitive sealed bids, competitive sealed proposals, professional services, high technology purchases, cooperative purchases, and emergency and sole-source purchases. The Purchasing Division solicits for all competitive procurements as required by law, evaluates bids and proposals, and with the user department makes recommendations to the Mayor and City Council for awarding of contracts.

The Purchasing Division is a functional support division and should be included in all states of acquisition, through planning, ordering and receiving. Purchasing staff issues purchase orders (PO's) and bids, and/or negotiates and executes contracts to deliver goods and services in a timely manner. This is to ensure compliance with the State of Texas competitive bid statutes and the City's purchasing policies.

The Purchasing Division is committed to providing quality service through effective teamwork and communication with City departments and vendors alike, in order to fulfill the purchasing needs of the City in a professional, responsive and timely manner in compliance with all City policies and applicable federal, State, and local purchasing laws. Public purchasing has the responsibility to obtain the most value for the tax dollar in a fair, efficient and equitable manner. To achieve this objective the Purchasing Division seeks to foster as much competition as possible. In doing so, we adopt the goal of fairness by ensuring all who wish to compete for the opportunity to sell to the City of Burleson can do so. Our policy is intended to:

1. Give all suppliers full, fair, prompt and courteous consideration;
2. Encourage open and fair competition;
3. Solicit supplier suggestions in the determination of clear and adequate specifications and standards;
4. Cooperate with suppliers and consider possible difficulties they may encounter; and
5. Observe strict truthfulness and highest ethics in all transactions and correspondence.

3.1 General Duties of the Purchasing Division

1. Observe and enforce the policy and procedures outlined in the City of Burleson Purchasing Procedures Manual or as directed by the City Manager or his/her designee;
2. Advise and assist in the formulation of policies and procedures connected with the purchasing activities of the City, and keep the Director of Finance advised of such policies and procedures.
3. Investigate and analyze research done in the field of purchasing by other governmental agencies and by private industry, in an effort to keep abreast of current developments in the fields of purchasing, price, market conditions and new products;
4. Coordinate, organize, and assist departments in the specification writing process to ensure that specifications are written concisely and are not written in an exclusive manner;

5. Join with other governmental agencies in cooperative purchasing plans when it is in the best interest of the City;
6. Receive, open, and evaluate competitive solicitations;
7. Act in an advisory role as a non-voting member on evaluation committees;
8. Prepare and coordinate with user departments staff reports recommending award of competitive solicitations for City Council approval;
9. Combine purchases of similar items whenever possible and practical, to allow for better pricing and establish a more competitive atmosphere;
10. Assist department heads in the disposition of junk and scrap material such as pallets, scrap pipe, paper products, etc.;
11. Dispose of stolen, abandoned and recovered property coming into the possession of the City;
12. Dispose of surplus City property;
13. Conduct regular training sessions for employees involved in the purchasing process

4.0 Code of Ethics

By participating in the procurement process, employees of the City of Burleson agree to:

- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
- Demonstrate loyalty to the City of Burleson by diligently following the lawful instructions of the employer, using reasonable care, and only authority granted.
- Refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the City of Burleson.

- Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence purchasing decisions.
- Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether as payment for services or not; and never accept for himself or herself or for family members, favors or benefits under circumstance which might be construed by reasonable persons as influencing the performance of Governmental duties.
- Engage in no business with the City of Burleson, directly or indirectly, which is inconsistent with the conscientious performance of Governmental duties.
- Handle confidential or proprietary information belonging to employer or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- Never use any information gained confidentially in the performance of Governmental duties as a means of making private profit.
- Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- Expose corruption and fraud wherever discovered.
- Uphold these principles, ever conscious that public office is a public trust.

5.0 Competitive Purchasing Requirements

Under no circumstances shall multiple requisitions be used in combination to avoid other applicable bidding requirements or City Council approval.

5.1 Procedures for Purchases less than \$3,000

The ordering Division selects the vendor, enters a requisition in the automated procurement system. Once a purchase order is issued the ordering division places the order and/or picks up the materials.

Purchase under \$3,000 may be made either through a purchase order (PO) process or via the City's Procurement card (P-card) Program.

