

AGENDA

**Regular Meeting of the Bedford City Council
Tuesday, September 10, 2013
Bedford City Hall Building A
2000 Forest Ridge Drive
Bedford, Texas 76021**

**Council Chamber Work Session 5:30 p.m.
Council Chamber Regular Session 6:30 p.m.**

**COMPLETE COUNCIL AGENDAS AND BACKGROUND INFORMATION ARE AVAILABLE FOR REVIEW
ONLINE AT <http://www.bedfordtx.gov>**

WORK SESSION

- Review and discuss items on the regular agenda and consider placing items for approval by consent.
- Discussion regarding the status of the City's water and sewer system infrastructure and the history of its water/sewer rate increases.

EXECUTIVE SESSION

To convene before the Regular Session, if time permits, in the conference room in compliance with Section 551.001 et. Seq. Texas Government Code, to discuss the following:

- a) Pursuant to Section 551.087, deliberation regarding economic development negotiations relative to Block 1, Lot A1, Dallas Federal Addition.
- b) Pursuant to Section 551.087, deliberation regarding economic development negotiations relative to Block 2 Lot 4, Bedford Lake Addition.
- c) Pursuant to Section 551.071, consultation with City Attorney regarding pending or contemplated litigation regarding 533 Bedford Road.

REGULAR SESSION 6:30 P.M.

CALL TO ORDER/GENERAL COMMENTS

INVOCATION (Lead Pastor Robert White, Cornerstone Church North)

PLEDGE OF ALLEGIANCE

OPEN FORUM

(The public is invited to address the Council on any topic that is posted on this agenda. Citizens desiring to speak on Public Hearing(s) must do so at the time the Public Hearing(s) are opened. In order to speak during Open Forum a person must first sign in with the City Secretary prior to the Regular Session being called to order. Speakers will be called upon in the order in which they sign in. Any person not signing in prior to the commencement of the Regular Session shall not be allowed to speak under Open Forum. Further, Open Forum is limited to a maximum of 30 minutes. Should speakers not use the entire 30 minutes Council will proceed with the agenda. At the majority vote of the Council the Mayor may extend the time allotted for Open Forum.)

CONSIDER APPROVAL OF ITEMS BY CONSENT

COUNCIL RECOGNITION

1. Recognition of Loquita Traylor, Customer Service Supervisor, for a Bedford Employee Commitment Award (BECA).
2. Proclamation declaring September 2013 as Blood Cancer Awareness Month.

APPROVAL OF THE MINUTES

3. Consider approval of the following City Council minutes:
 - a) August 27, 2013 regular meeting

NEW BUSINESS

4. Consider and act upon an ordinance adopting the annual budget for the City of Bedford, Texas for the fiscal period of October 1, 2013 through September 30, 2014; levying taxes for 2013; providing for intra-fund and/or intra-departmental transfers; providing for investment of idle funds; and declaring an effective date.
5. Consider a resolution to ratify the property tax increase as reflected in the 2013/2014 City of Bedford Program of Services (Budget).
6. Consider a resolution accepting the City of Bedford Investment Policy.
7. Consider a resolution authorizing the City Manager to enter into an agreement with Redflex Traffic Systems, Inc. for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.
8. Consider a resolution authorizing the City Manager to enter into an interlocal agreement with the Texas Department of Motor Vehicles for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.
9. Consider a resolution approving an amendment to the Economic Development Agreement, pursuant to Chapter 380 of the Texas Local Government Code and the City's Economic Development Incentive Policy and Program, with 6Stones, L.L.C. ("6Stones")
10. Report on most recent meeting of the following Boards and Commissions:
 - ✓ Animal Shelter Advisory Board - Councilmember Boyter
 - ✓ Beautification Commission - Councilmember Turner
 - ✓ Community Affairs Commission - Councilmember Boyter
 - ✓ Cultural Commission - Councilmember Nolan
 - ✓ Library Board - Councilmember Davisson
 - ✓ Parks & Recreation Board - Councilmember Davisson
 - ✓ Senior Citizen Advisory Board - Councilmember Turner
 - ✓ Teen Court Advisory Board - Councilmember Champney
11. Council member reports
12. City Manager/Staff Reports
13. Take any action necessary as a result of the Executive Session

(Any item on this posted agenda may be discussed in executive session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code.)

ADJOURNMENT

CERTIFICATION

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the outside window in a display cabinet at the City Hall of the City of Bedford, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Friday, September 6, 2013 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

Michael Wells, City Secretary

Date Notice Removed

(Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in City functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight (48) hours prior to the scheduled starting time of a posted council meeting by calling 817.952.2101.)

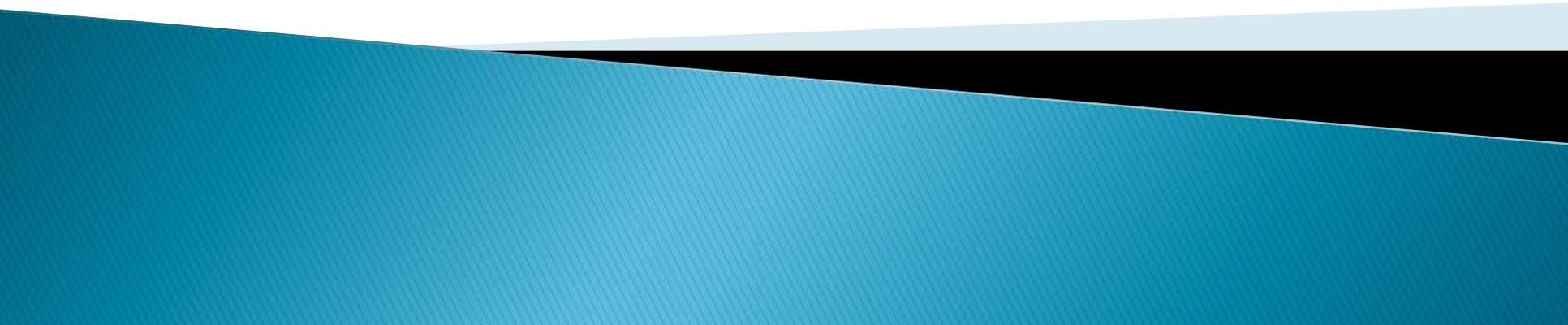


Council Agenda Background

<u>PRESENTER:</u>	Clifford Blackwell C.G.F.O., Dir. Of Admin Services Tom Hoover, P.E., Public Works Director	<u>DATE:</u> 09/10/13
Work Session		
<u>ITEM:</u> Discussion regarding the status of the City's water and sewer system infrastructure and the history of its water/sewer rate increases. City Manager Review: _____		
<u>DISCUSSION:</u> At the Tuesday, August 27, 2013 City Council meeting, staff discussed the possibility of increasing water/sewer rates based on the pass-through increases the Trinity River Authority (TRA) is charging the City in the upcoming fiscal year. In addition, staff discussed the rate impact if the City Council considers increasing the amount transferred to the Utility Maintenance Fund by \$1 Million. In response, the Council asked staff to provide the following information to help explain to the citizens of Bedford why the City is considering increases to the water/sewer rates: <ul style="list-style-type: none">- History of City rate increases as compared to TRA increases- Trends in capital spending towards water/sewer infrastructure- Condition and age of the City's water/sewer infrastructure- Recommended implementation date of the rate increase		
<u>ATTACHMENTS:</u> Presentation Infrastructure Maps		

Water & Sewer Infrastructure & Rate History

September 10, 2013



Summary

- ▶ The City was notified that the volume charge from the Trinity River Authority would be increased in the upcoming year.
 - ▶ At the August 27, 2013 meeting, Council considered a water and sewer rate increase for both base and volume in order to pay for infrastructure improvements.
 - ▶ Council requested additional detail related to the utility infrastructure to justify the need.
- 

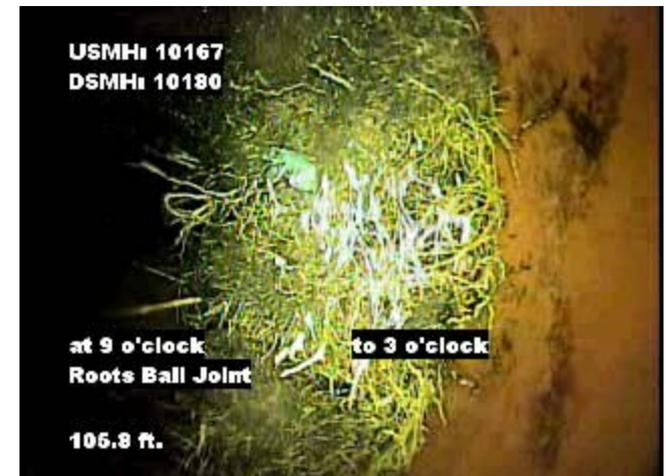
Infrastructure History

»» Water & Sewer Lines

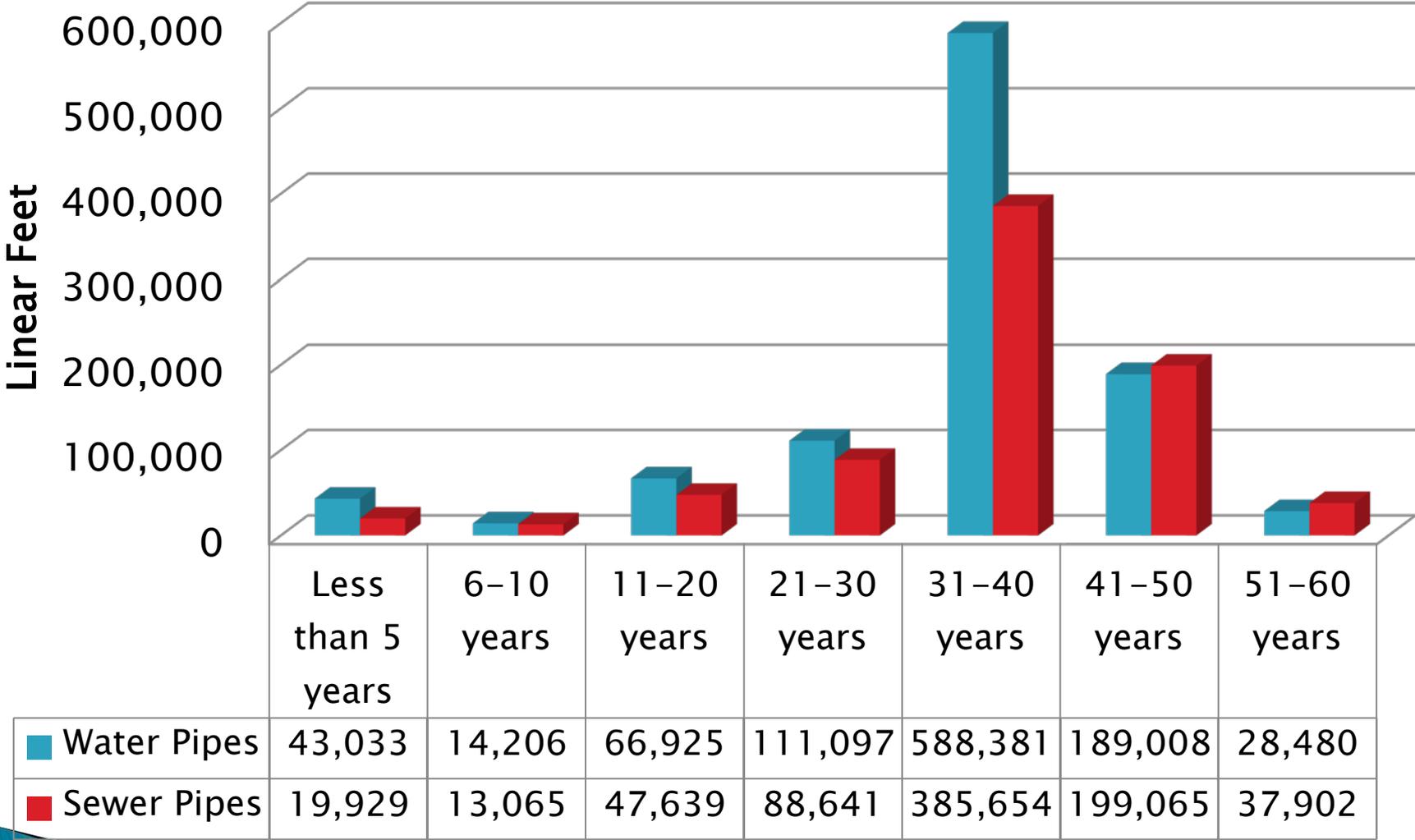
Water System



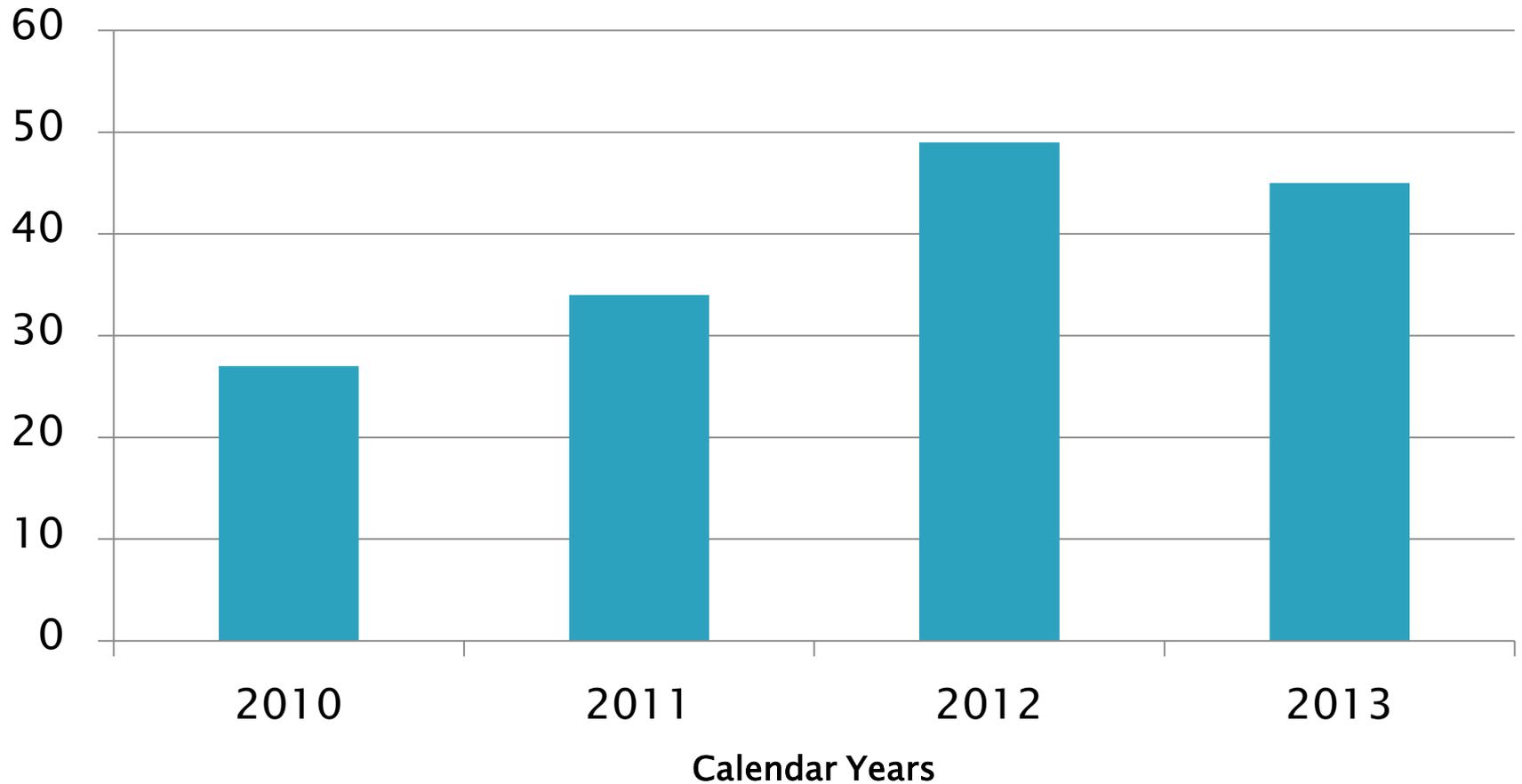
Sewer System



Age of Water & Sewer Pipes



Water Main Breaks



**2013 data through August

Debt Issuances

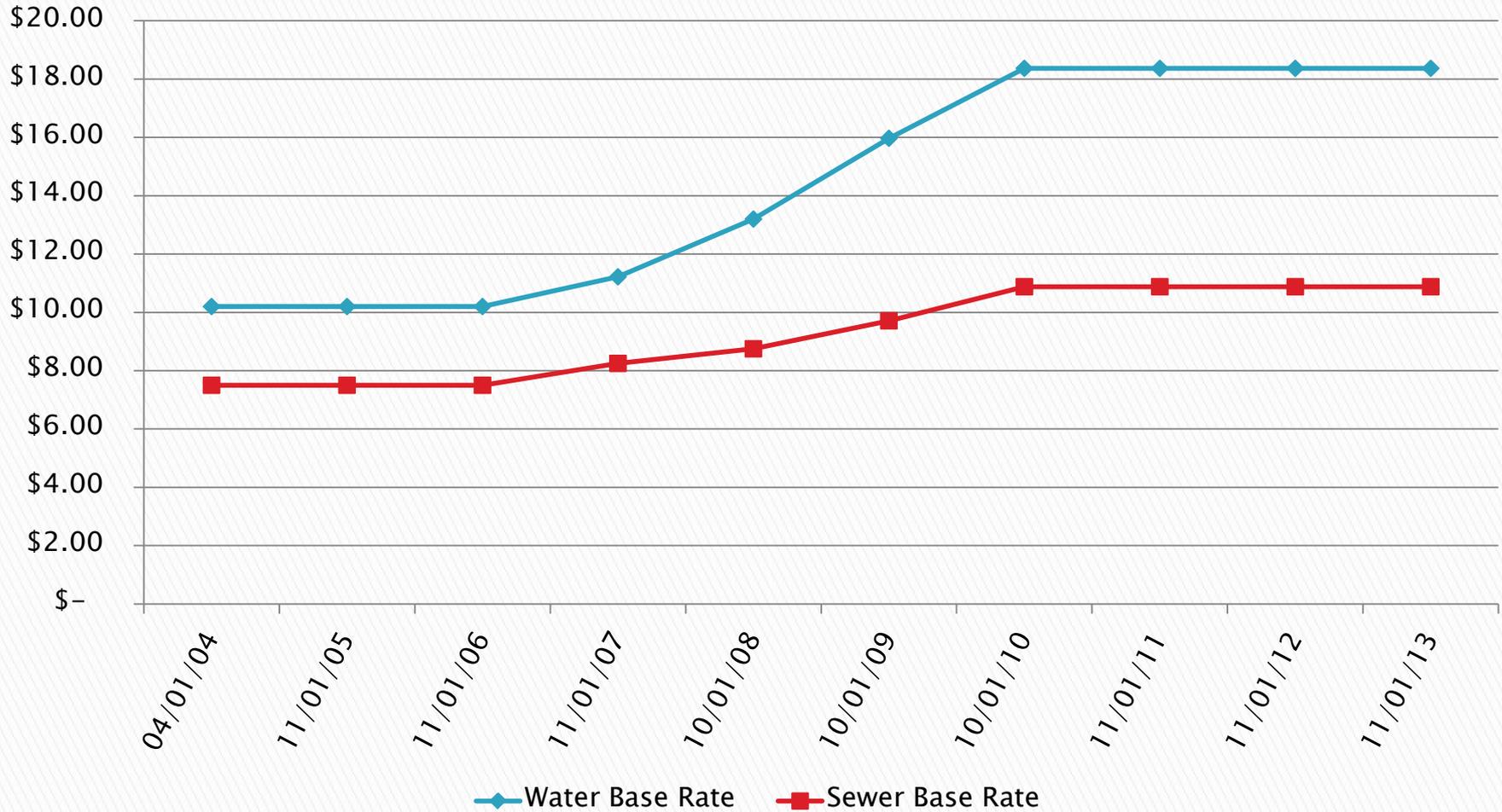
(New Money since 2007)

Fiscal Year	Water Projects	Sewer Projects	Total Debt Issue	Average Annual Debt Service Cost
FY 07-08	\$3,798,000	\$1,177,000	\$4,975,000	\$349,253
FY 09-10	\$1,035,000	\$1,000,000	\$2,035,000	\$151,286
FY 10-11	\$1,530,000	\$1,000,000	\$2,530,000	\$180,892
FY 11-12	–	\$630,000	\$ 630,000	\$ 34,591
FY 12-13	\$3,900,000	\$370,000	\$4,270,000	\$264,446

