

Sec. 6-1, Tax Collection

1. For the calendar year 1979 and for each subsequent calendar year, all property subject to taxation within the limits of the City of Terrell Hills shall be assessed for taxation as of January 1 of such year, and it shall be the duty of every person owning taxable property in the City on January 1 of each year to assess or render such property for taxation with the Assessor and Collector of Taxes for the City during the rendition period commencing January and continuing through April 30 of each such year.

2. The taxes levied and assessed on taxable property for each calendar year shall become due and payable on October 1 of the calendar year in which the levy and assessment is made.

3. If any person shall pay, on or before November 30 of the year for which their assessment is made $\frac{1}{2}$ of the taxes imposed by law on him or his property, then he shall have until and including the 30th day of the succeeding June, within which to pay the other $\frac{1}{2}$ of his said taxes without penalty or interest.

4. If said taxpayer, after paying $\frac{1}{2}$ of his said taxes on or before November 30, as hereinbefore provided, shall fail or refuse to pay, on or before June 30 next succeeding said November, the other $\frac{1}{2}$ of his said taxes, a penalty of eight percent (8%) of the amount of the unpaid taxes shall accrue thereon.

5. If any person fails to pay $\frac{1}{2}$ of the taxes imposed by law upon him or his property, on or before the 30th day of November of the year for which the assessment is made, then unless he pays all of the taxes (imposed by law on him or his property), on or before the 31st day of the succeeding January, the following penalty shall be made thereon, to wit: During the month of February, one (1%) percent; during the month of March, two (2%) percent; during the month of April, three (3%) percent, during the month of May, four (4%) percent; during the month of June, five (5%) percent; and on and after the first day of July, eight (8%) percent.

6. All ad valorem taxes, unless $\frac{1}{2}$ thereof have been paid on or before November 30 as hereinabove provided, shall become delinquent if not paid prior to February 1 of the year next succeeding the year for which the taxes are assessed. If $\frac{1}{2}$ of said ad valorem taxes have been paid on or before the 30th day of November as herein provided, the remaining $\frac{1}{2}$ of such taxes shall be delinquent if not paid before the first day of July of the year next succeeding the year for which the taxes are assessed.

7. All delinquent taxes shall bear interest at the rate of six percent (6%) per annum from the date of their delinquency.

8. The Assessor and Collector of Taxes shall, as of the first day of July of each year for which any City taxes for the preceding year remain unpaid, make up a list of the lands and lots and/or property on which any taxes for such preceding year are delinquent, charging against the same all unpaid taxes assessed against the owner thereof on the rolls for said year.

9. Penalties, interest and costs accrued against any land, lots and/or property need not be entered by the assessor and collector on said list, but in each and every instance all such penalties, interest and costs shall be and remain a charge with the same force and effect as if entered on said list, and the Assessor and Collector of Taxes shall calculate and charge all such penalties, interest and costs on all delinquent tax statements or delinquent tax receipts issued by him.

10. Said list shall be presented to the City Council for examination and correction, and after being so examined and corrected shall be approved by the Council. One copy thereof shall be filed with the City Clerk and one copy retained and filed by the Assessor and Collector of Taxes. Said list, as compiled by the Assessor and Collector of Taxes, and corrected by the City Council, or the rolls or books on file in the office of the Assessor and Collector of Taxes, shall be prima facie evidence that all the requirements of the law have been complied with as to the regularity of listing, assessing and levying all taxes therein set out, and that the amount assessed against said real estate is a true and correct charge. If the description of the real estate in said list or assessment rolls or books is not sufficient to identify the same, but there is a sufficient description of the inventories in the office of the Assessor and Collector of Taxes, then said inventories shall be admissible as evidence of the description of said property.

11. All taxes, penalties, interest and costs shall be payable at the office of the Bexar County Assessor and Collector of Taxes at the Courthouse in the City of San Antonio unless otherwise provided by ordinance duly enacted.