5.2 Procedures for Purchases of \$3,000 to \$25,000

All purchases greater than \$3,000 but less than \$25,000 must be processed in accordance with the following procedure.

- Purchases totaling \$3,000 to \$25,000 will require three or more quotes. Two no quotes returned equal one quote.
- All quotations received must be in writing from the vendor and available for review by the Purchasing Manager.
- Quotes will be entered in to the automated procurement system by completing an electronic requisition form.

5.3 Procedures for Purchases \$25,000 to \$50,000

The Purchasing Manager will be responsible for distribution of all formal quotes from \$25,000 to

\$50,000. The Department shall initiate the formal quote process by contacting the Purchasing Division. All requisitions over \$25,000 will require approval by Council prior to purchase order being issued. Requisitions over \$25,000 will be taken to Council as a Financial Transaction. Job Order Contracts are prohibited over \$25,000.

5.4 HUB'S

Local Government Code Chapter 252.0215 Competitive bidding in relations to Historically Underutilized Business vendors, states that a municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two

HUBs on a rotating basis. If the list fails to identify a disadvantaged business in the county in which the City is situated, the City is exempt from this section.

HUB – Certified businesses that are at least 51% owned, operated, and controlled by the qualifying groups which include Asian Pacific Americans, Black Americans, Hispanic Americans, Native Americans and American Women.

The City also accepts equivalent certifications, as approved by the Purchasing Manager.

5.5 Purchases more than \$50,000

Except as otherwise exempted by applicable State law, requisitions for item(s) whose aggregate total cost is more than \$50,000 must be processed as a competitive solicitations (e.g. sealed bids, request for proposals, and request for offers.) Texas Local Government Code, Subchapter B, Section 252.021 defines the requirements for competitive bids.

Texas Local Government Code, Section 252.062, states:

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B Misdemeanor.

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described in subsection (a). An offense under this subsection is a Class B Misdemeanor.

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by subsection (a) or (b). An offense under this subsection is a Class C Misdemeanor.

Conviction for any of these offenses may result in immediate removal from office or employment.

5.6 Reciprocity

The State of Texas Reciprocity Law provides that the State or political subdivision cannot award contracts or purchases to non-resident bidders having local preference laws in their resident states unless their bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the amount that a Texas resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located.

5.7 Award of Contract

The City of Burleson shall award contracts based on criteria deemed in the best interest of the City.

Texas Local Government Code, Section 252.043, states, in part:

- a. If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.
- b. Before awarding a contract under this section, a municipality must indicate in the bid specifications and requirements that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.

5.8 Disclosure of Information

Access to bidder-declared trade secrets or confidential information shall be in accordance with the Texas Government Code Chapter 552, the Public Information Act, and applicable City policies implementing this chapter.

Texas Local Government Code Chapter 252.049(b) states, in part:

If provided in a RFP, proposals shall be opened in a manner that avoids disclosure of the contents to competing offers and keeps the proposals secret during negotiations. All proposals are open for public inspection after the contract is

awarded, but trade secrets and confidential information in the proposals are not open for public inspection.

5.9 Professional Services

Personal and professional services are exempted from the competitive bidding process and are procured through the use of Request for Qualifications (RFQ) documents. The Purchasing Division is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.

1. Texas Government Code, Chapter 2254, Subchapter A, Professional Services, states that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead, they must be awarded on the basis:
 - a. of demonstrated competence and qualifications to perform the services;
 - b. For a fair and reasonable price;
 - c. Fees are allowed;
 - d. Must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations; and
 - e. May not exceed any maximum provided by law.
2. Professional Services for the purposes of Government Code Chapter 2254 are defined as those services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional

engineer, a state certified or state licensed real estate appraiser, or a registered nurse.

5.10 Automated Information Systems

All requests for computer equipment, software, telecommunications and related services or supplies should be submitted to the Information Technology (IT) Department for review and technical evaluation. IT will review each request for compatibility with other hardware and software and will investigate alternatives.

Recommendations and comments will include but not be limited to:

- Additional costs incurred because of the purchase;
- Compatibility considerations;
- Cost effectiveness of the request; and
- Alternatives that would effectively meet the users' needs.

No purchases for computer related equipment or supplies are allowed without IT approval.