Rate History

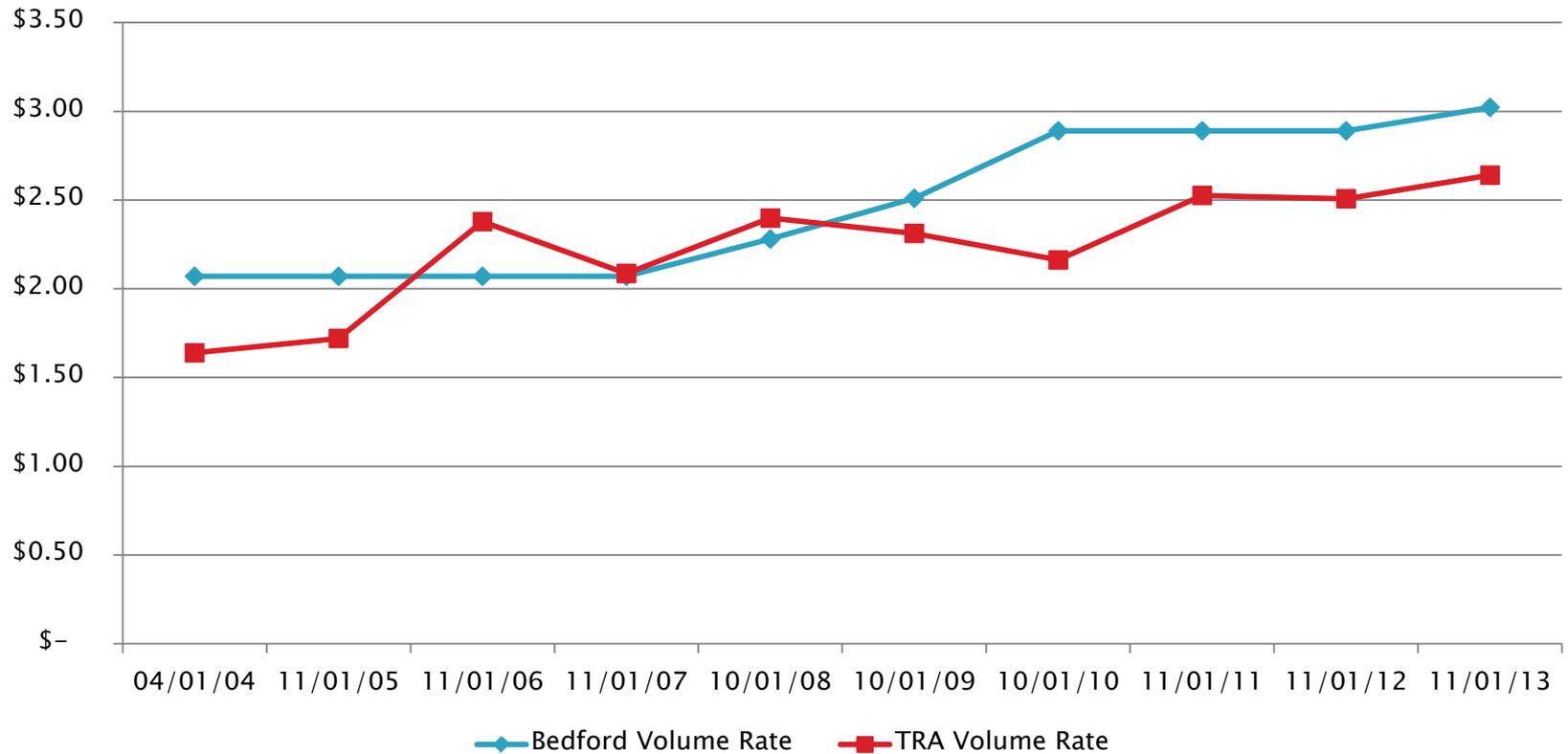
»» Bedford Rates & TRA History

Bedford Base Rates



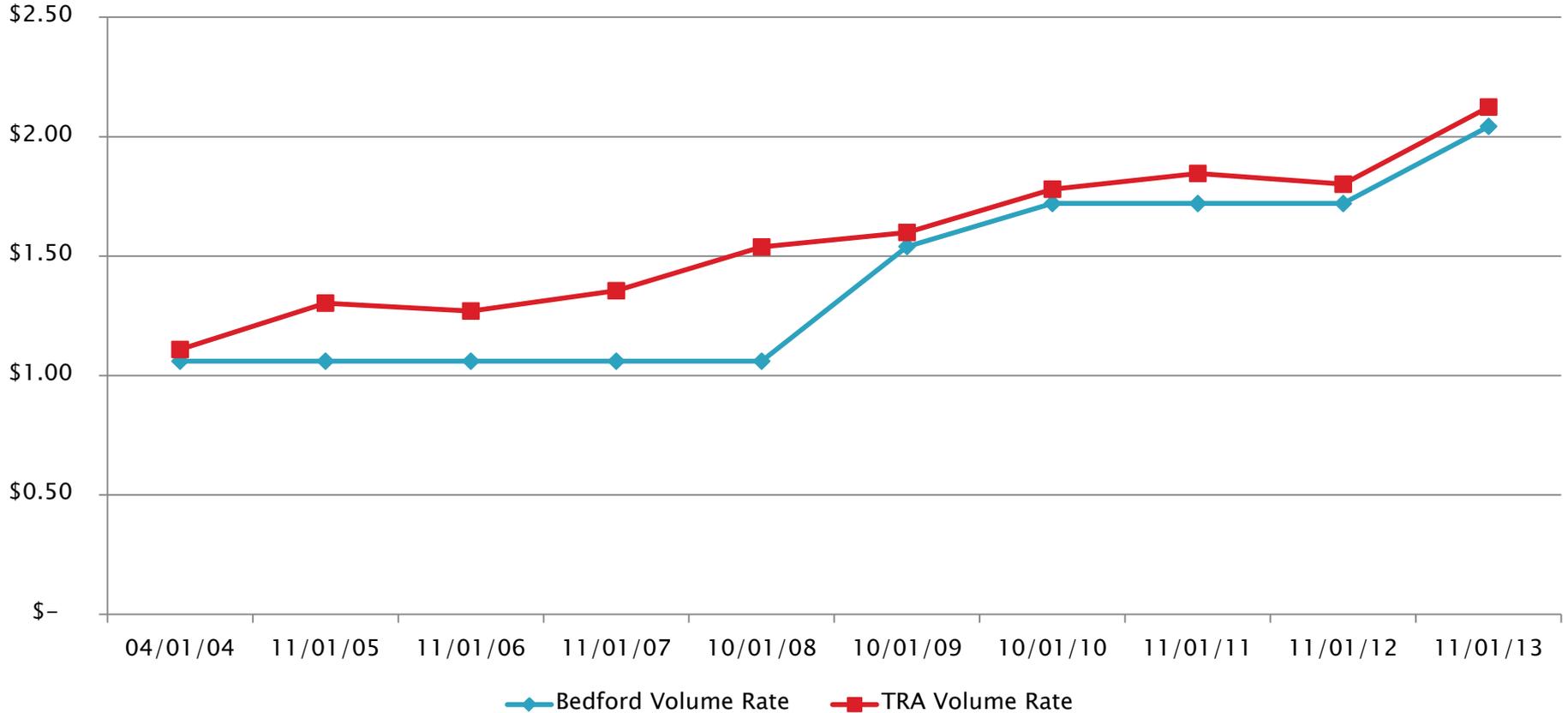
Water Volume Rate History

Volume Rates per 1,000 Gallons



Sewer Volume Rate History

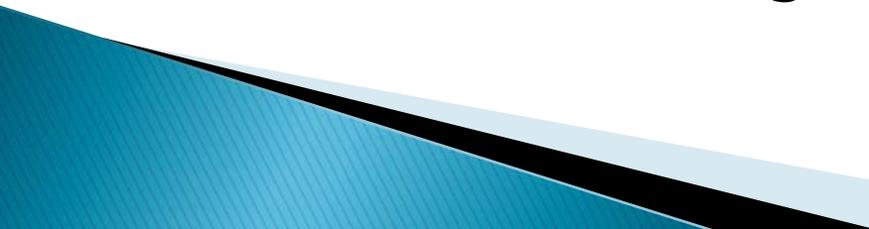
Volume Rate per 1,000 Gallons



Proposed Actions

- » Justifications
- Proposed Rates
- Timeline for Implementation

Justifications

- ▶ Age of Infrastructure – 80% of system is 31–40 years old
 - ▶ North Tarrant Express Utility Relocation Upcoming Payment – Will be funded from Utility Maintenance & Repair Fund, which will be depleted
 - ▶ TRA rate increase – \$0.13 increase in water charges & \$0.32 increase in sewer charges
 - ▶ Complete capital improvements on a cash basis rather than issuing debt
- 

Proposed Water Rates

Rate Type	Current Rate	Proposed Rate	Increase*
Base	\$18.37	\$18.92	\$0.55
Base – Senior	\$16.70	\$17.20	\$0.50
Volume (per 1,000)	\$2.89	\$3.11	\$0.22

*Increase includes TRA pass-through & proposed 3% increase for infrastructure maintenance.

Proposed Sewer Rates

Rate Type	Current Rate	Proposed Rate	Increase*
Base	\$10.88	\$11.21	\$0.33
Base – Senior	\$9.88	\$10.18	\$0.30
Volume (per 1,000)	\$1.72	\$2.10	\$0.38

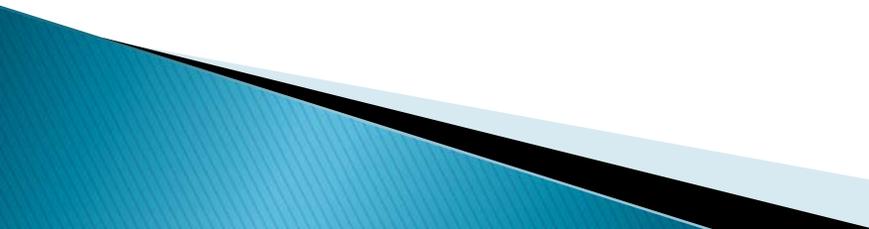
*Increase includes TRA pass-through & proposed 3% increase for infrastructure maintenance.

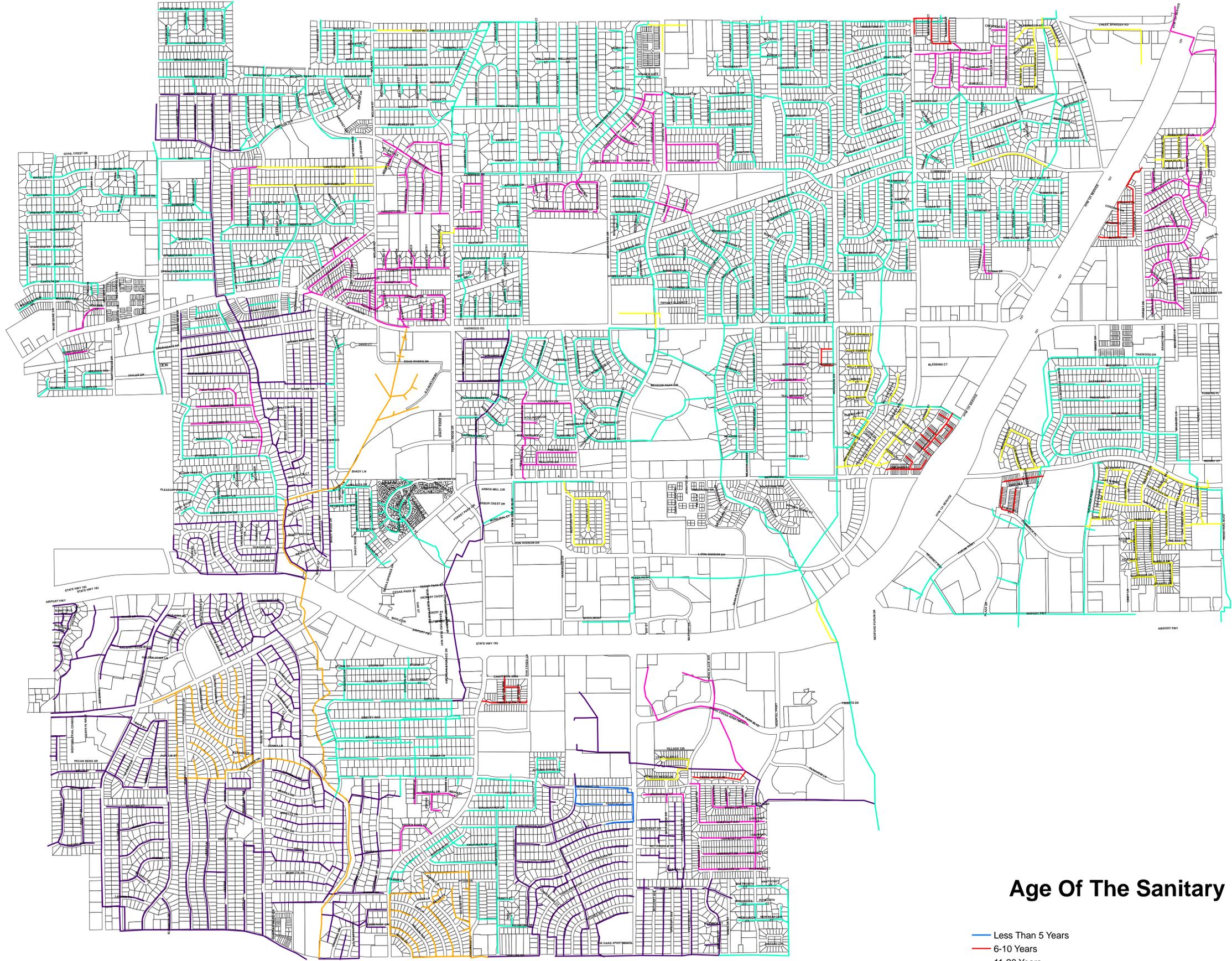
Example Rate Increases

Average Usage Month		
	Regular	Senior
Current Bill	\$70.64	\$66.87
<u>Proposed Bill</u>	<u>\$75.17</u>	<u>\$71.32</u>
Difference	\$4.53	\$4.45

High Usage Month		
	Regular	Senior
Current Bill	\$93.76	\$89.99
<u>Proposed Bill</u>	<u>\$100.07</u>	<u>\$96.23</u>
Difference	\$6.31	\$6.24

Timeline of Implementation

- ▶ September 24 – Ordinance presented to Council
 - ▶ September 25 – Notification posted on Website
 - ▶ December 1 & December 15 – Notice included in water bills (2 billing cycles)
 - ▶ Mid-December – Article included in City Magazine
 - ▶ January 1, 2014 – New rates go into effect
- 



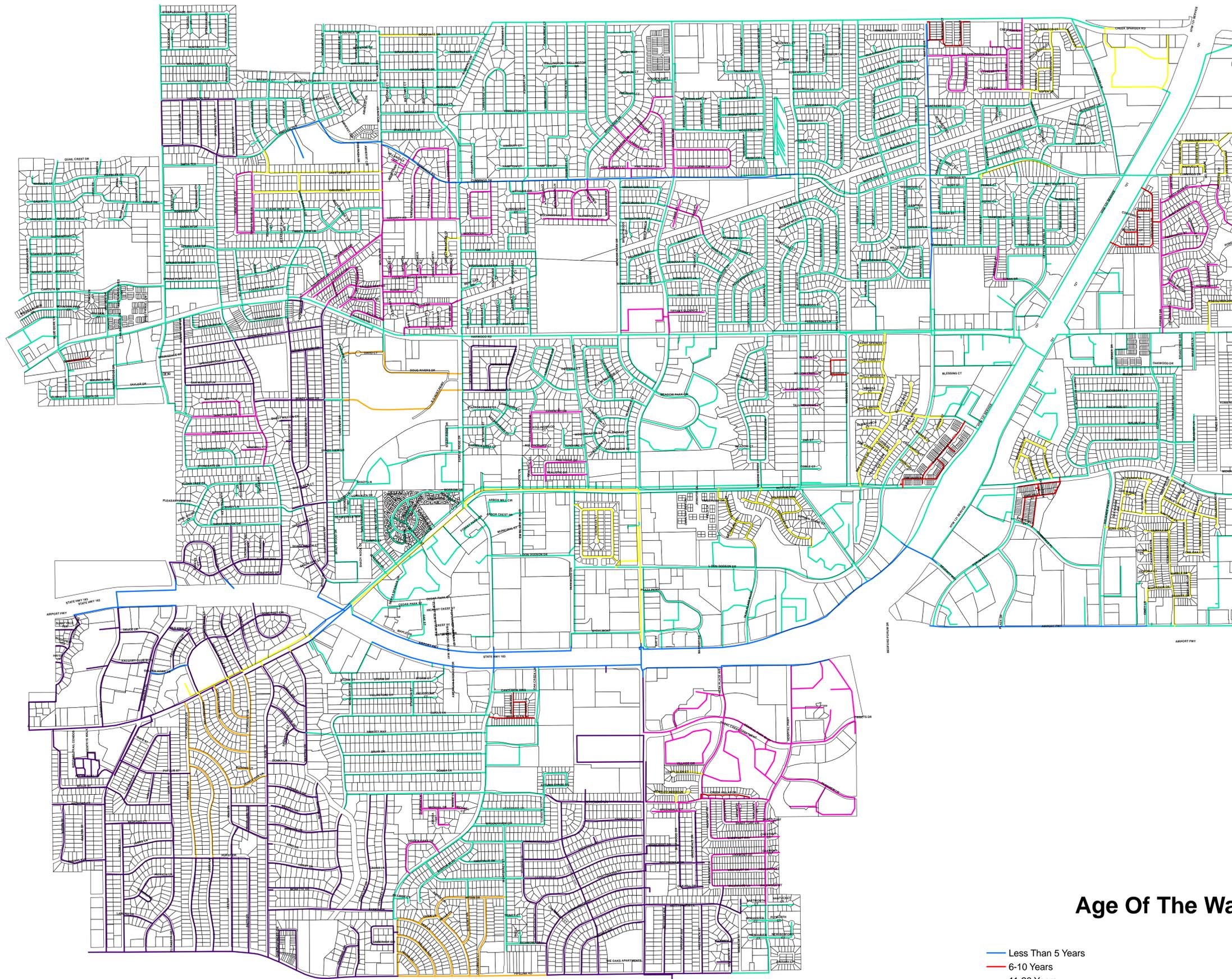
Age Of The Sanitary Sewer System

- Less Than 5 Years
- 6-10 Years
- 11-20 Years
- 21-30 Years
- 31-40 Years
- 41-50 Years
- 51-60 Years



0 800 1,600 3,200 Feet





Age Of The Water System

- Less Than 5 Years
- 6-10 Years
- 11-20 Years
- 21-30 Years
- 31-40 Years
- 41-50 Years
- 51-60 Years



0 800 1,600 3,200 Feet



Council Agenda Background

PRESENTER: Beverly Griffith, City Manager

DATE: 09/10/12

Council Recognition

ITEM:

Recognition of Loquita Traylor, Customer Service Supervisor, for a Bedford Employee Commitment Award (BECA).

City Manager Review: _____

DISCUSSION:

The BECA is part of the City of Bedford's Employee Recognition Program. In order for an employee to receive a BECA, he/she must display "above and beyond the call of duty" conduct or actions in their daily job function or other types of meritorious actions or conduct.

Any citizen, business owner or employee may nominate a City employee for a BECA by completing a form. The nominations are reviewed on a periodic basis by the City's senior management team. The senior management team then votes on the nominations.

Loquita Traylor was nominated to receive a BECA for providing outstanding customer service to a Bedford resident on August 13, 2013.

On this date, an elderly Bedford resident came into the water billing/permitting area and requested a household hazardous waste voucher for three boxes of old household chemicals, paint, etc. During the transaction, the customer mentioned that she did not like to drive on the freeway and was unsure of how to get to the drop-off site. Loquita told the customer that she would take the boxes to the dump location for her since she, as a Bedford resident, needed to take several of her own boxes of household hazardous waste to the drop-off site. Loquita took the boxes for the resident and stored them in the Building B sally port until Saturday. On Saturday, she delivered the boxes along with her personal items to the drop-off site.

Loquita not only saved the customer the trip to the drop-off location but also saved the City \$47 in the cost of the voucher fee. Loquita's action demonstrated outstanding customer service, saved the City money, and personified the PRIDE values of the City.

ATTACHMENTS:

N/A



Council Agenda Background

PRESENTER: Jim Griffin, Mayor

DATE: 09/10/13

Council Recognition

ITEM:

Proclamation declaring September 2013 as Blood Cancer Awareness Month.

City Manager Review: _____

DISCUSSION:

A representative from the Leukemia and Lymphoma Society will be on hand to accept the proclamation.

ATTACHMENTS:

Proclamation



CITY OF
BEDFORD

Proclamation

WHEREAS, blood cancers currently afflict more than one million people in the United States, with an estimated 148,040 new cases diagnosed each year; and

WHEREAS, leukemia, lymphoma and myeloma will kill an estimated 54,380 people in the United States this year; and

WHEREAS, The Leukemia & Lymphoma Society (LLS), through voluntary contributions, is dedicated to finding cures for these diseases through research efforts and the support for those that suffer from them; and

WHEREAS, LLS maintains an office in North Texas to support patients with these diseases and their family members in the State of Texas.

NOW, THEREFORE, let it be known that I, Jim Griffin, Mayor of the City of Bedford, and the City Council do join with LLS in designating the month of September 2013, as:

Blood Cancer Awareness Month

in the City of Bedford and to enhance the understanding of blood related cancers and to encourage participation in voluntary activities to support education programs and the funding of research programs to find a cure for them.

In witness whereof, I have hereunto set my hand and caused the seal of the City of Bedford to be affixed this 10th day of September, 2013.

JIM GRIFFIN, MAYOR





Council Agenda Background

PRESENTER: Michael Wells, City Secretary

DATE: 09/10/13

Minutes

ITEM:

Consider approval of the following City Council minutes:

- a) August 27, 2013 regular meeting

City Manager Review: _____

DISCUSSION:

N/A

ATTACHMENTS:

August 27, 2013 regular meeting

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in Work Session at 5:15 p.m. in the Conference Room, Work Session at 5:30 p.m. and Regular Session at 6:30 p.m. in the Council Chambers of City Hall, 2000 Forest Ridge Drive, on the 27th day of August, 2013 with the following members present:

Jim Griffin
Michael Boyter
Chris Brown
Ray Champney
Jim Davisson
Patricia Nolan
Roy W. Turner

Mayor
Council Members

constituting a quorum.

Staff present included:

Beverly Griffith
David Miller
Stan Lowry
Michael Wells
Cliff Blackwell
Bill Cooper
Roger Gibson
Tom Hoover
Jill McAdams
Mirenda McQuagge-Walden
Maria Redburn
Jacquelyn Reyff
Bill Syblon
James Tindell

City Manager
Deputy City Manager
City Attorney
City Secretary
Administrative Services Director
Deputy Director of Information Services
Police Chief
Public Works Director
Human Resources Director
Managing Director
Library Manager
Planning Manager
Development Director
Fire Chief

CONFERENCE ROOM WORK SESSION 5:15 p.m.

- **Interview for appointment to the Zoning Board of Adjustment.**

The applicant was unable to attend the interview.

WORK SESSION

Mayor Griffin called the Work Session to order at 5:30 p.m.

- **Review and discuss items on the regular agenda and consider placing items for approval by consent.**

Council discussed placing the following items on consent: 4, 8, 9, 10, 11 and 13.

Public Works Director Tom Hoover presented information regarding Item #8. The City purchases water from the Trinity River Authority (TRA) through the Tarrant County Water Project. The TRA is in the process of doing capital improvements to their treatment facilities to improve the taste of the water. \$5M worth of bonds needs to be spent by the end of this fiscal year and the TRA has asked the City to pass this ordinance. If the City does not pass this ordinance, they would still charge the City the same

amount.

Fire Chief James Tindell presented information regarding Item #9. He stated that in the previous year's budget, the Council authorized the purchase of a command vehicle for approximately \$68,000. It has taken time for staff to find a command vehicle within the price range. Through the Buy Board, they were able to find a company to build a vehicle at less than the budgeted amount. It will replace a 15 year old vehicle that is unreliable and has issues with steering and suspension. In answer to questions from Council, Chief Tindell stated that a command vehicle is the vehicle for the battalion chief or incident commander, which contains radio systems as well as provides a means to access information in the field; and that the cost of the vehicle includes everything.

Managing Director Mirenda McQuagge-Walden presented information regarding Item #10. It is a renewal of a contract with Planet Kidz for the Fun Time Live Program at the Boys Ranch Activity Center during the school year. The City has been doing business with Planet Kidz for the past decade and it is a mutually agreeable arrangement. In answer to questions from Council, Ms. McQuagge-Walden stated that Council needs to approve this item as it is a lease; that the \$445 cost covers utilities and that the City makes a profit off of the agreement; that 250 children regularly attend the Program; and that the company provides liability insurance.