12. The provisions of this Ordinance are severable and in the event that any provision hereof shall be declared invalid or unconstitutional by a Court of competent jurisdiction in this State, it is hereby declared that the remaining provisions hereof would have been enacted notwithstanding such judicial determination of the invalidity of any particular provision or provisions in any respect; and all remaining valid provisions hereof shall continue to be and remain in full force and effect.

13. The provisions of this Ordinance are intended to supersede and amend the provisions of Ordinance No. 10 passed and approved September 4, 1958, and to the extent that the provisions of Ordinance No. 10 are inconsistent herewith, the same shall be of no further force and effect. In the event that for any reason it should be determined that the provisions of this Ordinance cannot legally govern the assessment, rendition and collection of taxes in the City for the calendar year 1979, then said Ordinance No. 10 shall remain in full force and effect during the calendar year 1979 and the provisions hereof shall in any event beak come fully effective for the calendar year 1980. (Ord. 522, 4-9-79)

Sec. 6-2 (Reserved)

Sec. 6-3, Electric and Gas Sales Tax

1. That the 1% Local Sales and Use Tax Act tax on the sale, production, distribution, lease or rental of, and the use, storage, or other consumption of gas and electricity for residential use, shall continue to be imposed in the City of Terrell Hills, Texas and shall not be exempted effective October 1, 1979 as otherwise provided by Section 4A, Article 1066c, Revised Civil Statutes of Texas.

2. That the Secretary-Manager prior to May 1, 1979 shall mail a copy of this Ordinance to the Comptroller of Public Accounts by registered or certified mail for the purpose of giving notification as required by Section 4A, Article 1066c aforesaid, that the City has elected to continue the imposition of said 1% City Sales Tax on the residential use of gas and electricity.

(Ord. 516, 2-12-79)

Sec. 6-4, Freeport Property Taxes

1. All of that property described in the Texas Constitution, Article VIII, Sec. 1-j, shall be fully taxable in the City of Terrell Hills beginning January 1, 1991.

2. All ordinances and parts of ordinances in conflict with this ordinance are hereby repealed to the extent of the conflict.

3. This ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law in such cases provides.

(Ord. 808, 3-20-90)

Sec. 6-10, Appointing Bexar County Tax Assessor-Collector

SECTION I

1. The Tax Assessor/Collector of Bexar County, Texas, and his successors are hereby authorized to act as the Tax Assessor/Collector for the City of Terrell Hills, Texas. All powers previously held by the Tax Assessor /Collector for Terrell Hills relating to appraisal, assessment, and collection services relating to Ad Valorem Taxes in Terrell Hills are hereby transferred to the County Tax Assessor/Collector to be exercised under the laws of the State of Texas.

2. City Council of the City of Terrell Hills will appoint the Board of Equalization for the City of Terrell Hills.

3. All taxable property in the City of Terrell Hills shall be assessed at a tax rate and assessment ratio as determined by the City Council of the City of Terrell Hills and reported to the County Tax Assessor/Collector before the 25th of August each year.

SECTION II

1. City of Terrell Hills agrees to pay to the County Tax Assessor/Collector an amount per year for appraisal, assessment, collection and delinquent tax collection services based on the following rates:

a. One percent (1%) of the Taxes collected for assessment plus an additional one percent (1%) for collection, plus five percent (5%) of delinquent taxes collected, or

b. Four dollars (\$4.00) for each tax year for each account on the Terrell Hills tax roll, plus five percent (5%) of delinquent taxes collected from the delinquent tax rolls as described in

paragraph 5 of the contract.

Whichever is the lesser amount.

2. The County Tax Assessor/Collector is to make daily distributions for collections to Terrell Hills when said collections amount to Five Hundred Dollars (\$500.00) or more; however, the fees and commissions for the taxes collected are to be deducted by the County Tax Assessor Collector before remitting same to the City of Terrell Hills.

SECTION III

1. Services described herein shall be provided for each "tax year" (calendar year) and include appraisal and assessment services beginning January I and the collection of current taxes through June 30 of the following year. Upon completion of current year collections on June 30, a delinquent tax roll is to be prepared and begin the collection of delinquent taxes.