5.11 Cooperative Purchases

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to reduce administrative costs, take advantage of quantity discounts, share specifications, and create a heightened awareness of legal requirements. Cooperative purchasing can occur through inter-local agreements, state contracts, piggybacking, and joint purchases.

The Purchasing Division shall take advantage of the following types of cooperative purchases when deemed to be in the City's best interest:

- Inter-local Agreement Purchases
- State Contract Purchases
- Piggybacking
- Joint Purchases

Cooperative quotes that exceed \$25,000 must also be accompanied by documentation of steps taken to provide assurance that the cooperative price is competitive with current market pricing.

5.12 Emergency Purchases

Valid emergencies are those that occur as a result of the breakdown of equipment which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. When this situation occurs, the department shall contact the Purchasing Division and conduct the procurement of supplies and services in accordance with the Purchasing Manual.

The Legislature exempted certain items from sealed bidding in the Texas Local Government Code Section 252.022(a), including but not limited to:

1. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality.
2. A procurement necessary to preserve or protect the public health or safety of the municipality's residents;
3. A procurement necessary because of unforeseen damage to public machinery, equipment or other property.

5.13 Sole Source Purchases

Sole-source purchases are items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by local government code. When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternate products are available, a detailed written justification must be provided to the Purchasing Division in advance for review and approval.

5.14 Legal Review

The City Attorney shall review all documents, contracts and legal instruments in which the City may have an interest, unless otherwise determined by the City Attorney. Equipment, materials, supplies, and service contracts bearing any special terms and conditions, other than administrative provisions, not previously approved by the City Attorney, shall be submitted for such approval and must receive approval prior to issuance. Review and approval by an attorney at TOASE or by the Deputy City Attorney shall constitute the review and approval by the City Attorney required under this Section.

5.15 Signature Authority

Only the City Manager has signature authority to execute contracts of any nature. Such signature authority is detailed and delegated below:

1. The City Manager has authority to execute contracts under \$25,000.
 - a. The City Manager has authority to execute contracts equal to or in excess of \$25,000 if approved by City Council in the annual budget or as a city council agenda item.
2. The Purchasing Manager has authority to execute contracts under \$10,000 if the contracts are procured in compliance with this Purchasing Policy.
3. The City Manager may designate in writing a city employee to sign contracts in his absence.

6.0 Legal Definition

The legislature exempted certain items from sealed bidding in the Vernon's Texas Codes Annotated- Local Government Code Section 252.022 (a) 7, in part: Procurement of items available from only one source, including:

1. Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;
2. films, manuscripts, or books

3. gas, water and other utility services;
4. captive replacement parts or components for equipment;
5. books, papers, and other library materials for a public library that are available only from the person holding exclusive distribution rights to the materials; and
6. Management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.

7.0 Recommendation to City Council

The Purchasing Division and the user department make final recommendations to the Mayor and City Council for awarding of contracts, in accordance with approval thresholds, for all solicitations in the stated areas of responsibility.

8.0 Purchasing Manual

The Purchasing Manual contains expanded explanation and process for accomplishing the procurement of goods and services in accordance with this policy. The Purchasing Manager maintains responsibility for updating the Purchasing Manual in accordance with the applicable State and Local Government Codes and the Purchasing Policy, as approved by City Council.



CITY COUNCIL POLICY

37

Council Policy Regarding Council Member BRiCK Memberships and Use of Hidden Creek Golf Course

Adopted date	January 7, 2019
Revised date	
Department Name	City Council

Purpose:

To establish a written policy concerning City Council Member's (including the Mayor) membership at the BRiCK (Burleson Recreation Center) and use of Hidden Creek Golf Course.

Policy:

- Sitting Council members shall have a regular membership at the BRiCK at no cost and shall have the ability to play golf at Hidden Creek Golf Course at no cost, subject to availability.
- Council members who have served two full terms shall have a regular membership at the BRiCK at no cost and shall have the ability to play golf at Hidden Creek Golf Course at no cost, subject to availability. This provision is not retroactive except for former Council members who, prior to approval of this written policy, were authorized to have a regular membership at the BRiCK at no cost and authorized to play golf at Hidden Creek Golf Course at no cost, subject to availability.

Approved the 7th day of January, 2019

Mayor Ken Shetter