- **Discussion on the Bedford Tower at Central Drive and Airport Freeway regarding lighting, landscaping and other amenities. **This item requested by Councilmember Turner.**

Councilmember Turner requested this item be placed on the agenda for discussion. He discussed adding new dimensions to the tower including lighting for nighttime visibility of the tower and logo, spelling out "Bedford" on all three sides of the tower, and additional landscaping around the fence. AT&T owns the tower and the City has been working with them on these issues. It has been difficult getting cost estimates but the ballpark figure is \$10,000 to do the lettering, lighting and landscaping. Cheddar's is responsible for maintaining a minimum amount of landscaping and the Beautification Commission has agreed to supplement the landscaping to make it more amenable to the area. There was Council discussion on the need for enhancements to the tower; the tower lacking the feel it could have as part of the gateway into the City; rethinking the wall around the tower and other amenities; the color of the wall not being conducive to the tower; receiving a recommendation from specialists on lighting; receiving recommendations from professionals regarding styles and looks to enhance the tower; the simplicity of the tower; costs involved with the wall; required landscaping; the building connected to the tower going over the wall; meeting with Cheddar's to revisit this item including what they have left to do in regards to landscaping; that AT&T would be paying the utilities; and whether the lighting would be multi-colored or up-lighting. The consensus of the Council was to not have the word "Bedford" spelled out on the tower; to address some sort of lighting to enhance the tower; and for staff to meet with Cheddar's to discuss landscaping, including a completion date. In answer to questions from Council, City Manager Beverly Griffith stated that in regards to when Cheddar's was supposed to complete the work, that there was no deadline for completion of the tower. Their required building improvements were due by June 30 but the tower did not have a deadline as it was being handled by AT&T. The landscape plan indicates landscaping on two sides of the tower. There have been issues with the wall which have been resolved and they will wait until the weather is more conducive to begin planting shrubs. There was discussion on receiving recommendations on landscaping from the Beautification Commission.

- **Discussion regarding public information meetings for the November 5, 2013 Bond Election.**

Ms. Griffith stated that she wanted to get a sense from the Council their interest on putting on some type of public information meetings and if so, to establish tentative dates. Staff wants to be able to advertise these meetings in the water bills and to advertise the dates and times to the public. She also requested ideas on what types of presentations the Council would like to see at those meetings. There was discussion on the Community Affairs Commission hosting a town hall meeting; having a table at ArtsFest; the number of meetings that are needed; and getting information to the public before early voting begins on October 21. Council was of the consensus to hold public meetings on September 17 and October 17 in conjunction with the Community Affairs Commission, and to have something at ArtsFest on October 5.

- **Discussion regarding potential water and sewer rate increases and the impact on water bills.**

Administrative Services Director Cliff Blackwell presented information on possible increases to water and sewer rates. The TRA has increased the rate it charges to the City on the volume side. Water has increased \$0.13 per 1,000 gallons and sewer has increased \$0.32 per 1,000 gallons. It was staff's opinion that it was in the best interest of the City to pass on those increases, which would have an impact of \$3.80, or 4 percent, on the average July water bill. Base rates would remain the same but volume rates would increase from \$2.89 to \$3.02 per 1,000 gallons on water and from \$1.72 to \$2.04 per 1,000 gallons on sewer. He stated the purpose of this presentation would be to receive an idea from the Council on where they would like to go with the rates to prepare for the September 10 meeting.

Mr. Blackwell stated that questions were raised by Council on how the City could prepare for impacts on infrastructure. The Utility Maintenance Fund is used for emergency repairs; however it is being used to fund the utility relocates for the NTE project along with funds over the working capital threshold. Several years ago in order to get back up to the 90 day working capital threshold, the rate models factored building in \$1M in working capital. There had also been discussion on the rate impact with an increase in the line item budget going over to the Utility Maintenance Fund. The City currently transfers \$200,000 from Water and Sewer into the Fund. He presented a scenario on the rate impact, if the transfer were increased by \$1M, which would lead to a three percent rate increase across the board on the rates to maintain the \$1M working capital. The base rates would increase from \$18.37 to \$18.92 on water and \$10.88 to \$11.21 on sewer. Volume rates would increase from \$3.02 to \$3.11 per 1,000 gallons on water and from \$2.04 to \$2.10 per 1,000 gallons on sewer, which also includes the TRA pass-through. The overall impact would be \$6.31 for regular customers and \$6.23 on senior customers on the average July water bill. This would allow \$1.2M to be transferred to the Utility Maintenance Fund, while at the same time the working capital would be built up with another \$1M. He stated that staff could bring back to Council different scenarios.

In answer to questions from Council regarding the need for \$1M, it was stated that there is a large amount of infrastructure that is mature. There are 150 miles of water pipe and approximately \$52M in water infrastructure in the ground. To keep the entirety of the system at 30 years or less, the City would have to perform \$2M a year in improvements. \$200,000 is currently being put into the Utility Maintenance Fund. The City has been spending approximately \$2M the last four or five years by issuing debt. Increasing working capital and funding in the Utility Maintenance Fund should help the City keep up with the depreciation of the system. In 2012, there were 67 water main breaks and the City is on track to meet or exceed that number this year. There was discussion regarding infrastructure improvements demonstrating to individuals and companies that the City is making the commitment to maintain the City; the increase in the life span of the infrastructure as older pipes are replaced with plastic; the funding for the NTE utility relocates depleting the Utility Maintenance Fund and using working capital funds beyond the minimum to make up any difference; explaining to residents, including in print, about how the City's infrastructure is aging and the reason for the rate increases; that TRA has raised rates every year for the last few years and the City has often absorbed the increases; and letting residents know well ahead of time regarding the rate increases before implementation. Council was of the consensus to move forward with the rate increases for the pass-through from TRA and infrastructure improvements.

Mayor Griffin adjourned the Work Session at 6:31 p.m.

REGULAR SESSION 6:30 P.M.

The Regular Session began at 6:39 p.m.

CALL TO ORDER/GENERAL COMMENTS

Mayor Griffin called the meeting to order. Special Events Manager Wendy Hartnett presented an update on BluesFest. It begins on Friday night with the 80s cover band Scant at 6:00 p.m. and then a Journey tribute band. Gates open at 6:00 p.m. and tickets are \$5.00. The barbecue teams went from 59 last year to 90 this year. Per the Kansas City Barbecue Society, the event is in the top five percent of

contests in the country. On Saturday, the People's Choice Award will be held from 2:00 p.m. to 5:00 p.m. It is \$10.00 for 10 tickets and people get two votes. Musical acts on Saturday night include John Mayall and Jimmie Vaughan. On Sunday, musical acts include Wayne Toups and Buddy Guy. There are limited party tent seats and reserved seats available on line. There was an article on the event in Sunday's paper. There are 90 judges, 40 percent being from out-of-state and representing 13 states. There are 46 artisans, 25 food vendors and 85 volunteers.

INVOCATION (Pastor Tyler Downing, Woodland Heights Baptist Church)

Pastor Tyler Downing of Woodland Heights Baptist Church gave the invocation.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was given.

OPEN FORUM

Nobody chose to speak under Open Forum.

CONSIDER APPROVAL OF ITEMS BY CONSENT

Motioned by Councilmember Champney, seconded by Councilmember Turner, to approve the following items by consent: 4, 8, 9, 10, 11 and 13.

Motion approved 7-0-0. Mayor Griffin declared the motion carried.

COUNCIL RECOGNITION

1. Proclamation declaring August 27, 2013 as Dr. Maria Ferreira Day in the City of Bedford. **This Item requested by Councilmember Turner

Mayor Griffin read a proclamation declaring August 27, 2013 as Dr. Maria Ferreira Day in the City of Bedford. Dr. Ferreira was on hand to accept the proclamation. She stated she was 17 when she first came to the City and she loves the City and the people. She considers herself half-Brazilian and half-American from Bedford.

2. Proclamation declaring September 2013 as Library Card Sign-up Month.

Mayor Griffin read a proclamation declaring September 2013 as Library Card Sign-up Month. Leah Thye and her dog Tanker were on hand to accept the proclamation. Library Manager Maria Redburn stated that libraries celebrate September as Library Card Sign-up Month. The Library will debut a new card designed by Ms. Thye. People can either get a new card or a replacement card for free during the month of September. Another new card design by Library Assistant Leslie Moore features a cat.

3. Employee Service Recognition.

The following employees received recognition for dedicated service and commitment to the City of Bedford:

Darrick Bridger, Police Department – 5 years of service
Jason Whitehead, Fire Department – 15 years of service

APPROVAL OF THE MINUTES

4. Consider approval of the following City Council minutes:

- a) August 9, 2013 work session
- b) August 13, 2013 regular meeting
- c) August 20, 2013 special meeting

This item was approved by consent.

NEW BUSINESS

5. Public hearing on the annual budget for the City of Bedford, Texas for the fiscal period of October 1, 2013 through September 30, 2014; levying taxes for 2013 tax year.

Mr. Blackwell presented information on the annual budget. He stated that as a follow-up on a request from Council regarding the City's debt in comparison to surrounding cities, the City compares favorably on per-capita and overall debt as compared to the cities of Hurst, Euless, North Richland Hills and Grapevine. In regards to the Economic Development Fund, he displayed a synopsis showing revenues from the sale of the Sotogrande, Brown Trail well site and Brasher Lane properties, as well as permit revenue from the HEB ISD Tech Center. He compared these revenues with what went out and explained to make the Fund whole requires a transfer of approximately \$6,600.

Looking at current year trends, Mr. Blackwell stated that business activity along Highway 183 shows that 23 businesses were impacted by the construction; however all but eight remain. Sales tax is steadily going up and is projected to be over budget this fiscal year. Property values have increased by 1.5 percent over the previous year. Staff focused on maintaining current services with a minimum impact to customers; enhancing customer service; addressing basic needs; providing options; coming up with a compensation plan; tax rates; and keeping an eye on the radar. Assumptions for the budget include conservative sales tax growth; maintaining current service levels; no fee increases other than the water and sewer rates; absorbing the increase in benefit costs; setting the property tax rate to the effective tax rate; and the bond sale for the GO refunding and new debt issuance for Dora Street and the Bedford Trails.

The proposed base budget as submitted was \$58,368,758, which is less than the 2013 adopted budget. Supplemental requests equaled \$919,656, for a total submitted budget of \$59,288,414, which represents a \$636,904, or 1.08 percent, increase over the current adopted budget. Mr. Blackwell presented the Consumer Price and Municipal Cost Indexes and explained that even if the City did nothing with the budget, the cost of doing business would still increase and be absorbed into the budget. In the current year's budget, the City's revenue was \$59,411,838 compared with proposed revenues of \$60M the next fiscal year. In regards to revenue by funds, the General Fund makes up the largest share. Mr. Blackwell presented highlights of expenditures including supplemental requests from the General Fund and from the Water and Sewer Fund. In regards to expenditures by function, Public Safety and Public Services play a huge role. Public Services makes up 34 percent, or \$20M, spread out over four different funds. In regards to expenditures by classification, 41 percent is for personnel and a majority of staff are in the General Fund. Requested supplemental in the amount of \$919,656 include increased sidewalk funding, Blackboard Connect, upgrading PCs at the Library and a citizen satisfaction survey as examples.

The current tax rate is \$0.499115 per \$100 valuation. The effective tax rate, which is the rate that would raise the same amount of revenue as the previous year all things being equal, is \$0.495050 per \$100 valuation. The rollback rate is \$0.526998 per \$100 valuation. A comparison of the tax rates shows a decrease in both the maintenance and operation as well as debt rates of less than one percent. The taxable values of the City have been on an incline and as of July, the net taxable value is projected to be over \$3B, a 1.5 percent increase over the previous year. The average market value has increased from \$158,701 to \$161,780, while the average net taxable value has increased from \$145,754 to \$148,111. In regards to the tax rate history, he stated there is a correlation between inclines in the rate and declines in the economy. The overlapping tax rate shows that the City makes up approximately 20 percent of the tax bill. He presented a chart showing the proposed tax rates of area cities. The impact of the tax rate on an average home would be an increase from \$727 to \$733, or \$6.00. A per capita comparison of surrounding cities shows that the City pays \$1,200 per citizen and has 7.67 employees per 1,000 citizens.

The Water and Sewer Fund is self-funding and is the second largest fund. The TRA pass-through is already factored in the revenue of \$19,944,067. Goals of the fund include building in a rate structure to

cover operations and maintenance; covering debt covenants; building in a mechanism for replacement costs; providing adequate working capital; and funding utility relocates for NTE. Current water rates are a base rate of \$18.37 per month and a volume rate of \$2.89 per 1,000 gallons. Current sewer rates are a base rate of \$10.88 per month and a volume rate of \$1.72 per 1,000 gallons. Proposed rates are a volume rate of \$3.02 per 1,000 gallons for water and \$2.04 per 1,000 gallons for sewer. The average July water bill would increase from \$93.76 to \$97.56, or a \$3.80 increase. Expenditures in the fund are \$19,657,705.

There was discussion that the City had received a gold star award for financial transparency; that going to the effective tax rate represents a decrease in the tax rate; that last year the tax rate decreased; the budget per capita comparison serving as an efficiency standard; and the City doing more with less than surrounding cities.

Mayor Griffin opened the public hearing at 7:24 p.m.

Diana Kindler, 3016 Shady Knoll Lane – Ms. Kindler asked for clarification on the budget per capital comparison.

Mayor Griffin closed the public hearing at 7:25 p.m.

In regards to a question from Council, there is no money in the current budget for construction of the Central Bedford Development Zone but that there is \$35,000 budgeted for the design standards.

6. Public hearing and consider a resolution approving a Site Plan for an inline retail building in the Central Business District for the property known as Abstract 71, Tract 2, Thomas Beedy Survey, located at 2212 Central Drive, Bedford, Texas. (S-057)

Planning Manager Jacquelyn Reyff presented information regarding this resolution. This case was published in the July 31 edition of the Star-Telegram. The proposed building would be located at 2212 Central Drive and is an 8,000 square foot inline retail building. It is located in the Central Business District, which necessitates a site plan approval. The property is zoned H, Heavy Commercial. The setbacks and lot coverage meet the zoning requirements. They are providing for 24 percent of the lot to be landscaped, over the required 20 percent. It meets the required parking with 46 spaces and one handicap space. The Central Business District does not have specific design standards. The elevations show materials of brick, metal, glass and stone. The property is not currently platted and all issues regarding engineering and drainage will be required to meet the City's ordinances and standards at the time of platting. Platting is currently working through the staff-level Development Review Committee and once deemed complete, would then go before the Planning and Zoning Commission. The Comprehensive Plan indicates the location to be commercial so the proposed use does not conflict with the Plan. The Commission unanimously recommended approval of this item at their July 25 meeting.

In answer to questions from Council, the applicant, Mike Mahkani, stated that they are looking for approval of the site plan before marketing the location. They are looking at national accounts including a dental office, a phone store, an insurance place and a restaurant. In regards to frontage, they share a cross-easement with Wal-Mart and have frontage on Central Drive.

Mayor Griffin opened the public hearing at 7:32 p.m.

Nobody chose to speak during the public hearing.

Mayor Griffin closed the public hearing at 7:33 p.m.

Motioned by Councilmember Davisson, seconded by Councilmember Champney, to approve a resolution approving a Site Plan for an inline retail building in the Central Business District for the property known as Abstract 71, Tract 2, Thomas Beedy Survey, located at 2212 Central Drive, Bedford, Texas. (S-057)

Motion approved 7-0-0. Mayor Griffin declared the motion carried.

7. Consider approval of an ordinance and all matters incident and related to the issuance and sale of \$3,205,000 “City of Bedford Texas General Obligation Refunding and Improvement Bonds, Series 2013”, dated August 27, 2013.

Mr. Blackwell presented information regarding this ordinance. This item is for the refunding of 2002 and 2003 GOs as well a portion of 2004 GOs. It also includes new money in the amount of \$1.695M for Dora Street and the extension of the Bedford Trails. David Medanich with First Southwest presented documents to Council that incorporated the results of the sale and historical information along with other documents the Council had already received. They are selling \$5.375M in General Obligation Refunding and Improvement Bonds. The City has an AA rating with a stable outlook from Standards & Pools. The City received nine bids and the low bidder was FTN Securities at 2.692 percent. There is more principal in the first few years than the latter years. In regards to the total debt service, the City is refunding \$3.7M, resulting in \$329,000 in savings, which is net of expenses. The net present value benefit is eight percent and the City is refunding bonds between 3.7 and 5 percent. In answer to questions from Council, Mr. Medanich stated that he believes the AA rating to be favorable and that the City is financially strong and fit; and that the cost of the issuance was \$70,000 but was accounted for in the savings.

Motioned by Councilmember Brown, seconded by Councilmember Davisson, to adopt the ordinance authorizing the issuance of \$5,375,000 “City of Bedford, Texas, General Obligation Refunding and Improvement Bonds, Series 2013”; providing for the redemption of the bonds being refunded and approving and authorizing the execution of a Paying Agent/Registrar Agreement and an Escrow Agreement and the approval and distribution of an Official Statement in relation to such Bonds.

Motion approved 7-0-0. Mayor Griffin declared the motion carried.

8. Consider an ordinance approving a resolution authorizing the issuance, sale, and delivery of Trinity River Authority of Texas (Tarrant County Water Project) improvement revenue bonds, and approving and authorizing instruments and procedures relating thereto.

This item was approved by consent.

9. Consider a resolution authorizing the City Manager to enter into a contract with Buy Board Cooperative Purchasing Network for the purchase of one replacement command vehicle, being a 2013 Chevrolet Suburban, in the amount of \$68,447.95.

This item was approved by consent.

10. Consider a resolution authorizing the City Manager to enter into a Lease Agreement with Planet Kidz for the purpose of holding the Fun Time Live Program at the Boys Ranch Activity Center.

This item was approved by consent.

11. Consider a resolution authorizing the City Manager to enter into the third year of a four-year contract with Scobee Foods, Inc., for the purchase of prisoner meals for the Detention Facility.

This item was approved by consent.

12. Consider a resolution authorizing the City Manager to enter into an interlocal agreement with the City of Colleyville for the construction of a roundabout at the intersection of Cheek-Sparger Road and Jackson Road/Central Drive.

Deputy City Manager David Miller presented information on this resolution. The City of Colleyville approached the City several months ago about placing a roundabout at Central Drive and Cheek-Sparger. This was discussed during the June 12 Council Work Session and Council directed staff to

work out some type of interlocal agreement with Colleyville. The roundabout would encroach into the City limits by 208 square feet. In the 1990s, the Council had passed a greenbelt ordinance that prohibited traffic in the City's right-of-way in that area. Colleyville would need that square footage and the City's permission to proceed. Since that Work Session, Colleyville purchased the square footage from the daycare, which then gives them the right to have vehicular traffic on that square footage and accommodates the roundabout. The interlocal agreement would allow them to build the roundabout within the City limits and encroachments. The agreement also calls for a temporary asphalt road on the south side of a new bridge until it is completed and then to remove the road and restore to as-is or better condition. It also allows them to rebuild a portion of Central Drive south of the intersection with a new median to allow for a northbound traffic flow around the circle and a mandatory free flow right-hand turn lane. It also allows for Colleyville to pay the entire cost of the project as well as to perpetually allow the use of the road for vehicular traffic. Any additional designs would have to be approved by both cities. Colleyville would also be responsible for future maintenance of the road in the City limits from the new crosswalk north. The roundabout would have a very similar design to the one on Jackson Road and Glade Drive. In regards to concerns over moving fire apparatus, there will be mountable curbs placed in the roundabout. Colleyville approved the agreement at their meeting on August 20. In answer to questions from Council, it was stated that it will have a free right hand turn lane but no median; that Colleyville did release their designs and the City's traffic engineers agree that it would improve traffic flow; the possibility that Colleyville will install a roundabout at Covenant Christian Academy; and that some of the City's trails would be taken out but Colleyville has committed to rebuilding them.

Motioned by Councilmember Davisson, seconded by Councilmember Champney, to approve a resolution authorizing the City Manager to enter into an interlocal agreement with the City of Colleyville for the construction of a roundabout at the intersection of Cheek-Sparger Road and Jackson Road/Central Drive.

Motion approved 7-0-0. Mayor Griffin declared the motion carried.

13. Consider a resolution appointing a member to the Zoning Board of Adjustment.

This item was approved by consent.

14. Report on most recent meeting of the following Boards and Commissions:

✓ Animal Shelter Advisory Board - Councilmember Boyter

Councilmember Boyter reported that the Board will meet very soon.

✓ Beautification Commission - Councilmember Turner

Councilmember Turner reported that the Commission is working on re-landscaping the Boys Ranch including the Senior Citizen Center and the arts district.

✓ Community Affairs Commission - Councilmember Boyter

Councilmember Boyter reported that the Commission is beginning to lay the groundwork for next year and to assist Council on projects, including hosting an event to discuss the upcoming bond election.

✓ Cultural Commission - Councilmember Nolan

Councilmember Nolan reported that the Commission met the previous night and had a recap of the first Strategic Planning Committee meeting. There will be another Committee meeting on September 9.

✓ Library Board - Councilmember Davisson

Councilmember Davisson reported that the Board reviewed the quarterly strategic plan, which is also available on-line. They discussed the new greeter station at the Library and they are looking for

volunteers to man it. The Friends of the Library will be having a book sale and open house on September 15 from 2:00 p.m. to 4:00 p.m. Cupcake Bliss will be displaying their wares.

✓ **Parks & Recreation Board - Councilmember Davisson**

No report was given.

✓ **Senior Citizen Advisory Board - Councilmember Turner**

Councilmember Turner reported that the Board meets in October.

✓ **Teen Court Advisory Board - Councilmember Champney**

Councilmember Champney reported that the Board meets in September.

15. Council member reports

No other reports were given.

16. City Manager/Staff Reports

No report was given.

17. Take any action necessary as a result of the Executive Session.

Council did not meet in Executive Session during the meeting.

ADJOURNMENT

Mayor Griffin adjourned the meeting at 7:57 p.m.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary



Council Agenda Background

PRESENTER: Clifford Blackwell, C.G.F.O.
Director of Administrative Services

DATE: 09/10/13

Council Mission Area: Be responsive to the needs of the community.

ITEM:

Consider and act upon an ordinance adopting the annual budget for the City of Bedford, Texas for the fiscal period of October 1, 2013 through September 30, 2014; levying taxes for 2013; providing for the intra-fund and/or intra-departmental transfers; providing for investment of idle funds; and declaring an effective date.

City Attorney Review: N/A

City Manager Review: _____

DISCUSSION:

In accordance with the requirements in the City Charter, the budget for the City of Bedford, as compiled by the City Manager, has been submitted.

Following this submittal, a budget work-session was held on August 9, 2013 with staff and members of the City Council. In addition to the work session, a public hearing was held on the budget as presented on August 27, 2013.

During the budget work session, the City Council directed staff to add the following items to the total proposed operating expenditure budget as presented:

- Intern position for the General Government Division \$ 13,348
- Increased travel and training for the Planning & Zoning Commission \$ 2,860
- Add seed money to the Economic Development Fund \$ 100,000
- Create a compensation plan utilizing the remaining fund difference between revenue and expenditures in the General Fund. The compensation budgets are based on a 2.5% compensation pool.
 - General Fund \$ 431,962
 - Tourism Fund \$ 4,735
 - Water & Sewer Fund \$ 41,920
 - Traffic Safety Fund \$ 1,255
 - Total Compensation \$ 486,272

The total operating expenditures as presented in the FY2013-2014 budget are \$59,890,894 while the total operating revenues as presented are \$60,853,003.

Additionally, the proposed tax rate as presented for the 2013/2014 budget year is \$0.495050 per \$100 assessed valuation.

RECOMMENDATION:

Staff recommends the following motion:

I move that property taxes be increased by the adoption of a tax rate of \$0.495050 per \$100.00 assessed valuation; and approve an ordinance adopting the annual budget for the City of Bedford, Texas for the fiscal year October 1, 2013 through September 30, 2014.

FISCAL IMPACT:

Budget FY 13/14: \$59,890,894 Expenditures
Budget FY 13/14: \$60,853,003 Revenues
Variance: \$962,109 excess revenues

ATTACHMENTS:

Ordinance
FY 13/14 Budget Exhibit A

ORDINANCE NO. 13-

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE CITY OF BEDFORD, TEXAS, FOR THE FISCAL PERIOD OF OCTOBER 1, 2013 THROUGH SEPTEMBER 30, 2014; LEVYING TAXES FOR 2013; PROVIDING FOR INTRA-FUND AND/OR INTRA-DEPARTMENTAL TRANSFERS; PROVIDING FOR INVESTMENT OF IDLE FUNDS; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, a notice of public hearing on the Annual Budget for the City of Bedford, Texas, for the fiscal period of October 1, 2013 through September 30, 2014, was heretofore published at least three days in advance of said hearing; and,

WHEREAS, said public hearing on said Budget was duly held and all interested persons were given the opportunity to be heard for or against any item therein.

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

SECTION 1. That the Annual Budget for the City of Bedford, Texas, for the fiscal period of October 1, 2013 through September 30, 2014 in words and figures contained therein, is hereby adopted and approved. A copy of said budget shall be maintained in the records of the City. A summary of revenues and expenditures by funds is attached hereto as Exhibit A.

SECTION 2. That there shall be and there is hereby levied the following taxes on each one hundred (\$100.00) dollars valuation on all taxable property within the City of Bedford, Texas, to be assessed and collected by the Tax Assessor-Collector for the year, and collected for the purposes herein stipulated, to-wit:

a) For Maintenance and Operations levied on \$100.00 valuation	\$0.303434
b) For Debt Service levied on \$100 valuation	\$0.191616
TOTAL LEVY	<u>\$0.495050</u>

PRESENTED AND PASSED on this 10th day of September 2013, by a vote of ___ ayes, ___ nays and ___ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney

**CITY OF BEDFORD
SUMMARY OF REVENUE AND EXPENDITURES BY FUND
FISCAL YEAR 2013-2014**

FUND NAME	BEGINNING BALANCE	REVENUE			EXPENDITURES				FY 13-14 DIFFERENCE	ENDING BALANCE
		PROPOSED	SUPPLEMENTAL	REVENUE	PROPOSED	SUPPLEMENTAL	COMPENSATION	EXPENDITURES		
GENERAL FUND	\$ 4,712,421	\$ 28,408,770	\$ -	\$ 28,408,770	\$ 27,615,110	\$ 361,698	\$ 431,962	\$ 28,408,770	\$ -	\$ 4,712,421
TOURISM FUND	194,742	1,104,675	-	1,104,675	930,327	55,845	4,735	990,907	113,768	308,510
WATER AND SEWER FUND	3,136,775	19,994,067	-	19,994,067	19,286,230	371,475	41,920	19,699,625	294,442	3,431,217
STORMWATER UTILITY FUND	724,553	1,305,000	-	1,305,000	1,293,170	42,025	6,400	1,341,595	(36,595)	687,958
UTILITY REPAIR & MAINT. FUND	1,646,815	206,000	-	206,000	-	-	-	-	206,000	1,852,815
DRUG ENFORCEMENT FUND	66,339	10,000	-	10,000	5,000	10,000	-	15,000	(5,000)	61,339
COURT SECURITY FUND	4,521	35,000	-	35,000	35,000	-	-	35,000	-	4,521
COURT TECHNOLOGY FUND	102,979	45,000	-	45,000	19,555	1,000	-	20,555	24,445	127,424
PARK DONATIONS FUND	48,409	11,000	-	11,000	25,000	-	-	25,000	(14,000)	34,409
BEAUTIFICATION COMMISSION	37,401	10,000	-	10,000	10,000	-	-	10,000	-	37,401
PUBLIC SAFETY TRAINING FUND	12,821	-	-	-	-	-	-	-	-	12,821
ECONOMIC DEVELOPMENT	(0)	116,650	100,000	216,650	116,650	-	-	116,650	100,000	100,000
STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	1,823,328	2,310,000	-	2,310,000	2,280,455	15,500	-	2,295,955	14,045	1,837,373
DEBT SERVICE FUND	1,128,797	6,541,841	-	6,541,841	6,551,187	-	-	6,551,187	(9,346)	1,119,451
PEG	236,711	130,000	-	130,000	18,400	32,850	-	51,250	78,750	315,461
TRAFFIC SAFETY FUND	32,592	200,000	-	200,000	182,674	-	1,255	183,929	16,071	48,663
COMPUTER REPLACEMENT	106,044	75,000	-	75,000	-	-	-	-	75,000	181,044
AQUATICS MAINTENANCE	146,357	50,000	-	50,000	-	45,516	-	45,516	4,484	150,841
LIBRARY MAINTENANCE FUND	25,001	25,000	-	25,000	-	-	-	-	25,000	50,001
FACILITY MAINTENANCE	370,329	75,000	-	75,000	-	84,955	-	84,955	(9,955)	360,374
EQUIPMENT REPLACEMENT	96,914	50,000	-	50,000	-	15,000	-	15,000	35,000	131,914
WATER/SEWER VEHICLE REPLACEMENT	100,248	50,000	-	50,000	-	-	-	-	50,000	150,248
	\$ 14,754,096	\$ 60,753,003	\$ 100,000	\$ 60,853,003	\$ 58,368,758	\$ 1,035,864	\$ 486,272	\$ 59,890,894	\$ 962,109	\$ 15,716,205



Council Agenda Background

PRESENTER: Clifford Blackwell, C.G.F.O.
Director of Administrative Services

DATE: 09/10/13

Council Mission Area: Be responsive to the needs of the community.

ITEM:

Consider a resolution to ratify the property tax increase as reflected in the 2013/2014 City of Bedford Program of Services (Budget).

City Attorney Review: N/A

City Manager Review: _____

DISCUSSION:

Pursuant to the requirements of HB 3195, it is necessary for the City Council to vote to ratify the property tax increase as reflected in the 2013/2014 Budget.

SECTION 4. Section 102.007, Local Government Code, Subsection (c), reads as follows: "Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or vote to set the tax rate required by Chapter 26, Tax Code, or other law."

This budget will raise more total property taxes compared to last year by \$5,783 or 0.04% and, of that amount, all of that increase results from new properties on this year's tax roll.

RECOMMENDATION:

Staff recommends the following motion:

Approval of a resolution to ratify the property tax increase as reflected in the approved 2013/2014 Program of Services (Budget).

FISCAL IMPACT:

Increased property tax revenue of \$5,783

ATTACHMENTS:

Resolution

RESOLUTION NO. 13-

A RESOLUTION TO RATIFY THE PROPERTY TAX INCREASE AS REFLECTED IN THE 2013/2014 CITY OF BEDFORD PROGRAM OF SERVICES (BUDGET).

WHEREAS, the City of Bedford adopted an annual budget that requires raising more revenue from property taxes than in the previous year; and,

WHEREAS, House Bill 3195 requires that the governing body ratify the property tax increase reflected in the budget in a separate vote.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:

SECTION 1. That the City Council of Bedford, Texas hereby ratifies the property tax increase reflected in the City of Bedford 2013/2014 Program of Services (Budget).

SECTION 2. That this budget will raise more total property taxes compared to last year by \$5,783 or 0.04% and, of that amount, all of that increase results from new properties on this year's tax roll.

SECTION 3. That any prior resolutions inconsistent with this resolution are hereby repealed.

PASSED AND APPROVED this 10th day of September 2013, by a vote of ___ ayes, ___ nays and ___ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney



Council Agenda Background

PRESENTER: Clifford Blackwell, C.G.F.O.

DATE: 09/10/13

Council Mission Area: Be responsive to the needs of the community.

ITEM:

Consider a resolution accepting the City of Bedford Investment Policy.

City Attorney Review: N/A

City Manager Review: _____

DISCUSSION:

The Public Funds Investment Act (PFIA) requires that the City have an Investment Policy and that the City Council review and approve the policy on an annual basis. The last review and approval was done on September 11, 2012.

The Investment Policy included in the Council packet was reviewed and approved by the Investment Committee on August 20, 2013, and is now being brought to Council for the annual review and approval. The amendments were minor in nature. A summary of the changes are as follows:

- Expanded the term “versus” in Broker/Dealer, Internal Controls and DVP section on page 5.
- Added the term “Valuation” to the heading in Section VII.3.
- Removed language in Section V.1. pertaining to the measures taken to liquidate investments in the event said investments lose the minimum credit rating because this language is already included in Section VII.4.

The attached document titled “City of Bedford Investment Policy, September 10, 2013” provides the City with a policy document that is in full compliance with the PFIA.

RECOMMENDATION:

Staff recommends the following motion:

Approval of a resolution accepting the City of Bedford Investment Policy

FISCAL IMPACT:

N/A

ATTACHMENTS:

Resolution
Investment Policy (Clean version)
Investment Policy (Redlined version)
Draft Minutes of Investment Committee Meeting held on August 20, 2013

RESOLUTION NO. 13-

A RESOLUTION ACCEPTING THE CITY OF BEDFORD INVESTMENT POLICY.

WHEREAS, the Public Funds Investment Act requires that the City have an Investment Policy and that the City Council review and approve the policy on an annual basis.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:

SECTION 1. That the City of Bedford Investment Policy, attached hereto, is hereby approved and adopted by the City Council. From the effective date of this resolution, all investment of public funds by the City personnel and/or agents shall be conducted in accordance with the City of Bedford Investment Policy.

SECTION 2. That the Mayor and/or the City Manager, as required by the individual agreements, are hereby authorized to enter into such agreements as may be necessary to implement this approved investment policy.

SECTION 2. That any prior resolutions inconsistent with this resolution are hereby repealed.

PASSED AND APPROVED this 10th day of September 2013, by a vote of ___ ayes, ___ nays and ___ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney

CITY OF BEDFORD INVESTMENT POLICY

September 10, 2013

It is the policy of the City of Bedford, Texas, which includes the City of Bedford Street Improvement Economic Development Corporation, that after allowing for anticipated cash requirements and giving due consideration to safety, liquidity and yield, all available funds will be pooled and invested in conformance with the Investment Policy which has been developed to conform to the State of Texas, Public Funds Investment Act as amended (“PFIA”). Throughout this Investment Policy the City and Corporation shall be referred to as “BEDFORD.”

In addition, applicable recommended practices published by the Government Finance Officers’ Association (GFOA) have been considered to ensure that BEDFORD’s investment activities are conducted within the framework of sound fiscal policy.

I. Scope

This Policy applies to all financial assets of BEDFORD and serves to satisfy the statutory requirements of the PFIA to define and approve a formal investment policy. These funds are accounted for in BEDFORD’s Comprehensive Annual Financial Report and include:

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Debt Service Funds - including Interest & Sinking Funds & Reserve Funds
- Capital Improvement Funds
- City of Bedford Street Improvement Economic Development Corporation Fund
- Other funds established from time to time

Except for cash in certain restricted and special funds, BEDFORD may consolidate cash and investment balances to ease cash management operations and maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

II. General Objectives.

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk. BEDFORD will minimize credit risk, the risk of loss due to the failure of the investment issuer or backer, by:

- 1) Limiting investments to the safest types.
- 2) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom BEDFORD will do business.
- 3) Diversifying the investment portfolio so that potential losses on individual investments will be minimized.
- 4) Establishment of procedures to monitor rating changes of investments and the liquidation of such investments as required by the PFIA.

b. Interest Rate Risk. BEDFORD will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- 1) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- 2) Investing operating funds primarily in shorter-term securities, financial institution deposits, money market mutual funds, or local government investment pools.

2. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of investments with active secondary or resale markets (dynamic liquidity). All or a portion of the portfolio also may be placed in financial institution deposits, money market mutual funds, or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity. Investments shall not be liquidated prior to maturity with the following exceptions:

- a. An investment with declining credit may be sold early to minimize loss of principal.
- b. An investment swap would improve the quality, yield, or target duration in the portfolio.
- c. Liquidity needs of the portfolio require that the investment be sold or redeemed.

III. Standards of Care.

1. Prudence. The standard to be used by Investment Officers shall be the “prudent person” rule, which states, “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” Investment Officers acting in accordance with written policies and procedures, and exercising due diligence, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion.

2. Ethics and Conflicts of Interest. Investment Officers shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of BEDFORD.

An Investment Officer who has a personal business relationship with a depository bank or with any entity seeking to sell an investment to BEDFORD shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to BEDFORD shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

3. Delegation of Authority. Authority to manage and operate the investment program is granted to the Director of Administrative Services. The Director of Administrative Services shall establish written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. Procedures should include, but not be limited to: account management procedures, cash flow estimation procedures, investment transaction procedures, authorized broker/dealer selection process, and investment portfolio reporting requirements. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Administrative Services. The Director of Administrative Services shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Authorized Investment Officers and subordinate officials.

Authorized Investment Officers

City Manager
Deputy City Manager
Director of Administrative Services
Accounting Manager

4. Investment Committee. There is hereby created an Investment Committee, consisting of the City Manager, Deputy City Manager, Director of Administrative Services, City Secretary, and one City Council member to be appointed by a majority of the City Council.

The Investment Committee shall meet at least quarterly to review general strategies and to monitor portfolio performance. The Committee shall include in its deliberations such topics as:

1. Economic outlook,
2. Portfolio diversification,
3. Maturity structure,
4. Risk considerations,
5. Authorized broker/dealers,
6. Independent investment training sources, and
7. Target rate of return on the portfolio.

The Investment Committee shall provide for minutes of its meetings.

Any two members of the Committee may request a special meeting, and three members shall constitute a quorum.

The Committee shall establish its rules of procedure.

5. Investment Training. In order to ensure the quality and capability of BEDFORD's investment personnel, BEDFORD shall provide periodic training in investments through courses and seminars offered by professional organizations and associations as required by the PFIA. The Investment Officers shall attend at least one training session accumulating at least ten (10) hours relating to the Officer's responsibility under the Act within twelve (12) months after assuming duties, and attend investment training session(s) not less than once every two years (aligned with the City's fiscal year end), receiving an additional ten (10) hours of training. The training shall be conducted by independent training sources approved by the Investment Committee.

IV. Broker/Dealers, Internal Controls and DVP.

1. Authorized Broker/Dealers. A list will be maintained of "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). All investment providers, financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- a. Audited financial statements.
- b. Proof of Financial Industry Regulatory Authority (FINRA) certification.
- c. Proof of state registration.
- d. Completed broker/dealer questionnaire.
- e. Certification of having read, understood, and agreed to comply with the Investment Policy in compliance with the PFIA.

The Investment Committee shall review, revise, and adopt a list of authorized broker/dealers at

least annually.

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

Accordingly, within the scope of the annual audit, the Director of Administrative Services shall establish a process for an independent review by an external auditor to assure compliance with policies and procedures. The results of this compliance audit must be reported annually to the City Council. The internal controls shall address the following points:

- a. Control of collusion
- b. Separation of transaction authority from accounting and record keeping
- c. Custodial safekeeping
- d. Avoidance of physical delivery securities
- e. Clear delegation of authority to subordinate staff members
- f. Written confirmation of transactions for investments and wire transfers

3. Delivery Versus Payment. All trades, where applicable, will be executed by delivery versus payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

V. Suitable and Authorized Investments

1. Investment Types. The following investments will be permitted by this Policy as defined by state and local law where applicable. BEDFORD is not required to liquidate investments that were authorized at the time of purchase.

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value, and exclude those prohibited by the PFIA.
- b. Certificates of deposit and other evidences of deposit at a financial institution that, a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, b) is secured by obligations in a manner and amount provided by law for deposits of BEDFORD, or c) is placed through the Certificate of Deposit Account Registry Service (CDARS), or similar program, in a manner that meets the requirements of the PFIA.

- c. Repurchase and reverse repurchase agreements whose underlying purchased securities consist of instruments as defined in a. above and placed in compliance with the PFIA.
- d. No load money market mutual funds regulated by the Securities and Exchange Commission that meet the requirements of the PFIA.
- e. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation authorized in compliance with the PFIA.

2. Insurance, Pledged Collateral or Purchased Securities. With the exception of deposits secured with irrevocable letters of credit at 100% of amount, all deposits of BEDFORD funds with financial institutions shall be secured by pledged collateral with a market value equal to or greater than 102% of the deposits, less any amount insured by the FDIC. Repurchase agreements shall be documented by a specific agreement noting the “purchased securities” in each agreement; such securities shall comply with the PFIA. Collateral pledged and purchased securities shall be reviewed at least monthly to assure the market value equals or exceeds the related BEDFORD investment.

BEDFORD shall accept only the following securities as pledged collateral:

- a. U. S. Treasury securities;
- b. Obligations of U. S. Government Agencies and Instrumentalities, including letters of credit, which have a liquid market with a readily determinable market value, and exclude those prohibited by the PFCA;
- c. Federal Deposit Insurance Corporation (FDIC) coverage;
- d. Direct or unconditionally guaranteed obligations of the State of Texas;
- e. States, agencies, counties, cities, or political subdivisions naturally rated “A” or higher.

All collateral shall be subject to inspection and audit by BEDFORD or BEDFORD’s independent auditors.

Securities pledged as collateral shall be held by an independent third party with whom BEDFORD has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The agreement must clearly state that the custodian bank is instructed to release purchased and collateral securities to BEDFORD in the event BEDFORD has determined that the financial institution has failed to pay on any matured investments, or has determined that the funds of BEDFORD are in jeopardy for whatever reason, including

involuntary closure or change of ownership. A clearly marked evidence of ownership must be supplied to BEDFORD and retained by BEDFORD.

3. Repurchase Agreements. Repurchase agreements shall be consistent with the PFIA and GFOA Recommended Practices on Repurchase Agreements.

VI. Investment Parameters

1. Diversification. The investments shall be diversified by:

- a. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (where appropriate),
- b. Limiting investment in securities that have higher credit risks,
- c. Investing with varying maturities, and
- d. Continuously investing a portion of the portfolio in readily available funds such as financial institution deposits, local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. Maximum Maturities. To the extent possible, BEDFORD shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, BEDFORD will not directly invest in instruments maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances. BEDFORD shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in instruments exceeding three (3) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in instruments maturing greater than three (3) years shall be disclosed in writing to the City Council.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as financial institution deposits, investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. Competitive Environment. In order to create a competitive pricing environment for each investment transaction, including certificates of deposit, BEDFORD shall solicit quotations from multiple providers.

VII. Reporting.

1. Methods. The Director of Administrative Services shall prepare an investment report, at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner, which will allow BEDFORD to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report shall be provided to the City Council. The report will comply with the requirements of the PFIA.

In conjunction with the annual audit, the quarterly reports shall be formally reviewed by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.

2. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. “Weighted average yield to maturity” shall be the portfolio performance measurement standard.

3. Market Valuation. The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. The source of pricing used to calculate market value will be the values published in the financial section of the Wall Street Journal and, as necessary, a third party source with access to the pricing for securities that are not listed in the Wall Street Journal. At all times, the source of the market value of held securities should be based on sources independent from the transaction.

4. Credit Rating. Not less than quarterly, the Investment Officers will monitor the credit rating for each held investment that has a PFIA required minimum rating. Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. Prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

VIII. Policy Considerations

1. Exemption. Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

2. Annual Review and Amendments. The City Council shall annually review this Policy and shall adopt a written instrument stating its review and recording any changes. Any changes must be approved by the Investment Committee prior to consideration by the City Council.

IX. Selection of Depositories

1. Request for Application Process. Primary Depositories shall be selected through BEDFORD's banking services procurement process, which shall include a formal Request for Application (RFA) issued in compliance with applicable State law. This contract can be extended as per the RFA specifications. In selecting primary depositories, the credit worthiness of institutions shall be considered, and the Director of Administrative Services shall conduct a comprehensive review of prospective primary depositories' credit characteristics and financial history.

2. Collateralized Deposits. All depository deposits shall be insured or collateralized in compliance with applicable State law. BEDFORD reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as BEDFORD Depositories will be required to sign a depository agreement with BEDFORD. The collateralized deposit portion of the agreement shall define BEDFORD's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- a. The agreement must be in writing;
- b. The agreement has to be executed by the Depository and BEDFORD contemporaneously with the acquisition of the asset;
- c. The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to BEDFORD; and
- d. The agreement must be part of the Depository's "official record" continuously since its execution.

X. Investment Strategies

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

1. General, Enterprise, or Operating-type Funds

Suitability - Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

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

Liquidity - General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Financial institution deposits, short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

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

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

2. Special Revenue Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Special Revenue Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Special Revenue Funds to balance the short-term and long-term anticipated cash flow requirements of the specific revenue/expense plan, the market risk of the Fund’s portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated cash flow requirement or three years.

Marketability - Balancing short-term and long-term cash flow needs requires the short-term portion of the Funds portfolio to have securities with active and efficient secondary markets. Historical market “spreads” between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market. Securities with less active and efficient secondary markets are acceptable for the long-term portion of the portfolio.

Liquidity - A portion of the Special Revenue Funds are reasonably predictable. However, unanticipated needs or emergencies may arise. Selecting investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures.

Diversification - Investment maturities should blend the short-term and long-term cash flow needs to provide adequate liquidity and yield enhancement and stability. A “barbell” maturity ladder may be appropriate.

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

3. Capital Improvement Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Capital Improvement Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Improvement Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

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

Liquidity - Most capital improvements programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Financial institution deposits, investment pools and money market mutual funds will provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, BEDFORD is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy’s risk constraints. The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective for non-borrowed funds.

4. Interest and Sinking Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Interest and Sinking Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule, the market risk of the overall portfolio will be minimized.

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

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

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

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

5. Debt Service Reserve Funds

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

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment’s market risk if BEDFORD’s debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or three years. Annual mark-to-market requirements or specific

maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

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

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

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

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

CITY OF BEDFORD- INVESTMENT POLICY

September 11, 2012 ~~10, 2013~~

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It is the policy of the City of Bedford, Texas, which includes the City of Bedford Street Improvement Economic Development Corporation, that after allowing for anticipated cash requirements and giving due consideration to safety, liquidity and yield, all available funds will be pooled and invested in conformance with the Investment Policy which has been developed to conform to the State of Texas, Public Funds Investment Act as amended (“PFIA”). Throughout this Investment Policy the City and Corporation shall be referred to as “BEDFORD.”

In addition, applicable recommended practices published by the Government Finance Officers’ Association (GFOA) have been considered to ensure that BEDFORD’s investment activities are conducted within the framework of sound fiscal policy.

I. Scope

This Policy applies to all financial assets of BEDFORD and serves to satisfy the statutory requirements of the PFIA to define and approve a formal investment policy. These funds are accounted for in BEDFORD’s Comprehensive Annual Financial Report and include:

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Debt Service Funds - including Interest & Sinking Funds & Reserve Funds
- Capital Improvement Funds
- City of Bedford Street Improvement Economic Development Corporation Fund
- Other funds established from time to time

Except for cash in certain restricted and special funds, BEDFORD may consolidate cash and investment balances to ease cash management operations and maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

II. General Objectives.

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- 1. Safety.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. Credit Risk.** BEDFORD will minimize credit risk, the risk of loss due to the failure of the investment issuer or backer, by:

- 1) Limiting investments to the safest types.
- 2) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom BEDFORD will do business.
- 3) Diversifying the investment portfolio so that potential losses on individual investments will be minimized.
- 4) Establishment of procedures to monitor rating changes of investments and the liquidation of such investments as required by the PFIA.

b. Interest Rate Risk. BEDFORD will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- 1) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- 2) Investing operating funds primarily in shorter-term securities, financial institution deposits, money market mutual funds, or local government investment pools.

2. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of investments with active secondary or resale markets (dynamic liquidity). All or a portion of the portfolio also may be placed in financial institution deposits, money market mutual funds, or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity. Investments shall not be liquidated prior to maturity with the following exceptions:

- a. An investment with declining credit may be sold early to minimize loss of principal.
- b. An investment swap would improve the quality, yield, or target duration in the portfolio.
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III. Standards of Care.

1. Prudence. The standard to be used by Investment Officers shall be the “prudent person” rule, which states, “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” Investment Officers acting in accordance with written policies and procedures, and exercising due diligence, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion.

2. Ethics and Conflicts of Interest. Investment Officers shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of BEDFORD.

An Investment Officer who has a personal business relationship with a depository bank or with any entity seeking to sell an investment to BEDFORD shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to BEDFORD shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

3. Delegation of Authority. Authority to manage and operate the investment program is granted to the Director of Administrative Services. The Director of Administrative Services shall establish written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. Procedures should include, but not be limited to: account management procedures, cash flow estimation procedures, investment transaction procedures, authorized broker/dealer selection process, and investment portfolio reporting requirements. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Administrative Services. The Director of Administrative Services shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Authorized Investment Officers and subordinate officials.

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5. Authorized broker/dealers,
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The Committee shall establish its rules of procedure.

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- d. Completed broker/dealer questionnaire.
- e. Certification of having read, understood, and agreed to comply with the Investment Policy in compliance with the PFIA.

The Investment Committee shall review, revise, and adopt a list of authorized broker/dealers at

least annually.

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

Accordingly, within the scope of the annual audit, the Director of Administrative Services shall establish a process for an independent review by an external auditor to assure compliance with policies and procedures. The results of this compliance audit must be reported annually to the City Council. The internal controls shall address the following points:

- a. Control of collusion
- b. Separation of transaction authority from accounting and record keeping
- c. Custodial safekeeping
- d. Avoidance of physical delivery securities
- e. Clear delegation of authority to subordinate staff members
- f. Written confirmation of transactions for investments and wire transfers

3. Delivery ~~Versus~~ Payment. All trades, where applicable, will be executed by delivery ~~versus~~ payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

V. Suitable and Authorized Investments

1. Investment Types. The following investments will be permitted by this Policy as defined by state and local law where applicable. ~~In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally,~~ BEDFORD is not required to liquidate investments that were authorized at the time of purchase.

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value, and exclude those prohibited by the PFIA.
- b. Certificates of deposit and other evidences of deposit at a financial institution that, a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, b) is secured by obligations in a manner and amount provided by law for deposits of BEDFORD, or c) is placed through the Certificate of Deposit Account Registry Service (CDARS), or similar program, in a manner that meets the requirements of the PFIA.

- c. Repurchase and reverse repurchase agreements whose underlying purchased securities consist of instruments as defined in a. above and placed in compliance with the PFIA.
- d. No load money market mutual funds regulated by the Securities and Exchange Commission that meet the requirements of the PFIA.
- e. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation authorized in compliance with the PFIA.

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2. Insurance, Pledged Collateral or Purchased Securities. With the exception of deposits secured with irrevocable letters of credit at 100% of amount, all deposits of BEDFORD funds with financial institutions shall be secured by pledged collateral with a market value equal to or greater than 102% of the deposits, less any amount insured by the FDIC. Repurchase agreements shall be documented by a specific agreement noting the “purchased securities” in each agreement; such securities shall comply with the PFIA. Collateral pledged and purchased securities shall be reviewed at least monthly to assure the market value equals or exceeds the related BEDFORD investment.

BEDFORD shall accept only the following securities as pledged collateral:

- a. U. S. Treasury securities;
- b. Obligations of U. S. Government Agencies and Instrumentalities, including letters of credit, which have a liquid market with a readily determinable market value, and exclude those prohibited by the PFCA;
- c. Federal Deposit Insurance Corporation (FDIC) coverage;
- d. Direct or unconditionally guaranteed obligations of the State of Texas;
- e. States, agencies, counties, cities, or political subdivisions naturally rated “A” or higher.

All collateral shall be subject to inspection and audit by BEDFORD or BEDFORD’s independent auditors.

Securities pledged as collateral shall be held by an independent third party with whom BEDFORD has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The agreement must clearly state that the custodian bank is instructed to release purchased and collateral securities to BEDFORD in the event BEDFORD has determined that the financial institution has failed to pay on any matured investments, or has determined that the funds of BEDFORD are in jeopardy for whatever reason, including

involuntary closure or change of ownership. A clearly marked evidence of ownership must be supplied to BEDFORD and retained by BEDFORD.

3. Repurchase Agreements. Repurchase agreements shall be consistent with the PFIA and GFOA Recommended Practices on Repurchase Agreements.

VI. ~~Investment.~~ Investment Parameters

1. Diversification. The investments shall be diversified by:

- a. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (where appropriate),
- b. Limiting investment in securities that have higher credit risks,
- c. Investing with varying maturities, and
- d. Continuously investing a portion of the portfolio in readily available funds such as financial institution deposits, local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. Maximum Maturities. To the extent possible, BEDFORD shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, BEDFORD will not directly invest in instruments maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances. BEDFORD shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in instruments exceeding three (3) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in instruments maturing greater than three (3) years shall be disclosed in writing to the City Council.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as financial institution deposits, investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. Competitive Environment. In order to create a competitive pricing environment for each investment transaction, including certificates of deposit, BEDFORD shall solicit quotations from multiple providers.

VII. Reporting.

1. Methods. The Director of Administrative Services shall prepare an investment report, at

least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner, which will allow BEDFORD to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report shall be provided to the City Council. The report will comply with the requirements of the PFIA.

In conjunction with the annual audit, the quarterly reports shall be formally reviewed by an independent auditor, and the result of the review shall be reported to the City Council by that auditor.

2. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. “Weighted average yield to maturity” shall be the portfolio performance measurement standard.

3. ~~Marking-to-Market~~ Valuation. The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. The source of pricing used to calculate market value will be the values published in the financial section of the Wall Street Journal and, as necessary, a third party source with access to the pricing for securities that are not listed in the Wall Street Journal. At all times, the source of the market value of held securities should be based on sources independent from the transaction.

4. Credit Rating. Not less than quarterly, the Investment Officers will monitor the credit rating for each held investment that has a PFIA required minimum rating. Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. Prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

VIII. Policy Considerations

1. Exemption. Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

2. Annual Review and Amendments. The City Council shall annually review this Policy and shall adopt a written instrument stating its review and recording any changes. Any changes must be approved by the Investment Committee prior to consideration by the City Council.

IX. Selection of Depositories

1. Request for Application Process. Primary Depositories shall be selected through BEDFORD’s banking services procurement process, which shall include a formal Request for

Application (RFA) issued in compliance with applicable State law. This contract can be extended as per the RFA specifications. In selecting primary depositories, the credit worthiness of institutions shall be considered, and the Director of Administrative Services shall conduct a comprehensive review of prospective primary depositories' credit characteristics and financial history.

2. Collateralized Deposits. All depository deposits shall be insured or collateralized in compliance with applicable State law. BEDFORD reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as BEDFORD Depositories will be required to sign a depository agreement with BEDFORD. The collateralized deposit portion of the agreement shall define BEDFORD's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- a. The agreement must be in writing;
- b. The agreement has to be executed by the Depository and BEDFORD contemporaneously with the acquisition of the asset;
- c. The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to BEDFORD; and
- d. The agreement must be part of the Depository's "official record" continuously since its execution.

X. Investment Strategies

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

1. General, Enterprise, or Operating-type Funds

Suitability - Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

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

Liquidity - General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Financial institution deposits, short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

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

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

2. Special Revenue Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Special Revenue Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Special Revenue Funds to balance the short-term and long-term anticipated cash flow requirements of the specific revenue/expense plan, the market risk of the Fund's portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated cash flow requirement or three years.

Marketability - Balancing short-term and long-term cash flow needs requires the short-term portion of the Funds portfolio to have securities with active and efficient secondary markets. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point will define an efficient secondary market. Securities with less active and efficient secondary markets are acceptable for the long-term portion of the portfolio.

Liquidity - A portion of the Special Revenue Funds are reasonably predictable. However, unanticipated needs or emergencies may arise. Selecting investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures.

Diversification - Investment maturities should blend the short-term and long-term cash flow needs to provide adequate liquidity and yield enhancement and stability. A "barbell" maturity ladder may be appropriate.

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

3. Capital Improvement Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Capital Improvement Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Improvement Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

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

Liquidity - Most capital improvements programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Financial institution deposits, investment pools and money market mutual funds will provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, BEDFORD is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy’s risk constraints. The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective for non-borrowed funds.

4. Interest and Sinking Funds

Suitability - Any investment eligible in the Investment Policy is suitable for Interest and Sinking Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to

not exceed the debt service payment schedule, the market risk of the overall portfolio will be minimized.

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

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

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

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

5. Debt Service Reserve Funds

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

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

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

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to BEDFORD’s debt holders.

The funds are “returned” to BEDFORD at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, BEDFORD is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

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

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

Investment Committee Minutes August 20, 2013

STATE OF TEXAS

COUNTY OF TARRANT

CITY OF BEDFORD

The Investment Committee of the City of Bedford, Texas, met at 3:00 p.m. in the conference room of Bedford City Hall, 2000 Forest Ridge Drive on the 20th day of August, 2013 with the following members present:

Beverly Griffith, City Manager
David Miller, Deputy City Manager
Clifford W. Blackwell III, Director of Administrative Services
Paula Y. McPartlin, Accounting Manager
Dr. Roy Turner, Council Member
Michael Wells, City Secretary

Constituting a quorum.

Also present were:

Tom Ross, Valley View Consulting
Bill Koch, Valley View Consulting

CALL TO ORDER

Dr. Turner called the meeting to order at approximately 3:02 p.m.

NEW BUSINESS

1. APPROVAL OF MINUTES FROM MEETING OF MAY 21, 2013.

David Miller moved to approve the minutes. Beverly Griffith seconded the motion. The motion passed.

NEW BUSINESS (continued)

2. REVIEW AND APPROVAL OF QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDED 06/30/2013.

Tom Ross led the discussion on the quarterly investment report. From a portfolio standpoint nothing really has changed. There has been a lot of discussion amongst the Federal Open Market Committee about how long they are going to continue with the Quantitative Easing (QE3) and what their position is going to be on continuing the easing. For the quarter, the total portfolio yield was .19% and the quarter end TexPool yield was .06%. Tom Ross added that the bright spot is the \$4 million balance in the bank offsetting the bank fees which equivocates to 1.16% (ECR) Equivalent Credit Rate which is very good. Cliff mentioned as discussed in last meeting that the ECR

percentage is a new calculation added to the report and also reflects the offsetting bank fees and is over 100 basis points.

The treasury yield curve has not changed much. The 10 year graph line is a little higher than it has been, and is about 2.5%. The market remains volatile. On page 5, Detail of Investment Holdings, the Comerica CD at 50 basis points (market value \$1,004,172) will mature on August 24th, 2013. Tom Ross and Cliff will be looking to reinvest the maturing funds. Tom also said while we were able to get a 1-year CD at 50 basis points last year, in order to get 50 basis points now, you are looking at least 2 years instead of the 1 year. On page 6, the pie chart shows 30% in Securities/CD's and 56% invested in the pools. The \$4 million balance at the bank represents approximately 14%. The quarter end portfolio is a graph showing historical expenditures. Correction to be made on this graph to reflect (9/30/2012, 12/31/2012, 3/31/2013, and 6/30/2013) date and \$ figures. Tom Ross agreed and will be sending a revised report to include those items. Page 8 shows a comparison between the quarters of the book values and market values. In Bedford's case, the book value and the market value are the same. Page 9 shows the fund allocation and Cliff explained how we separated out Fund 3 and Fund 4 where Fund 3a, 3b, and 4a are bond money shown separately from operating funds. Page 11-12 shows the fund allocation from the previous quarter to use a comparison. Most folks see corporations are still mean and lean, making money, but not hiring anyone.

Beverly Griffith made the motion to approve the quarterly investment report. Cliff Blackwell seconded the motion to approve the quarterly investment report with the correction of the graph on page 7. The motion to approve the report passed.

3. DISCUSSION OF CURRENT MARKET CONDITIONS

Tom Ross led the discussion on the market outlook as of August 5th that Susan Anderson puts together. The housing market has seen a lot of improvement especially in Texas and the metroplex area. The G&P is fluctuating but shows there has been some improvement. Companies are seeing profit, but not using it to expand. The Government Security Investment Pool rates during July remained in the .04% and .06% range. Tom said we are seeing some of the agencies are getting more competitive and creeping up to the CD rates which may give us some distant future opportunities for investing in government securities instead of CD's. Valley View consultants will continue to keep an eye on this. Beverly made a comment that the rates are really getting close to zero.

4. REVIEW AND APPROVE CHANGES TO INVESTMENT POLICY.

Bill Koch led the discussion and there were very few changes. Most changes were formatting changes. On page 5 under section V. Suitable and Authorized Investments, the second sentence which reads: *In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment.* Additionally, has been eliminated from the policy. On page 8, #3 which read *Marking to Market* for the heading has been changed to read Market Valuation. Tom Ross said they will provide a clean copy of the policy which needs to go to council on September 10th, 2013.

Michael Wells moved to approve the Investment Policy with the proposed changes, and David Miller seconded the motion. The motion passed.

5. REVIEW AND APPROVE SUGGESTED LIST OF BROKER/DEALERS.

Included in the investment policy is a list of brokers/dealers that must be approved annually by the

investment committee. Bill Koch led the discussion on the changes made to the current list. He stated Bank of America's name should be modified to state "Bank of America/Merrill Lynch" and the office for Wells Fargo sated the location Austin, TX should now read "Dallas, TX." Tom Ross spoke up and said Cliff had taken out First Empire Securities. Cliff stated the reason was because we have not utilized them at all this past year and we did between 4-5 solicitations. He said we eliminated them and to keep the broker dealer list small. Beverly said, we can always add folks to this list if needed.

Beverly moved to approve the list of broker/dealers with the deletion of First Empire Securities. Cliff Blackwell seconded the motion.

6. REVIEW AND APPROVE THE INDEPENDENT TRAINING SOURCES.

Bill Koch stated the independent training sources are the same as last year. Dr. Turner wanted to know who goes for this training. Beverly said the investment officers attend the training and Cliff Blackwell stated the investment officers are Beverly Griffith, David Miller, Cliff Blackwell, and Paula McPartlin.

David Miller moved to approve the list of training sources. Beverly Griffith seconded the motion. The motion passes.

Dr. Turner asked for any other comments, and then made a motion to end the meeting.

ADJOURNMENT

Motion to adjourn: David Miller moved to adjourn, and Beverly Griffith seconded the motion. The meeting was adjourned at 4:00pm.



Council Agenda Background

PRESENTER: Roger Gibson, Police Chief
Cliff Blackwell, Director of Administrative Services **DATE:** 09/10/13

Council Mission Area: Demonstrate excellent customer service in an efficient manner.

ITEM:

Consider a resolution authorizing the City Manager to enter into an agreement with Redflex Traffic Systems, Inc. for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.

City Attorney Review: Yes

City Manager Review: _____

DISCUSSION:

In 2007, the City of Bedford entered into a contract with Redflex Traffic Systems, Inc. to implement a red light camera/photo enforcement program. As of May 31, 2013, a total of 13,924 administrative red light camera/photo enforcement violations exists that are 91 or more days past due and the vehicle recorded on the violation is registered in Texas. These violations total approximately \$1,346,480 in gross revenue.

By entering into an agreement with Redflex Traffic Systems, Inc., Bedford would be authorizing Redflex to act on the City's behalf with the Texas Department of Motor Vehicles (TxDMV). They would place a registration hold on all past and future red light camera/photo enforcement violations that are 91 or more days past due and where the vehicle recorded on the violation is registered in Texas.

If approved, Redflex would submit an initial batch file to the TxDMV for the approximately 14,000 violations that are 91 or more days past due and registered in the State of Texas at a cost to the City of \$5.00 per registration hold. All subsequent registration holds that are 91 or more days past due and registered in the State of Texas would be invoiced to the City at \$10.00 per registration hold. As part of the agreement, Redflex will delay the initial batch file invoicing (approximately \$60,000) until the City collects twice the amount in revenue of the initial batch file invoice.

The City of Bedford is currently averaging approximately 35 new violations per month that meet the Scofflaw criteria. Based upon this agreement, this would cost the City \$350 per month to be paid out of the Traffic Safety Fund.

RECOMMENDATION:

Staff recommends the following motion:

Approval of a resolution authorizing the City Manager to enter into an agreement with Redflex Traffic Systems, Inc. for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.

FISCAL IMPACT:

Minimum net revenue of \$26 per each Scofflaw violation collected.

ATTACHMENTS:

Resolution
Contract Overview
Contract

Initial violation: \$75
Late fee: \$25
Total Fee: \$100

Distribution of this \$100 fee collected through the Scofflaw Program:

Redflex: \$48 - \$38 for standard fee per violation collected plus \$10 for placing a registration hold for future scofflaw violations

Remaining Balance: \$52 - Bedford and the State would split this remaining balance. However, Bedford deducts program expenses (Red Light Camera Photo Enforcement Officer Salary and Hearing Officer costs) prior to splitting this remaining balance with the State. Thus, the \$26 should be a minimum

RESOLUTION NO. 13-

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH REDFLEX TRAFFIC SYSTEMS, INC. FOR THE PURPOSE OF IMPLEMENTING A SCOFFLAW PROGRAM FOR UNPAID ADMINISTRATIVE RED LIGHT CAMERA/PHOTO ENFORCEMENT VIOLATIONS.

WHEREAS, the City Council of Bedford, Texas determines the necessity to enter into an agreement with Redflex Traffic Systems, Inc. for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera violations; and,

WHEREAS, the City Council of Bedford, Texas determines that Scofflaw registration holds through the Texas Department of Motor Vehicles will only take place for red light camera/photo enforcement violations that are 91 or more days past due and the vehicle recorded on the violation is registered in Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:

SECTION 1. That the City Council of Bedford, Texas authorizes the City Manager to enter into an agreement with Redflex Traffic Systems, Inc. for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera violations/photo enforcement violations.

PASSED AND APPROVED this 10th day of September 2013, by a vote of __ ayes, __ nays and __ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney



MAKING A **SAFER** WORLD.

Bedford, TX Automated Scofflaw Pursuit (ASP) Proposal for unpaid red light notices

ALL SCOFFLAWS - defined as anyone owing the City of Bedford any money from a red light notice

05/31/2013 14,327 scofflaws worth \$1,365,865.00

TYPICAL TARGETED SCOFFLAWS – defined as anyone owing the City of Bedford \$75.00 or more, are 91 or more days past due and the vehicle recorded on the violation is registered in Texas

05/31/2013 13,924 Scofflaws worth \$1,346,480.00

ASP SERVICES:

- 1.) ASP prints and mails admonishment letter notifying scofflaw of holding having been placed on their registration. This has proven to produce early payments.
- 2.) ASP compiles a scofflaw file in TxDMV's proprietary file format and applies three filters as the customer decides. All customers thus far have sought flags for the following scofflaws:
 - a) Owing \$75.00 or more
 - b) 91 days or more past due (ordinary time to be sent to collections per contract)
- 3.) Scofflaws targeted for all Texas registered vehicles
- 4.) ASP automated process submits the filtered batch file to TxDMV for processing, performs automated file vetting and comparisons, registration flag placements and removals upon payment.
- 5.) ASP flagged scofflaws are pulled from collections, thus the customer yields the full penalty and late fee sum of \$100.00, rather than just the contracted \$75.00 with collections keeping \$25 for their services. (which are only effective approximately 14% of the time, ASP has been as high as 44% for old and 56% for new scofflaws)
- 6.) ASP maintains and funds the required escrow account at TxDMV from which TxDMV draws their processing fees. **Under ASP, the City does not fund this, Redflex does.**
- 7.) ASP generates a monthly report of scofflaw collections to the customer.
- 8.) ASP generates receipts to the scofflaw upon full payment and a paid in full letter. These are necessary to show a tax assessor that the penalty has been paid in order to complete registration renewal.

Required actions of the City of Bedford:

- 1.) Sign ASP contract with Redflex
- 2.) Sign and submit TxDMV contract (Basically fill in the blanks and sign. They accept all applicants)
- 3.) Send TxDMV a single paragraph letter, authorizing Redflex to submit files on the City's behalf
- 4.) The City may elect to obtain an inter-local agreement with their County Tax Assessor, if they don't have one in place already.

Currently these cities have their ASP program active: Corpus Christi, El Paso, Denton, Farmers Branch, Richland Hills, North Richland Hills, Balch Springs, Hurst, Haltom City and University Park.

AUTOMATED REGISTRATION HOLD SERVICES PROGRAM AGREEMENT
BETWEEN
THE CITY OF BEDFORD
AND
REDFLEX TRAFFIC SYSTEMS, INC.

This Agreement (“Agreement”) is made as of this __ day of _____, 2013 by and between Redflex Traffic Systems, Inc., a Delaware Corporation, with offices located at 23751 N. 23rd Avenue, Phoenix, Arizona 85085 (“Redflex”) and The City of Bedford, a municipal corporation, with offices at 2000 Forest Ridge Drive, Bedford, TX, 76021 (the “Customer”). Redflex and the Customer are sometimes individually referred to herein as a “Party” and/or collectively referred to herein as the “Parties.”

RECITALS

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, technologies, computer programs and citation processes related to the verification of delinquent civil penalties related to and/or associated with automatic photo red light citations, hereinafter the “Violation Verification Program” and/or the “Program”; and

WHEREAS, the Customer desires to engage the services of Redflex to provide certain Citation Verification Program services so that the Customer may identify and/or confirm automatic photo red light citation recipients who have unpaid, outstanding and/or delinquent civil penalties citations related thereto; and

WHEREAS, it is a mutual objective of both Redflex and the Customer to reduce the incidence of vehicle collisions at the traffic intersections and city streets by providing the services pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration received, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Definitions.** In this Agreement, the words and phrases below shall have the follow meanings as follows:

1.1. “Monthly Submitted Batch Files” means the computer batch files submitted to either the Customer and/or the Texas Department of Motor Vehicles each month consisting of any and all combinations of 1) “PROBE files” and/or 2) “FLAG files”; and/or 3) “CLEAR files”.

1.2. “Verification System” and/or “Redflex System” means the Redflex proprietary methods, applications, technologies, systems, programs, equipment, machinery, and processes employed by Redflex in connection with the Violation Verification Program that indicate compliance with the Verification Criteria and that confirms, compares and verifies, pursuant to the Customer’s

“Verification Criteria”, whether the driver named in an outstanding and/or unpaid civil penalty related to and/or associated with automatic photo red light violation is the current owner of record of the automotive vehicle relevant thereto.

1.3 “Verification Criteria” means the standards and criteria determined solely by the Customer that are utilized and applied by Redflex in connection with the Verification System and include the following four (4) conditions:

Redflex shall only perform the services expressly stated in the below described Violation Verification Program if:

- a) the unpaid civil penalty related to and/or associated an automatic photo red light violation is for a monetary amount of \$75.00 or more; and
- b) the unpaid civil penalty related to and/or associated an automatic photo red light violation is delinquent for a period of time of 91 days or more; and
- c) the involved vehicle listed in a delinquent civil penalty related to and/or associated with automatic photo red light violation is currently registered in the State of Texas, and/or any Customer specified County within the State of Texas; and
- d) the owner named in an outstanding and/or unpaid civil penalty related to and/or associated an automatic photo red light violation matches the current owner of record of the automotive vehicle relevant thereto.

1.4. “PROBE files” means the computer files that are submitted to the Texas Department of Motor Vehicles in a format that is fully compliant with the “TxDMV file format” specifications of the Texas Department of Motor Vehicles.

1.5. “Registration Data” means the automotive vehicle registration data received from the Texas Department of Motor Vehicles relevant to the license plate data identified in the “PROBE files” that Redflex utilizes in order to confirm and verify that the driver/owner named in an outstanding and/or unpaid civil penalty related to and/or associated an automatic photo red light violation matches the current owner of record of the automotive vehicle relevant thereto.

1.6. “FLAG files” means computer files that have been submitted to the Texas Department of Motor Vehicles that comply with and satisfy the Verification Criteria and indicate that a driver named in an outstanding and/or unpaid civil penalty related to and/or associated with an automatic photo red light violation does match the current owner of record of the automotive vehicle relevant thereto.

1.7. “CLEAR files” means the computer files containing the list of citation recipients identified in FLAG files who have paid in full the delinquent civil penalty related to and/or associated with an automatic photo red light violation(s).

1.8 “Violation Verification Program” and/or the “Program” means any and all systems, methods, processes equipment, applications and back office processes of Redflex related to and/or associated the products and services contained in this Agreement including, but not

limited to the Monthly Submitted Batch Files, the Verification System, the Verification Criteria, the PROBE files, the FLAG files; and/or the CLEAR files.

1.9. “Confidential or Private Information” means, with respect to Redflex, any information, matter or thing of a secret, confidential or private nature, whether or not so labeled, which is connected with Redflex’s business or methods of operation or concerning any of Redflex’s suppliers, licensors, licensees, customers or others with whom Redflex has a business relationship, and which has current or potential value to such Person or the unauthorized disclosure of which could be detrimental to Reflex, including but not limited to:

- i. Matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the costs of construction, installation, materials or components, the prices Redflex obtains or has obtained from its clients or customers, or at which Redflex sells or has sold its services; and
- ii. Matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulas, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development projects. For purposes of this Agreement, the term “trade secrets” shall mean the broadest and most inclusive interpretation of trade secrets.
- iii. Notwithstanding the foregoing, Confidential Information will not include information that: (i) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission by any party hereto in breach of this Agreement, (iii) was subsequently lawfully disclosed to the disclosing party by a person other than a party hereto, (iv) was required by a court of competent jurisdiction to be described, or (v) was required by applicable state law to be described.

1.10. “Intellectual Property” means, with respect to any Redflex, any and all now known or hereafter known tangible and intangible (a) rights associated with works of authorship throughout the world, including but not limited to copyrights, moral rights and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms and other industrial property rights, (e) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated), whether arising by operation of law, contract, license, or otherwise, and (f) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing), of Redflex.

1.11. “Proprietary Property” means, with respect to any Redflex, any written or tangible property owned or used by Redflex in connection with Redflex’s business, whether or not such property is copyrightable or also qualifies as Confidential Information, including without limitation products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results,

contracts, agreements, literature, correspondence, spread sheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates or summaries thereof, affecting or relating to the business of Redflex, financial statements, budgets, projections and invoices.

1.12. “Redflex Marks” means all trademarks registered in the name of Redflex or any of its affiliates, such other trademarks as are used by Redflex or any of its affiliates on or in relation to the Program at any time during the Term this Agreement, service marks, trade names, logos, brands and other marks owned by Redflex, and all modifications or adaptations of any of the foregoing.

1.13. “Registration Hold”, “Flag” and/or “REGISTRATION DECISION” are interchangeable and synonymous and mean the determination and/or decision by the Texas Department of Motor Vehicles to refuse to register a motor vehicle in connection with the outstanding, unpaid and/or delinquent civil penalty related to and/or associated with an automatic photo red light violation in compliance with the Verification Criteria and issued in accordance with the terms and conditions expressly set forth in the Agreement Between the Customer and Redflex Traffic Systems, Inc. for a Photo Red Light Enforcement Program (the Photo Red Light Enforcement Agreement”) made on or about August 7th, 2007.

1.14. “Escrow Account” means the escrow account into which Redflex deposits monetary amounts payable to the Texas Department of Motor Vehicles. The monetary amounts payable to the Texas Department of Motor Vehicles by Redflex are as specified in Section 43 of the Texas TAC, Chapter 217.

2. **TERM.** The term of this Agreement shall commence as of the date hereof and shall continue for a period of five (5) years there from (“Term” and/or “Initial Term”). The Customer shall have the right, but not the obligation to extend the Term of this Agreement for up to two (2) additional consecutive periods following the expiration of the Initial Term (each a “Renewal Term”) by providing written notice to Redflex not less than thirty (30) calendar days prior to the last day of the Initial Term or the Renewal Term, as the case may be.

3. **SERVICES.** Redflex shall provide the Program to the Customer, in each case in accordance with the terms and provisions set forth in this Agreement and which include the following products and services:

3.1. Using data and information generated in accordance with the terms and conditions expressly set forth in the Agreement between the Customer and Redflex Traffic Systems, Inc. for a Photo Red Light Enforcement Program executed on or about August 7th, 2007, the Photo Red Light Enforcement Program Agreement”), Redflex shall implement the Program using the Verification System and applying the Verification Criteria to generate Monthly Submitted Batch Files containing PROBE files, FLAG files and/or CLEAR files as appropriate under the circumstances.

3.2. PROBE files shall be generated by Redflex in electronic and computerized form after applying and adhering to Verification Criteria 1.3 a), 1.3 b) and 1.3 c) and thereafter Redflex shall submit one or more electronic requests for certain Registration Data relevant thereto from the Texas Department of Motor Vehicle such that Redflex may apply and adhere to Verification Criteria 1.3. d). Customer agrees and acknowledges that Redflex shall be unable to comply with Verification Criteria 1.3. d). unless and until Redflex receives certain Registration Data from the Texas Department of Motor Vehicles.

3.3. After Redflex receives relevant Registration Data from the Texas Department of Motor Vehicles, Redflex shall generate FLAG files, as appropriate under the circumstances. Customer agrees and acknowledges that the files generated by Redflex in connection therewith are based upon the Verification Criteria determined solely by the Customer.

3.4. FLAG files shall be generated and submitted by Redflex in an electronic and computerized format to the Texas Department of Motor Vehicles and in a format satisfactory to the Department of Motor Vehicles if, after application of the Verification Criteria by Redflex, the driver named in an outstanding and/or unpaid civil penalty related to and/or associated with an automatic photo red light violation matches the current owner of record of the automotive vehicle relevant thereto.

3.5. CLEAR files shall be generated and submitted in an electronic and computerized format by Redflex to the Customer and/or the Texas Department of Motor Vehicle to the extent and degree that the driver named in an outstanding and/or unpaid civil penalty related to and/or associated with an automatic photo red light violation pays in full the civil penalty relevant thereto.

3.6. Compensation. Redflex shall have the right to receive, and the Customer shall be obligated to pay, the compensation set forth on Exhibit B attached hereto.

3.7. Customer acknowledges, understands and agrees that the refusal to register a motor vehicle is a decision and determination made in the sole, absolute and unilateral discretion of the Texas Department of Motor Vehicles and REDFLEX HEREBY ACKNOWLEDGES AND AGREES THAT THE DECISION TO REFUSE TO REGISTER A MOTOR VEHICLE SHALL BE THE SOLE, UNILATERAL AND EXCLUSIVE DECISION OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES AND SHALL BE MADE AT TEXAS DEPARTMENT OF MOTOR VEHICLES' SOLE DISCRETION (A "REGISTRATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORITY TO MAKE, DETERMINE AND/OR ENFORCE A REGISTRATION DECISION.

3.8. Tax Assessor Fees. Should the County Tax Assessor elect to assign fees as described under 2011 SB 1386 relating to scofflaw registration processes, Redflex agrees to add said fees to the existing balance due. The transfer of any collected tax assessor fee to the tax assessor shall be the responsibility of the Customer.

4. **CHANGE ORDERS.** The Customer may from time to time request changes to the work required to be performed or the addition of products or services to those required pursuant to the terms of this Agreement by providing written notice to Redflex, setting forth in reasonable detail the proposed changes (a “Change Order Notice”). Upon Redflex’s receipt of a Change Order Notice, Redflex shall deliver a written statement describing the cost, if any (the “Change Order Proposal”). The Change Order Proposal shall include (i) a detailed breakdown of the change and schedule effects, (ii) a description of any resulting changes to the specifications and obligations of the parties, (iii) a schedule for the delivery and other performance obligations, and (iv) any other information relating to the proposed changes reasonably requested by the Customer. Following the Customer’s receipt of the Change Order Proposal, the parties shall negotiate in good faith and agree to a plan and schedule for implementation of the proposed changes, the time, manner and amount of payment or price increases or decreases, as the case may be, and any other material matters relating to the proposed changes; provided, however, in the event that any proposed change involves only the addition of equipment or services to the existing Designated Intersection Approaches, or the addition of Intersection Approaches to be covered by the terms of this Agreement, to the maximum extent applicable, the pricing terms set forth in Exhibit D shall govern. Any failure of the parties to reach agreement with respect to any of the foregoing as a result of any proposed changes shall not be deemed to be a breach of this Agreement, and any disagreement shall be resolved in accordance with Dispute Resolution provisions set forth below in Section 19 of this Agreement.

5. **LICENSE; RESERVATION OF RIGHTS.**

5.1. **RESERVATION OF RIGHTS.** The Customer hereby acknowledges and agrees that: (a) Redflex is the sole and exclusive owner of the Redflex System, the Redflex Marks, all Intellectual Property arising from or relating to the Redflex System, and any and all related Equipment, (b) the Customer neither has nor makes any claim to any right, title or interest in any of the foregoing, except as specifically granted or authorized under this Agreement, and (c) by reason of the exercise of any such rights or interests of Customer pursuant to this Agreement, the Customer shall gain no additional right, title or interest therein.

5.2. **RESTRICTED USE.** The Customer hereby covenants and agrees that it shall not (a) make any modifications to the Redflex System, including but not limited to any Equipment, (b) alter, remove or tamper with any Redflex Marks, (c) use any of the Redflex Marks in any way which might prejudice their distinctiveness, validity or the goodwill of Redflex therein, (d) use any trademarks or other marks other than the Redflex Marks in connection with the Customer’s use of the Redflex System pursuant to the terms of this Agreement without first obtaining the prior consent of Redflex, or (e) disassemble, de-compile or otherwise perform any type of reverse engineering to the Redflex System, including but not limited to any Equipment, or to any, Intellectual Property or Proprietary Property of Redflex, or cause any other Person to do any of the foregoing.

5.3 **PROTECTION OF RIGHTS.** Redflex shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any Intellectual Property of Redflex, including without limitation the filing of applications to register as trademarks in any

jurisdiction any of the Redflex Marks, the filing of patent application for any of the Intellectual Property of Redflex, and making any other applications or filings with appropriate Governmental Authorities. The Customer shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make any registrations or filings with respect to any of the Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex.

5.4 INFRINGEMENT. The Customer shall use its reasonable best efforts to give Redflex prompt notice of any activities or threatened activities of any person, party, entity, company, business, corporation, partnership, association and the like of which it becomes aware that infringes or violates the Redflex Marks or any of Redflex's Intellectual Property or that constitute a misappropriation of trade secrets or act of unfair competition that might dilute, damage or destroy any of the Redflex Marks or any other Intellectual Property of Redflex. Redflex shall have the exclusive right, but not the obligation, to take action to enforce such rights and to make settlements with respect thereto. In the event that Redflex commences any enforcement action under this Section, then the Customer shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex, and Redflex shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs; provided, that Redflex shall reimburse the Customer for any reasonable costs Customer incurred in providing such cooperation and assistance.

5.5 INFRINGING USE. The Customer shall give Redflex prompt written notice of any action or claim action or claim, whether threatened or pending, against the Customer alleging that the Redflex Marks, or any other Intellectual Property of Redflex, infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other Person, and the Customer shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex in the defense thereof; provided, that Redflex shall reimburse the Customer for any reasonable costs Customer incurred in providing such cooperation and assistance. If such a claim is made and Redflex determines, in the exercise of its sole discretion, that an infringement may exist, Redflex shall have the right, but not the obligation, to procure for the Customer the right to continue using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.

6. UNAUTHORIZED REFERENCES TO REDFLEX. Unless required by applicable law, Customer shall not utilize, make use of and/or make any reference to Redflex, its name or likeness, its affiliated, parent or subsidiary companies or corporations, its logos, insignias, trademarks, trade names, brand, websites, property, assets, products or services, including, but not limited to, the Program, the Verification System, the Redflex System, the Verification Criteria, "SMARTcam™ System", "Salus™ System", "REDFLEXred™ System", "REDFLEXspeed™ System", "REDFLEXrail™ System", "REDFLEXstop™ System", "REDFLEXslimline™ System", "SMARTops™ System", "SMARTscene™ System"; "PLATESCAN™ System" and/or and any and all combinations, variants and derivatives thereof, in, on or about, Customer marketing, publicity, media, public relations, advertising, education or training materials, information, data, papers and/or documents, for any reason or purpose, whatsoever, without the prior written approval of Redflex which may be withheld, denied,

delayed, rejected and/or refused, by Redflex in its sole, absolute and unilateral discretion. A violation of this section shall not be deemed a material breach of this Agreement unless Customer receives a written notice of violation by Redflex, specifying the violation, and the Customer fails to prevent a violation of this section from occurring after the receipt of the notice.

7. REPRESENTATIONS AND WARRANTIES.

7.1 Redflex Representations and Warranties.

Authority. Redflex hereby warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.

Professional Services. Redflex hereby warrants and represents that any and all services provided by Redflex pursuant to this Agreement shall be performed in a professional and workmanlike manner and, with respect to the installation of the Redflex System, subject to applicable law, in compliance with all specifications provided to Redflex by the Customer.

7.2. Customer Representations and Warranties.

Authority. The Customer hereby warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.

Professional Services. The Customer hereby warrants and represents that any and all services provided by the Customer pursuant to this Agreement shall be performed in a professional and workmanlike manner.

8. LIMITED WARRANTIES. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, REDFLEX MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE REDFLEX SYSTEM OR ANY RELATED EQUIPMENT OR WITH RESPECT TO THE RESULTS OF THE CUSTOMER'S USE OF ANY OF THE FOREGOING. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, REDFLEX DOES NOT WARRANT THAT ANY OF THE DESIGNATED INTERSECTION APPROACHES OR THE REDFLEX SYSTEM WILL OPERATE IN THE WAY THE CUSTOMER SELECTS FOR USE, OR THAT THE OPERATION OR USE THEREOF WILL BE UNINTERRUPTED. THE CUSTOMER HEREBY ACKNOWLEDGES THAT THE REDFLEX SYSTEM MAY MALFUNCTION FROM TIME TO TIME, AND SUBJECT TO THE TERMS OF THIS AGREEMENT, REDFLEX SHALL DILIGENTLY ENDEAVOR TO CORRECT ANY SUCH MALFUNCTION IN A TIMELY MANNER.

9. TERMINATION.

9.1 TERMINATION FOR CAUSE: Either party shall have the right to terminate this Agreement by written notice to the other if (i) state statutes are amended to prohibit or substantially change the operation of the Program; (ii) the Supreme Court for the State of Texas rules that the Citations from the Program are inadmissible in evidence; or (iii) the other party commits any material breach of any of the provisions of this Agreement. Either party shall have the right to

remedy or cure the cause for termination or breach within forty-five (45) calendar days (or within such other time period as the Customer and Redflex shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after written notice from the appropriate party setting forth in reasonable detail the events of the cause for termination or breach. Termination of this Agreement shall not be enforceable or effective unless the terminating party mails written notice of termination to the non-terminating party not less than forty-five (45) calendar days prior to the Agreement termination date and provides to the non-terminating party the opportunity to remedy or cure the cause of the termination or breach within the forty-five (45) calendar day time period provided herein.

10. RIGHTS AND REMEDIES. In connection with any breach and/or termination of this Agreement, Redflex shall have and hereby reserves, in full, all rights and remedies available in law and/or in equity. The rights to terminate this Agreement given in this Section shall be without prejudice to any other right or remedy of either party in respect of the breach concerned (if any) or any other breach of this Agreement.

11. PROCEDURES UPON TERMINATION. The termination of this Agreement shall not relieve either party of any liability that accrued prior to such termination. Except as set forth in Section 12 of this Agreement, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:

- i. Redflex shall (i) immediately cease to provide services, including but not limited to work in connection with the construction or installation activities and services in connection with the Program, (ii) promptly deliver to the Customer any and all Proprietary Property of the Customer provided to Redflex pursuant to this Agreement, (iii) promptly deliver to the Customer a final report to the Customer regarding the collection of data and the issuance of Citations in such format and for such periods as the Customer may reasonably request, and which final report Redflex shall update or supplement from time to time when and if additional data or information becomes available, (iv) promptly deliver to Customer a final invoice stating all fees and charges properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination, and (v) provide such assistance as the Customer may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement. Immediately upon termination Redflex is no longer bound to the Data Retention Requirements for any data and if the customer wishes to obtain the data it must be conveyed at the time of termination. Redflex will transfer the data and relevant information to the city by a mutually agreed upon method. The customer will assume the burden for all costs associated with this task including but not limited to administrative, storage media, storage media authoring devices, and internet bandwidth used for transferring data. Redflex will provide no tools for accessing this data or other guarantees.
- ii. The Customer shall (i) immediately cease using the Program, accessing the Redflex System and using any other Intellectual Property of Redflex, (ii) promptly deliver to

Redflex any and all Proprietary Property of Redflex provided to the Customer pursuant to this Agreement, and (iii) promptly pay any and all fees, charges and amounts properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination.

- iii. Unless the Customer and Redflex have agreed to enter into a new agreement relating to the Program or have agreed to extend the Term of this Agreement, Redflex shall remove any and all Equipment or other materials of Redflex installed in connection with Redflex's performance of its obligations under this Agreement, including but not limited to housings, poles and camera systems, and Redflex shall restore the Designated Intersection Approaches to substantially the same condition such Designated Intersection Approaches were in immediately prior to this Agreement.

11.1 In addition to any and all other rights and remedies available and/or reserved herein, the Customer shall pay to Redflex a pro rata share of all monies or revenue generated, collected and/or received by Customer after the Agreement termination date that are, in any way, a result of, associated with and/or attributable to, in whole or in part, the products or services rendered to Customer by Redflex.

12. SURVIVAL. Notwithstanding the foregoing, the definitions and each of the following shall survive the termination of this Agreement: Reservation of Rights, Redflex Representations and Warranties, Customer Representations and Warranties, Limited Warranty, Confidentiality, Indemnification and Liability, Notices, Dispute Resolution, Assignment, Injunctive Relief, Specific Performance, Applicable Law, and Jurisdiction and Venue, and (ii) those provisions, and the rights and obligations therein, set forth in this Agreement which either by their terms state, or evidence the intent of the parties, that the provisions survive the expiration or termination of the Agreement, or must survive to give effect to the provisions of this Agreement.

13. CONFIDENTIALITY. During the term of this Agreement and for a period of three (3) years thereafter, neither party shall disclose to any third person, or use for itself in any way for pecuniary gain, any Confidential Information learned from the other party during the course of the negotiations for this Agreement or during the Term of this Agreement. Upon termination of this Agreement, each party shall return to the other all tangible Confidential Information of such party. Each party shall retain in confidence and not disclose to any third party any Confidential Information without the other party's express written consent, except (a) to its employees who are reasonably required to have the Confidential Information, (b) to its agents, representatives, attorneys and other professional advisors that have a need to know such Confidential Information, provided that such parties undertake in writing (or are otherwise bound by rules of professional conduct) to keep such information strictly confidential, and (c) pursuant to, and to the extent of, a request or order by any Governmental Authority, including laws relating to public records.

14. Indemnification by Redflex. Subject to Section entitled "Indemnification Procedures", Redflex hereby agrees to defend and indemnify the Customer and its affiliates, shareholders or other interest holders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and each of their affiliates, and all persons acting by, through, under or in

concert with them, or any of them (individually a “Customer Party” and collectively, the “Customer Parties”) against, and to protect, save and keep harmless the Customer Parties from, and to pay on behalf of or reimburse the Customer Parties as and when incurred for, any and all liabilities, obligations, losses, damages, penalties, demands, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including reasonable attorneys’, accountants’ and expert witnesses’ fees) of whatever kind and nature (collectively, “Losses”), which may be imposed on or incurred by any Customer Party arising out of or related to (a) any material misrepresentation, inaccuracy or breach of any covenant, warranty or representation of Redflex contained in this Agreement, or (b) the willful misconduct of Redflex, its employees or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct of any Customer Party.

15. Indemnification by Customer. Subject to Section entitled “Indemnification Procedures”, the Customer hereby agrees to defend and indemnify Redflex and its affiliates, shareholders or other interest holders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and all persons acting by, through, under or in concert with them, or any of them (individually a “Redflex Party” and collectively, the “Redflex Parties”) against, and to protect, save and keep harmless the Redflex Parties from, and to pay on behalf of or reimburse the Redflex Parties as and when incurred for, any and all Losses which may be imposed on or incurred by any Redflex Party arising out of or in any way related to (a) any material misrepresentation, inaccuracy or breach of any covenant, warranty or representation of the Customer contained in this Agreement, (b) the negligence or willful misconduct of the Customer, its employees, contractors or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct of any Redflex Party, (c) any claim, action or demand not caused by Redflex’s failure to perform its obligations under this Agreement, or (d) any claim, action or demand challenging the Customer’s use of the Redflex System or any portion thereof, the validity of the results of the Customer’s use of the Redflex System or any portion thereof, or the validity of the Citations issued, prosecuted and collected as a result of the Customer’s use of the Redflex System or any portion thereof.

16. Indemnification Procedures. In the event any claim, action or demand (a “Claim”) in respect of which any party hereto seeks indemnification from the other, the party seeking indemnification (the “Indemnified Party”) shall give the party from whom indemnification is sought (the “Indemnifying Party”) written notice of such Claim promptly after the Indemnified Party first becomes aware thereof; provided, however, that failure so to give such notice shall not preclude indemnification with respect to such Claim except to the extent of any additional or increased Losses or other actual prejudice directly caused by such failure. The Indemnifying Party shall have the right to choose counsel to defend such Claim (subject to the approval of such counsel by the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed), and to control, compromise and settle such Claim, and the Indemnified Party shall have the right to participate in the defense at its sole expense; provided, however, the Indemnified Party shall have the right to take over the control of the defense or settlement of such Claim at any time if the Indemnified Party irrevocably waives all rights to indemnification

from and by the Indemnifying Party. The Indemnifying Party and the Indemnified Party shall cooperate in the defense or settlement of any Claim, and no party shall have the right enter into any settlement agreement that materially affects the other party's material rights or material interests without such party's prior written consent, which consent will not be unreasonably withheld or delayed.

17. LIMITED LIABILITY. Notwithstanding anything contrary in this Agreement, neither party shall be liable to the other, by reason of any representation or express or implied warranty, condition or other term or any duty at common or civil law, for any special, incidental, indirect, consequential or punitive damages however caused and on any theory of liability arising out of or relating to this Agreement, except and only to the extent expressly authorized pursuant to provision entitled "PREVAILING PARTY" of this Agreement. In the event of any breach of this Agreement, however, the non-breaching party is entitled to recover expectation damages from the breaching party, which are defined as the amounts that non-breaching party would have received under the Agreement had the breaching party fully performed pursuant to the terms and conditions of this Agreement.

18. NOTICES. Any notices to be given hereunder shall be in writing, and shall be deemed to have been given (a) upon delivery, if delivered by hand, (b) three (3) days after being mailed first class, certified mail, return receipt requested, postage and registry fees prepaid, or (c) one Business Day after being delivered to a reputable overnight courier service, excluding the U.S. Postal Service, prepaid, marked for next day delivery, if the courier service obtains a signature acknowledging receipt, in each case addressed or sent to such party as follows:

i. Notices to Redflex:

Redflex Traffic Systems, Inc.
23751 North 23rd Avenue
Phoenix, AZ 85027
Attention: PROGRAM MANAGEMENT
Facsimile: (623) 207-2050

ii. Notices to the Customer:

City of Bedford
2000 Forest Ridge Drive
Bedford, TX, 76021
Attention:
Roger Gibson
Chief of Police

19. DISPUTE RESOLUTION. Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement,

the subject matter hereof, or the interpretation or enforcement hereof (the “Dispute”), the parties shall engage in informal, good faith discussions and attempt to resolve the Dispute. In connection therewith, upon written notice of either party, each of the parties will appoint a designated officer whose task it shall be to meet for the purpose of attempting to resolve such Dispute. The designated officers shall meet as often as the parties shall deem to be reasonably necessary. Such officers will discuss the Dispute. If the parties are unable to resolve the Dispute in accordance with this Section 19, and in the event that either of the parties concludes in good faith that amicable resolution through continued negotiation with respect to the Dispute is not reasonably likely, then the parties may mutually agree to submit to binding or nonbinding arbitration or mediation.

20. Assignment. Neither party may assign all or any portion of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, The Customer hereby acknowledges and agrees that the execution (as outlined in Exhibit F), delivery and performance of Redflex’s rights pursuant to this Agreement shall require a significant investment by Redflex, and that in order to finance such investment, Redflex may be required to enter into certain agreements or arrangements (“Financing Transactions”) with equipment lessors, banks, financial institutions or other similar persons or entities (each, a “Financial Institution” and collectively, “Financial Institutions”). The Customer hereby agrees that Redflex shall have the right to assign, pledge, hypothecate or otherwise transfer (“Transfer”) its rights, or any of them, under this Agreement to any Financial Institution in connection with any Financing Transaction between Redflex and any such Financial Institution, subject to the Customer’s prior written approval, which approval shall not be unreasonably withheld or delayed. The Customer further acknowledges and agrees that in the event that Redflex provides written notice to the Customer that it intends to Transfer all or any of Redflex’s rights pursuant to this Agreement, and in the event that the Customer fails to provide such approval or fails to object to such Transfer within forty-five (45) business days after its receipt of such notice from Redflex, for the purposes of this Agreement, the Customer shall be deemed to have consented to and approved such Transfer by Redflex. Notwithstanding the above, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and their respective successors or assigns.

20.1 RELATIONSHIP BETWEEN REDFLEX AND THE CUSTOMER. Nothing in this Agreement shall create, or be deemed to create, a partnership, joint venture or the relationship of principal and agent or employer and employee between the parties. The relationship between the parties shall be that of independent contractors, and nothing contained in this Agreement shall create the relationship of principal and agent or otherwise permit either party to incur any debts or liabilities or obligations on behalf of the other party (except as specifically provided herein).

20.2 AUDIT RIGHTS. Each of Parties shall have the right to audit the books and records of the other Party (the “Audited Party”) solely for the purpose of verifying the payments, if any, payable pursuant to this Agreement. Any such audit shall be conducted upon not less than forty-eight (48) hours’ prior notice to the Audited Party, at mutually convenient times and during the Audited Party’s normal business hours. Except as otherwise provided in this Agreement, the cost of any such audit shall be borne by the non-Audited Party. In the event any such audit

establishes any underpayment of any payment payable by the Audited Party to the non-Audited Party pursuant to this Agreement, the Audited Party shall promptly pay the amount of the shortfall, and in the event that any such audit establishes that the Audited Party has underpaid any payment by more than twenty five percent (25%) of the amount of actually owing, the cost of such audit shall be borne by the Audited Party. In the event any such audit establishes any overpayment by the Audited Party of any payment made pursuant to this Agreement, non-Audited Party shall promptly refund to the Audited Party the amount of the excess.

20.3 FORCE MAJEURE. Neither party will be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include but are not limited to, acts of God or the public enemy, terrorism, significant fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, or Governmental Authorities approval delays which are not caused by any act or omission by Redflex, and unusually severe weather. The party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

20.4 ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the parties, and there are no other agreements (other than invoices and purchase orders), whether written or oral, which affect its terms. This Agreement may be amended only by a subsequent written agreement signed by both parties.

20.5 SEVERABILITY. If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, this Agreement shall continue to be valid as to the other provisions thereof and the remainder of the affected provision.

20.6 WAIVER. Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision thereof.

20.7 CONSTRUCTION Except as expressly otherwise provided in this Agreement, this Agreement shall be construed as having been fully and completely negotiated and neither the Agreement nor any provision thereof shall be construed more strictly against either party.

20.8 HEADINGS. The headings of the sections contained in this Agreement are included herein for reference purposes only, solely for the convenience of the parties hereto, and shall not in any way be deemed to affect the meaning, interpretation or applicability of this Agreement or any term, condition or provision hereof.

20.9 EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one instrument. Any one of such counterparts shall be sufficient for the purpose of proving the existence and terms of this Agreement, and no party shall be required to produce an original or all of such counterparts in making such proof.

20.10 COVENANT OF FURTHER ASSURANCES. All parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions hereof or to carry out the intent of this Agreement.

20.11 REMEDIES CUMULATIVE. Each and all of the several rights and remedies provided for in this Agreement shall be construed as being cumulative and no one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed to be an election of such remedy, or a waiver of any other remedy.

20.12 BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon all of the parties hereto and their respective executors, administrators, successors and permitted assigns.

20.13 COMPLIANCE WITH LAWS. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and whenever there is a conflict between any term, condition or provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the term, condition or provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law, provided that such construction is consistent with the intent of the Parties as expressed in this Agreement.

20.14 NO THIRD PARTY BENEFIT. Nothing contained in this Agreement shall be deemed to confer any right or benefit on any Person who is not a party to this Agreement.

20.15 INJUNCTIVE RELIEF; SPECIFIC PERFORMANCE. The parties hereby agree and acknowledge that a breach of Sections 4.1 (License), 4.3 (Restricted Use) or 7 (Confidentiality) of this Agreement would result in severe and irreparable injury to the other party, which injury could not be adequately compensated by an award of money damages, and the parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof.

20.16 APPLICABLE LAW. This Agreement shall be governed only by and construed, in all respects, solely in accordance with the laws of the State of Texas.

20.17 JURISDICTION AND VENUE. Any conflict, claim or dispute between Redflex and the Customer affecting, arising out of or relating to the subject matter of this Agreement shall be filed only in and litigated solely in the United States District Court for the Northern District of Texas or in a state court of competent jurisdiction in Tarrant County, Texas, and both parties specifically agree to be bound by the exclusive jurisdiction and venue thereof.

20.18 PREVAILING PARTY. In the event of any conflict, claim or dispute between Redflex and the Customer affecting, arising out of or relating to the subject matter of this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party all attorneys' fees, expert fees, and related costs. Attorneys' fees, expert fees, and related costs shall be assessed by a Court and not by a jury and shall be included in any judgment obtained by the prevailing party.

(The remainder of this page is left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

“Customer”

“Redflex”

CITY OF BEDFORD, TEXAS

REDFLEX TRAFFIC SYSTEMS, INC.,

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:

EXHIBIT "A"

Insurance

1. During the Term, Redflex shall procure and maintain at Redflex's sole cost and expense the following insurance coverage with respect to claims for injuries to persons or damages to property which may arise from or in connection with the performance of work or services pursuant to this Agreement by Redflex, and each of Redflex's subcontractors, agents, representatives and employees:
 - Commercial General Liability Insurance. Commercial General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage, Two Million Dollars (\$2,000,000) Products-Completed Operations Aggregate and Two Million Dollars (\$2,000,000) General Aggregate;
 - Commercial Automobile Liability Insurance. Commercial Automobile Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury or property damage, including but not limited to coverage for all automobiles owned, non-owned and hired by Redflex;
 - Professional Liability (Errors and Omissions) Insurance. Redflex will use its commercial best efforts to procure and maintain Professional Liability (Errors and Omissions) Insurance with coverage of not less than Two Million Dollars (\$2,000,000) each and every claim and in the Aggregate; and
 - Workers' Compensation and Employer's Liability Insurance. Workers' Compensation Insurance with coverage of not less than that required by the Labor Code of the State of (insert name), and Employer's Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) per occurrence.
2. With respect to the Commercial General Liability Insurance the following additional provisions shall apply:
 - The Customer Parties shall be named as additional insured with respect to the Commercial General Liability insurance; and
 - The insurance coverage procured by Redflex and described above shall be the primary insurance with respect to the Customer Parties in connection with this Agreement, and any insurance or self-insurance maintained by any of the Customer Parties shall be in excess, and not in contribution to, such insurance; and
 - Any failure to comply with the reporting provisions of the various insurance policies described above shall not affect the coverage provided to the Customer Parties, and such insurance policies shall state the such insurance coverage shall apply separately with respect to each additional insured against whom any claim is made or suit is brought, except with respect to the limits set forth in such insurance policies.
3. With respect to the insurance described in the foregoing Section of this Exhibit A, if any of the Redflex Parties are notified by any insurer that any insurance coverage will be cancelled, Redflex shall immediately provide 30 days written notice thereof to the Customer and shall take all necessary actions to correct such cancellation in coverage

limits, and shall provide written notice to the Customer of the date and nature of such correction. If Redflex, for any reason, fails to maintain the insurance coverage required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement, and the Customer shall have the right, but not the obligation and exercisable in its sole discretion, to either (i) terminate this Agreement and seek damages from Redflex for such breach, or (ii) purchase such required insurance, and without further notice to Redflex, deduct from any amounts due to Redflex pursuant to this Agreement, any premium costs advanced by the Customer for such insurance. If the premium costs advanced by the Customer for such insurance exceed any amounts due to Redflex pursuant to this Agreement, Redflex shall promptly remit such excess amount to the Customer upon receipt of written notice thereof.

4. Redflex shall provide certificates of insurance evidencing the insurance required pursuant to the terms of this Agreement, which certificates shall be executed by an authorized representative of the applicable insurer, and which certificates shall be delivered to the Customer prior to Redflex commencing any work pursuant to the terms of this Agreement.

Exhibit "B"

Compensation Payable to Redflex.

1. Customer shall pay to Redflex \$5.00 per each and every "Registration Hold", "FLAG" and/or "REGISTRATION DECISION" issued, determined, submitted and/or rendered by the Texas Department of Motor Vehicles and/or agent and/or authorized representative thereof, and/or agent and/or authorized representative of Tarrant County Tax Assessor Office, on the first/initial FLAG batch file submitted.

2. Customer shall pay to Redflex \$10.00 per each and every "Registration Hold", "FLAG" and/or "REGISTRATION DECISION" issued, determined, submitted and/or rendered by the Texas Department of Motor Vehicles and/or agent and/or authorized representative thereof, and/or agent and/or authorized representative of Tarrant County Tax Assessor Office, on each subsequent batch file submitted.

3. Invoicing for the service herein to be held until the gross receipts collected from registration holds (ASP) is equal to twice the amount due of the initial batch file costs.

Example: Initial ASP batch file cost is 10,000 holds times \$5 each = \$50,000.00, invoicing will be held until gross receipts collected from the Bedford ASP program reaches \$100,000.00.

4. For each paid notice collected under this AUTOMATED REGISTRATION HOLD SERVICES PROGRAM AGREEMENT, Redflex shall suspend customary and contractual per paid tier amounts and instead agree to collect \$38.00 each.



Council Agenda Background

PRESENTER: Roger Gibson, Police Chief
Cliff Blackwell, Director of Administrative Services

DATE: 09/10/13

Council Mission Area: Demonstrate excellent customer service in an efficient manner.

ITEM:

Consider a resolution authorizing the City Manager to enter into an interlocal agreement with the Texas Department of Motor Vehicles for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.

City Attorney Review: Yes

City Manager Review: _____

DISCUSSION:

In 2007, the City of Bedford entered into a contract with Redflex Traffic Systems, Inc. to implement a red light camera/photo enforcement program. As of May 31, 2013, a total of 13,924 administrative red light camera/photo enforcement violations exists that are 91 or more days past due and the vehicle recorded on the violation is registered in Texas. These violations total approximately \$1,346,480.

By entering into an interlocal agreement with the Texas Department of Motor Vehicles (TxDMV), Bedford would be authorizing the State to place a registration hold on all past and future red light camera/photo enforcement violations that are 91 or more days past due and where the vehicle recorded on the violation is registered in Texas.

The City of Bedford will contract with Redflex Traffic Systems, Inc. to administer the batch files submitted to the TxDMV for the registration holds. Redflex will incur all fees from the TxDMV for processing registration holds. Additionally, Redflex will be responsible for establishing and maintaining the escrow account as required by the TxDMV.

RECOMMENDATION:

Staff recommends the following motion:

Approval of a resolution authorizing the City Manager to enter into an interlocal agreement with the Texas Department of Motor Vehicles for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.

FISCAL IMPACT:

Fees assessed by the Texas Department of Motor Vehicles will be paid by Redflex Traffic Systems, Inc.

ATTACHMENTS:

Resolution
Interlocal Agreement

RESOLUTION NO. 13-

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT WITH THE TEXAS DEPARTMENT OF MOTOR VEHICLES FOR THE PURPOSE OF IMPLEMENTING A SCOFFLAW PROGRAM FOR UNPAID ADMINISTRATIVE RED LIGHT CAMERA/PHOTO ENFORCEMENT VIOLATIONS.

WHEREAS, the City Council of Bedford, Texas determines the necessity to enter into an interlocal agreement with the Texas Department of Motor Vehicles for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations; and,

WHEREAS, the City Council of Bedford, Texas determines that Scofflaw registration holds through the Texas Department of Motor Vehicles will only take place for red light camera/photo enforcement violations that are 91 or more days past due and the vehicle recorded on the violation is registered in Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:

SECTION 1. That the City Council of Bedford, Texas authorizes the City Manager to enter into an interlocal agreement with the Texas Department of Motor Vehicles for the purpose of implementing a Scofflaw Program for unpaid administrative red light camera/photo enforcement violations.

PASSED AND APPROVED this 10th day of September 2013, by a vote of ___ayes, ___nays and ___ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney

STATE OF TEXAS §
COUNTY OF TRAVIS §

INTERLOCAL AGREEMENT

THIS CONTRACT is entered into by the Contracting Parties under Government Code, Chapter 791.

I. CONTRACTING PARTIES:

The Texas Department of Motor Vehicles (TxDMV)

(Local Government)

II. PURPOSE: Scofflaw Services contract for marking Texas Motor Vehicle Registration Records.

III. STATEMENT OF SERVICES TO BE PERFORMED: TxDMV will undertake and carry out services described in **Attachment A**, Scope of Services.

IV. CONTRACT PAYMENT: Contract payment shall conform to the provisions of **Attachment B**, Budget.

V. TERM OF CONTRACT: This contract begins when fully executed by both parties and terminates five years from the date this contract is executed by the state, or when otherwise terminated as provided in **Attachment C**, Article 5 of this Agreement.

VI. LEGAL AUTHORITY:

THE PARTIES certify that the services provided under this contract are services that are properly within the legal authority of the Contracting Parties.

TxDmv further certifies that it has the authority to perform the services by authority granted in Section 702.003 and in Section 707.017 of the Texas Transportation Code.

The governing body, by resolution or ordinance, dated _____, has authorized the Local Government to obtain the services described in **Attachment A**.

This contract incorporates the provisions of **Attachment A**, Scope of Services, **Attachment B**, Budget, **Attachment C**, General Terms and Conditions, **Attachment D**, Resolution or Ordinance, **Attachment E**, Contact Information, and **Attachment F**, Account Information.

(Name of Local Government)

By _____ Date _____

AUTHORIZED SIGNATURE

TYPED OR PRINTED NAME AND TITLE

Title _____

FOR THE STATE OF TEXAS

Executed for the Executive Director and approved by the Texas Department of Motor Vehicles Board for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Department of Motor Vehicles Board.

By _____ Date _____

Randy Elliston
Director, Vehicle Titles and Registration Division
Texas Department of Motor Vehicles

ATTACHMENT A

Scope of Services

TxDMV will:

1. On initial probes (inquiries) of data submissions received from the local government, generate an output file containing matching license plates. If no vehicle record is found, such factual information will be indicated on the output file together with the input data. Input and output files will be returned to the Local Government after completion of the computer run.

Place "flags" on vehicle records based on data submissions received from Local Government containing "flag" request codes.

2. Remove "flags" from vehicle records based on data submissions received from Local Government containing "clear" request codes.

Local Government shall:

1. Provide data submissions to TxDMV in accordance with TxDMV specifications for computer run of initial probes (inquiry), flags (marking) of vehicle records and clears (removal) of flags. Due to changing technology, these specifications will be distributed by TxDMV to the local governments on September 1st of every year.
2. Submit an application to establish the method of payment (see Attachment F), and establish an account prior to submitting inquiries.

ATTACHMENT B

Budget

Fees for file submission and transactions shall be submitted to TxDMV in accordance with 43 TAC Chapter ~~207.217~~.*

Payments shall be submitted to the following address:

Texas Department of Motor Vehicles
Administrative Services Division
PO Box 5020
Austin, TX 78763-5020

- A. If the Local Government chooses to establish a "Pay On Demand" account, the applicable payment of fees must be made each time a request to probe (search/inquiry), place or remove "flags" from motor vehicle records is submitted to TxDMV. An account will be opened to hold the \$500.00 (or greater) initial deposit.
- B. As an alternative, if the Local Government chooses to establish a non-interest bearing escrow "Prepaid Account" with TxDMV, upon agreement between the Local Government, TxDMV and payment of applicable fees, as described below, TxDMV will establish an account in the name of the Local Government. Charges shall be deducted from the escrow account until the balance of that account reaches the minimum required balance for the Local Government, as determined by TxDMV and provided herein.

A deposit of at least \$500.00 shall be maintained in a non-interest bearing escrow account. This initial deposit is to cover estimated service use. The escrow account shall be established with TxDMV prior to submission of probes (inquiries), or placing or removing "flags" from motor vehicle records for the Local Government. Payment of the deposit shall be made by check or warrant, payable to the "Texas Department of Motor Vehicles" and is due upon execution of this contract. The \$500.00 minimum balance, to be maintained in the escrow account, may increase depending on established monthly usage by the Local Government. This additional funding is payable within fifteen (15) days from receipt of notification from TxDMV.

An escrow account balance statement will be provided by TxDMV each time a probe or a request to place or remove "flags" from motor vehicle records is submitted.

If the balance in the non-interest bearing escrow account falls below the \$500.00 minimum balance, TxDMV may suspend processing probes, or placing or removing "flags" from motor vehicle records for the Local Government until such time as a deposit is made by the Local Government, in an amount sufficient to increase the balance in the escrow account to the \$500.00 minimum balance.

**Per Linda Williams, TxDMV 06/13/2012.*

ATTACHMENT C

General Terms and Conditions

Article 1. Amendments

This contract may only be amended by written agreement executed by both parties before the contract is terminated.

Article 2. Conflicts Between Agreements

If the terms of this contract conflict with the terms of any other contract between the parties, the most recent contract shall prevail.

Article 3. Disputes

TxDMV will be responsible for the settlement of all contractual and administrative issues.

Article 4. Ownership of Equipment

Except to the extent that a specific provision of this contract states to the contrary, all equipment purchased by TxDMV under this contract will be owned by TxDMV.

Article 5. Termination

This contract may be terminated by mutual written agreement, or 30 days after either party gives notice to the other party, whichever occurs first.

Article 6. Gratuities

Any person who is doing business with or who reasonably speaking may do business with TxDMV under this contract may not make any offer of benefits, gifts, or favors to employees of TxDMV.

Article 7. Responsibilities of the Parties

Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is responsible for its own acts and deeds and for those of its agents, servants, or employees.

Article 8. Compliance with Laws

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this agreement.

Article 9. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this agreement on behalf of the entity represented.

ATTACHMENT D

Resolution or Ordinance

On the _____ day of _____, 20____, the _____ City/Town Council passed Resolution No. _____, hereinafter identified by reference, authorizing the City's participation in the Program.

ATTACHMENT E

Contact Information

Technical assistance regarding probes, placing and removing of "flags" from motor vehicle records or information regarding payments for your account may be obtained by contacting the Administrative Services Division, Technology Support Branch, at (512) 465-7590 or (512) 465-7950 (Monday through Friday 8:00 AM - 5:00 PM).

ATTACHMENT F

ACCOUNT INFORMATION

ADMINISTRATIVE SERVICES DIVISION 4000 JACKSON AVENUE, AUSTIN, TEXAS 78731-6007 PLEASE PRINT OR TYPE		Contract Number For Department Use Only
Type of Account Requested: _____ "Prepaid" Account _____ "Pay On Request" Account		
DATE:	ATTN: <i>(Name and Telephone Number of Person Responsible For Account)</i>	
ACCOUNT NAME:		
BILLING ADDRESS:		
ATTENTION: <i>(Name and Mailing Address of the Person Responsible for Sending and Receiving Files.)</i>		
MAILING ADDRESS:		
E-MAIL ADDRESS: <i>(For Contact Purposes By E-mail)</i>		
BUSINESS TELEPHONE NUMBER:		BUSINESS FAX NUMBER:
<i>For Department Use Only</i>		
Escrow Amount	_____	
Date Agreement Signed	_____	
<u>Account Terminated/Canceled</u>		
Non-Payment	User Request	Account Number
_____	_____	_____



Council Agenda Background

PRESENTER: David Miller, Deputy City Manager

DATE: 09/10/13

Council Mission Area: Protect the vitality of neighborhoods.

ITEM:

Consider a resolution approving an amendment to the Economic Development Agreement, pursuant to Chapter 380 of the Texas Local Government Code and the City's Economic Development Incentive Policy and Program, with 6Stones, L.L.C. ("6Stones")

City Attorney Review: Yes

City Manager Review: _____

DISCUSSION:

On September 27, 2011, the City Council entered into an amended 380 Agreement with 6Stones for the purpose of providing support for the Community Powered Revitalization Program (CPR). The Agreement stipulates that the City will contribute \$35,000 annually for the CPR program, with \$25,000 towards administrative costs and \$10,000 applied to reimbursable expenses. The 380 Agreement caps the reimbursable total at \$10,000.

This fiscal year, 6Stones assisted with the revitalization of 14 homes of elderly and disabled Bedford residents. Due to the number and size of the homes and the cost of materials, 6Stones exceeded the reimbursable amount by \$7,026.87. 6Stones requests that the Council consider reimbursing their organization this amount. In order to meet their request, an amendment to the 380 agreement will need to be executed.

In addition, 6Stones asked the City to increase the total allowed cap by an additional \$10,000, bringing the total amount of the 380 Agreement to \$45,000 with \$20,000 now being applied to the reimbursable amount.

The amendment also includes an automatic renewal clause for subsequent years with either party allowed to terminate the agreement at the end of each future fiscal year. Any references to a specific year have been removed to accommodate this change.

Should the amended 380 Agreement be approved, the \$7,026.87 would be reimbursed this fiscal year. The additional \$10,000 would be budgeted in the upcoming 2013/2014 fiscal year. The funds are included in the proposed budget as presented at the budget work session held on August 9, 2013.

RECOMMENDATION:

Staff recommends the following motion:

Approval of a resolution approving an amendment to the Economic Development Agreement, pursuant to Chapter 380 of the Texas Local Government Code and the City's Economic Development Incentive Policy and Program, with 6Stones, L.L.C.

FISCAL IMPACT:

\$7,026.87 from the General Fund FY 2013
\$10,000 from the General Fund FY 2014

ATTACHMENTS:

Resolution
Agreement

RESOLUTION NO. 13-

A RESOLUTION APPROVING AN AMENDMENT TO THE ECONOMIC DEVELOPMENT PROGRAM AGREEMENT, PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE AND THE CITY'S ECONOMIC DEVELOPMENT INCENTIVE POLICY AND PROGRAM, WITH 6STONES, L.L.C. ("6STONES").

WHEREAS, the City of Bedford, Texas, pursuant to Chapter 380 of the Texas Local Government Code, as amended, is authorized to participate in economic development incentive agreements that include sales tax rebate agreements; and,

WHEREAS, the City Council of Bedford, Texas desires to promote economic development within the City; and,

WHEREAS, the City Council of Bedford, Texas has adopted an amended Economic Development Incentive Policy and Program on October 19, 2010 (the "380 Program") in accordance with Chapter 380 of the Texas Local Government Code; and,

WHEREAS, 6Stones intends to make renovations, rehabilitate, or repair certain defined residential properties in the City per the terms and conditions of the amended Economic Development Program Agreement, same being attached hereto and incorporated herein as Exhibit "A" to this Resolution (the "Agreement"); and,

WHEREAS, the Agreement complies with the 380 Program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:

SECTION 1. That the findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

SECTION 2. That the City Council hereby approves the amended Agreement and the City Manager is hereby authorized to execute same on behalf of the City.

PASSED AND APPROVED this 10th day of September 2013, by a vote of ___ ayes, ___ nays and ___ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary

APPROVED AS TO FORM:

Stan Lowry, City Attorney

SECOND AMNEDMENT TO THE ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

This Second Amendment to the **ECONOMIC DEVELOPMENT PROGRAM AGREEMENT (“Agreement”)** shall replace and completely supersede any previous Economic Development Program Agreements entered into by and between the **CITY OF BEDFORD, TEXAS** (the “**City**”), a home rule municipal corporation organized under the laws of the State of Texas, and 6Stones Mission Network, a non-profit corporation existing and operating pursuant to the laws of the State of Texas (the “**Grantee**”). The City and Grantee are collectively referred to as the “Parties”.

RECITALS

The City and Grantee hereby agree that the following statements are true and correct and constitute the basis upon which the City and Grantee have entered into this Agreement:

A. Grantee hereby agrees to renovate, rehabilitate, or repair certain defined residential properties in the City pursuant to the terms of this Agreement and the City’s Community Powered Revitalization Program (“CPRP”). The City shall grant the Grantee the funds described herein in accordance with the terms and conditions of this Agreement, the CPRP, and the 380 Program (defined below). Program Grants (defined below) will be directed towards one or more projects in the City, as may be approved from time to time. The Eligible Improvements will provide a valuable catalyst for development in the City and increased tax revenues and property value stabilization to the City. Eligible improvements will be defined in the program proposal hereto attached as Exhibit “B” (the “Eligible Improvements”).

B. In order to maximize the economic benefits that the Eligible Improvements can bring to the City, the City and Grantee desire to enter into this Agreement.

C. In accordance with Resolution No. 10-124, adopted by the City Council on October 19, 2010, attached hereto as Exhibit “A” and hereby made a part of this Agreement for all purposes, the City has established an economic development incentive policy and program pursuant to which the City will, on a case-by-case basis, offer economic incentive packages authorized by Chapter 380 of the Texas Local Government Code, Article III, Section 52-a of the Texas Constitution, and other applicable laws, that include monetary reimbursements and grants of public money in the amount of **forty five thousand dollars (\$45,000.00)**, and the waiver of applicable City permit fees, for Eligible Improvements that will promote state or local economic development and stimulate business and commercial activity in the City (the “**380 Program**”). The CPRP has been approved as a component of the 380 Program.

D. The City Council has determined that by entering into this Agreement, the potential economic benefits and property value stabilization that will accrue to the City under the terms and conditions of this Agreement are consistent with the City's economic development objectives, the CPRP, and the 380 Program and will further the goals for positive growth and property value stabilization in the City. In addition, the City Council has determined that the 380 Program is an appropriate means to achieve the completion of the Projects (defined below), which the City Council has determined are necessary and desirable, and that the potential economic benefits that will accrue to the City pursuant the terms and conditions of this Agreement are consistent with the City's economic development objectives as outlined in the 380 Program. This Agreement is authorized by Chapter 380 of the Texas Local Government Code and the 380 Program.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. INCORPORATION OF RECITALS.

The City Council has found at a duly-called and legally-noticed public meeting through the adoption of City Resolution No. 10-124, attached hereto as Exhibit "A" and hereby made a part of this Agreement for all purposes, and the City and Grantee hereby agree, that the recitals set forth above are incorporated herein and true and correct and form the basis upon which the Parties have entered into this Agreement.

2. DEFINITIONS.

In addition to terms defined in the body of this Agreement, the following terms shall have the definitions ascribed to them as follows:

380 Program has the meaning ascribed to it in Recital C.

Affiliate means all entities, incorporated or otherwise, under common control with, controlled by or controlling Grantee. For purposes of this definition, "control" means fifty percent (50%) or more of the ownership determined by either value or vote.

Certificate of Completion has the meaning ascribed to it in Section 5.1.

Completion Date means the date as of which all Projects have been completed as required by the City.

Completion Deadline means within one (1) year of grant application approval.

Construction Costs means construction costs directly expended by Grantee for the Eligible Improvements.

Director means the director of the City's Community and Economic Development Department, or designee.

Effective Date has the meaning ascribed to it in Section 3.

Eligible Improvements has the meaning ascribed to it in Recital A and Exhibit "B".

Program Grants means the economic development grants paid by the City to Grantee in accordance with this Agreement and as part of the 380 Program, and the waiver of applicable City permit fees.

Program Source Funds means an amount of City funds available for inclusion in a Program Grant that is payable in a given Program Year, which shall equal to **forty five thousand dollars (\$45,000.00)** of Grant funds from the City to Grantee to be distributed as defined herein during the Twelve-Month Period ending in the same Program Year in which the Program Grant for that Program Year is payable. In addition, the City shall waive applicable City permit fees for all Eligible Improvements for Projects.

Program Year means the City's fiscal year in which the City is obligated pursuant to this Agreement to reimburse Grantee a Program Grant for Eligible Improvements.

Project means every and each residential renovation, rehabilitation or repair project applied for and approved throughout the Program Year that meets the criteria of the CPRP, and the 380 Program.

Term has the meaning ascribed to it in Section 3.

Twelve-Month Period means the period by which the construction of the Eligible Improvements must be completed.

3. **TERM.**

This agreement shall automatically be extended for an additional one year on the same terms and conditions as stated herein unless either party hereto shall notify the other party in writing its intent to terminate the Agreement by September 30 of any given year.

4. **OBLIGATIONS OF GRANTEE.**

4.1. **Completion Deadline**

In accordance with the terms and conditions of this Agreement, by September 30 of each year, the Completion Date, Grantee shall have completed each Project and have made the Eligible Improvements starting ninety (90) days after grant application and after all appropriate construction permits have been

obtained for a specific Project. The Completion Date for the Eligible Improvements for all Projects must occur on or before the Completion Deadline. It is agreed that Grantee can apply for multiple eligible Projects throughout the Program Year so long as all eligible Projects are completed by the Completion Deadline. All guidelines for application must be made to be eligible for the Program Grant. Grants will be reviewed and considered by the City on a first-come-first-served basis. Submission of an application does not guarantee approval.

5. CITY OBLIGATIONS.

5.1. Issuance of Program Grant

Upon execution of this Agreement, the City will make Program Grant payments as follows: (i) twenty five thousand dollars (\$25,000.00) to Grantee on or before November 1; and (ii) not to exceed twenty thousand dollars (\$20,000.00) to Grantee based on written application by Grantee to the City providing sufficient description and detail of a Project. Grantee shall use no more than ten thousand dollars (\$10,000.00) to pay for contractors or construction managers or consultants. Upon completion of each Project, Grantee shall submit written documentation, along with receipts and invoices, to the City (the "Certificate of Completion").

5.2 Grant for services already provided

For fiscal year 2012-2013, the City will make an additional Program Grant of \$7,026.87 for services provided pursuant to this agreement.

5.3. Source of Funds.

Construction of Eligible Improvements for all Projects must be completed by the Completion Deadline. It is understood and agreed that all Program Grants paid pursuant to this Agreement shall come from currently available general revenues of the City and not directly from Sales Tax Revenues. Grantee understands and agrees that any revenues of the City other than those dedicated for payment of a given annual Program Grant pursuant to this Agreement may be used by the City for any lawful purpose that the City deems necessary in the carrying out of its business as a home rule municipality and will not serve as the basis for calculating the amount of any future Program Grant or other obligation to Grantee.

6. DEFAULT, TERMINATION AND FAILURE BY GRANTEE TO MEET VARIOUS DEADLINES AND COMMITMENTS.

6.1. Failure to Complete Eligible Improvements.

If Grantee fails to make the Eligible Improvements for each Project by the Completion Date due to the acts or omissions of the Grantee, or if the Completion

Date does not occur by the Completion Deadline due to the acts or omissions of the Grantee, the City shall have the right to terminate this Agreement by providing written notice to Grantee without further obligation to Grantee hereunder.

6.2. Violations of City Code, State or Federal Law.

An event of default shall occur under this Agreement if any written citation is issued to Grantee or an Affiliate due to the occurrence of a violation of a material provision of the City Code relating to the Eligible Improvements for the Project (including, without limitation, any violation of the City's Building or Fire Codes and any other City Code violations related to the environmental condition arising out of the Eligible Improvements of a Project; the environmental condition that is attributable to a Project; or to matters concerning the public health, safety or welfare) and such citation is not paid or the recipient of such citation does not properly follow the legal procedures for protest and/or contest of any such citation. An event of default shall occur under this Agreement if the City is notified by a governmental agency or unit with appropriate jurisdiction that Grantee or an Affiliate, or any successor in interest thereto, any third party with access to the Project pursuant to the express or implied permission of Grantee or an Affiliate, or any a successor in interest thereto, or the City (on account of the Eligible Improvements or the act or omission of any party other than the City on or after the effective date of this Agreement) is in violation of any material state or federal law, rule or regulation relating to the Eligible Improvements for the Project (including, without limitation, any violations related to the environmental condition of a Project). Upon the occurrence of such default, the City shall notify Grantee in writing and Grantee shall have (i) thirty (30) calendar days to cure such default or (ii) if Grantee has diligently pursued cure of the default but such default is not reasonably curable within thirty (30) calendar days, then such amount of time that the City reasonably agrees is necessary to cure such default. If the default has not been fully cured by such time, the City shall have the right to terminate this Agreement immediately by providing written notice to Grantee and shall have all other rights and remedies that may be available to under the law or in equity.

6.3. Knowing Employment of Undocumented Workers.

Grantee acknowledges that effective September 1, 2007, the City is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. Grantee *hereby certifies that Grantee, and any branches, divisions, or departments of Grantee, does not and will not knowingly employ (as such term is defined by 8 U.S.C. Section 1324a(f)) an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that Grantee, or any branch, division, or department of Grantee, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens):*

- *if such conviction occurs during the Term of this Agreement, this Agreement shall terminate contemporaneously upon such conviction (subject to any appellate rights that may lawfully be available to and exercised by Grantee) and Grantee shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Program Grants received by Grantee hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum; or*
- *if such conviction occurs after expiration or termination of this Agreement, subject to any appellate rights that may lawfully be available to and exercised by Grantee, Grantee shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Program Grants received by Grantee hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum.*

For the purposes of Section 6.4, “**Simple Interest**” is defined as a rate of interest applied to the aggregate amount of the Program Grants. This Section 6.4 does not apply to convictions of any subsidiary or affiliate entity of Grantee, by any franchisees of Grantee, or by a person or entity with whom Grantee contracts. Notwithstanding anything to the contrary herein, this Section 6.4 shall survive the expiration or termination of this Agreement.

6.4. General Breach.

Unless stated elsewhere in this Agreement, Grantee shall be in default under this Agreement if Grantee breaches any term or condition of this Agreement. In the event that such breach remains uncured after thirty (30) calendar days following receipt of written notice from the City referencing this Agreement and specifying the alleged breach or default (or, if Grantee has diligently and continuously attempted to cure following receipt of such written notice but reasonably requires more than thirty (30) calendar days to cure, then such additional amount of time as is reasonably necessary to effect cure, as determined by both parties mutually and in good faith), the City shall have the right to terminate this Agreement immediately by providing written notice to Grantee.

7. NO INDEPENDENT CONTRACTOR OR AGENCY RELATIONSHIP.

It is expressly understood and agreed that Grantee shall not operate as an independent contractor or as an agent, representative or employee of the City. Grantee shall exercise reasonable care in managing all volunteers, suppliers, contractors, subcontractors and materials relative to the Eligible Improvements for the Project. . Grantee acknowledges that the doctrine of *respondeat superior* will not apply as between the City and Grantee, its officers, agents, servants, employees, contractors,

subcontractors, licensees, and invitees. Grantee further agrees that nothing in this Agreement will be construed as the creation of a partnership or joint enterprise between the City and Grantee.

8. NOTICES.

All written notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand delivery:

City:

City of Bedford

Attn: City Manager
2000 Forest Ridge Drive
Bedford, Texas 76021

Grantee:

6Stones Mission Network, a Texas non-profit corporation

Attn: Executive Director
Address:

With Copies to (which shall not constitute notice):

Boyle & Lowry, L.L.P.
Attn: L. Stanton Lowry
4201 Wingren Dr., Suite 108
Irving, Texas 75062

Adams. Lynch & Loftin, P.C.
Attn: Neal W. Adams
3950 Highway 360
Grapevine, Texas 76051

9. ASSIGNMENT AND SUCCESSORS.

Grantee may at any time assign, transfer or otherwise convey any of its rights or obligations under this Agreement to an Affiliate without the approval of the City so long as Grantee, the Affiliate and the City first execute an agreement under which the Affiliate agrees to assume and be bound by all covenants and obligations of Grantee under this Agreement. Grantee may also assign its rights and obligations under this agreement to a financial institution or other lender for purposes of granting a security interest in the Eligible Improvements and/or Land, provided that such financial institution or other lender first executes a written agreement with the City governing the rights and obligations of the City, Grantee and the financial institution or other lender with respect to such security interest. Otherwise, Grantee may not assign, transfer or otherwise convey any of its rights or obligations under this Agreement to any other person or entity without the prior consent of the City Council, which consent shall not be unreasonably withheld, conditioned on (i) the prior approval of the assignee or successor and a finding by the City Council that the proposed assignee or successor is financially capable of meeting the terms and conditions of this Agreement and (ii) prior execution by the proposed assignee or successor of a written agreement with the City under which the proposed assignee or

successor agrees to assume and be bound by all covenants and obligations of Grantee under this Agreement. Any attempted assignment without the City Council's prior consent shall constitute a breach and be grounds for termination of this Agreement and following receipt of written notice from the City to Grantee. Any lawful assignee or successor in interest of Grantee of all rights under this Agreement shall be deemed "Grantee" for all purposes under this Agreement.

10. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS.

This Agreement will be subject to all applicable federal, state and local laws, ordinances, rules and regulations relating to the Eligible Improvements for the Project, including, but not limited to, all provisions of the City's Charter, codes, and ordinances, as amended relating to the Eligible Improvements for the Project.

11. GOVERNMENTAL POWERS.

It is understood that by execution of this Agreement, the City does not waive or surrender any of its governmental powers or immunities that are outside of the terms, obligations, and conditions of this Agreement.

12. NO WAIVER.

The failure of either party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that party's right to insist upon appropriate performance or to assert any such right on any future occasion.

13. VENUE AND JURISDICTION.

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action shall lie in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas – Fort Worth Division. This Agreement shall be construed in accordance with the laws of the State of Texas.

14. NO THIRD PARTY RIGHTS.

The provisions and conditions of this Agreement are solely for the benefit of the City and Grantee, and any lawful assign or successor of Grantee, and are not intended to create any rights, contractual or otherwise, to any other person or entity.

15. FORCE MAJEURE.

It is expressly understood and agreed by the Parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, or other circumstances which are reasonably beyond the

control or knowledge of the party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstance is similar to any of those enumerated or not, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement shall be extended for a period of time equal to the period such party was delayed. Notwithstanding anything to the contrary herein, it is specifically understood and agreed that Grantee failure to obtain adequate financing to complete the Eligible Improvements by the Completion Deadline shall not be deemed to be an event of force majeure and that this Section 16 shall not operate to extend the Completion Deadline in such an event.

16. INTERPRETATION.

In the event of any dispute over the meaning or application of any provision of this Agreement, this Agreement shall be interpreted fairly and reasonably, and neither more strongly for or against any party, regardless of the actual drafter of this Agreement.

17. SEVERABILITY CLAUSE.

It is hereby declared to be the intention of the Parties that sections, paragraphs, clauses and phrases of this Agreement are severable, and if any phrase, clause, sentence, paragraph or section of this Agreement shall be declared unconstitutional or illegal by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality or illegality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this Agreement since the same would have been executed by the Parties without the incorporation in this Agreement of any such unconstitutional phrase, clause, sentence, paragraph or section. It is the intent of the Parties to provide the economic incentives contained in this Agreement by all lawful means.

18. CAPTIONS.

Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

19. ENTIRETY OF AGREEMENT.

This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and Grantee, and any lawful assign and successor of Grantee, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement. Notwithstanding anything to the contrary herein, this Agreement shall not be amended unless executed in writing by both parties and approved by the City Council of the City in an open meeting held in accordance with Chapter 551 of the Texas Government Code.

20. COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED as of the last date indicated below:

CITY OF BEDFORD:

GRANTEE:

By: _____

Beverly Griffith

City Manager

By: _____

_____, 6Stones Mission
Network, a Texas non-profit
corporation

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGALITY:

By: _____

L. Stanton Lowry
City Attorney

EXHIBITS

“A” –

“B” –