2. The County Tax Assessor/Collector will make all reports regarding Ad Valorem taxation to State agencies for the City of Terrell Hills and furnish information to auditors, as required to make credits for Terrell Hills. Additionally, the County Tax Assessor/Collector will defend appraised values at Terrell Hills' Board of Equalization promptly.

3. Copies of all building permits will be promptly provided to the County Tax Assessor/Collector.

4. Residents of Terrell Hills will pay taxes directly to the Bexar County Tax Assessor/Collector for distribution as specified in Section 11, paragraph 2.

5. The County Tax Assessor/Collector will provide a copy of the tax roll for all property in the jurisdiction of Terrell Hills.

SECTION IV

This ordinance is to be effective March 1, 1979 to December 31, 1979 for the 1979 tax year and run from January I to December 31 thereafter for subsequent tax years (calendar year). The effective period applies to any agreement between City of Terrell Hills and Bexar County Tax Assessor/Collector unless either party gives written notice to the other prior to July 1 preceding the tax year to terminate said agreement.

SECTION V

The Mayor of the City of Terrell Hills is hereby authorized to enter into a Tax Assessment and Collection Contract, attached to and made a part hereof, for implementation of the provisions of this

ordinance.

SECTION VI

If any parts of this ordinance shall be held to be unconstitutional, such unconstitutionality shall not affect the remaining parts of the ordinance.
(Ord. 517, 3-20-79)

Sec. 6-15, Authorizing a Collector for Delinquent Taxes

1. For the calendar year 1981 taxes and for each subsequent calendar year taxes that remain delinquent on July 1 of the year in which they become delinquent, a fifteen percent (15%) penalty of the amount of taxes, penalty, and interest due is hereby added to defray cost of collection.

2. This is an amendment to Ordinance No. 522 and the existing provisions of Ordinance No. 522 remain in full force and effect.
(Ord. 626, 4-5-82)
(See Resolution 1040, 9-13-99)

Sec. 6-20, Creation of Higher Education Facilities Corporation

SECTION 1. That the findings and declarations contained in the preambles of this Ordinance are incorporated herein as part of this Ordinance.

SECTION 2. That this City Council hereby finds and determines that it is to the best interest of the City and its inhabitants that a nonprofit corporation, to be named the City of Terrell Hills, Texas, Higher Education Facilities Corporations (the *Corporation*) be ordered created under the Act to act on behalf of the City as its duly constituted authority and instrumentality for the public purposes defined and with the powers conferred in the Act.

SECTION 3. That this City Council hereby orders that the Corporation be created under the Act with articles of incorporation (the *Articles*) in substantially the form attached hereto, and the City Council hereby designates and appoints the following persons to act on its behalf as the incorporators thereof, to-wit:

<u>NAME</u>	<u>ADDRESS</u>
1. W.W. Flannery	318 Geneseo Road Terrell Hills, Texas
2. Mrs. Ashley Miles	111 Sheraton Terrell Hills, Texas

3. Mrs. Carol O'Brien

214 Terrell Road
Terrell Hills, Texas

and this City Council directs and authorizes said incorporators to file the Articles with the Secretary of State of the State of Texas.

SECTION 4. That this City Council hereby appoints the President of the City of Terrell Hills, Texas, Higher Education Facilities Corporation, 5100 N. New Braunfels, San Antonio, Texas 78209, as the registered agent for the Corporation and appoints the following persons as members of the Board of Directors of the Corporation, to-wit:

<u>NAME</u>	<u>ADDRESS</u>
1. W.W. Flannery	318 Geneseo Rd. Terrell Hills, Texas
2. Ashley Miles	111 Sheraton Rd. Terrell Hills, Texas
3. Carol O'Brien	214 Terrell Rd. Terrell Hills, Texas
4. Arglye O'Brien	214 Terrell Rd. Terrell Hills, Texas
5. Beverly Flannery	318 Geneseo Rd. Terrell Hills, Texas
6. Kelley Barnett	829 Terrell Rd. Terrell Hills, Texas
7. Kay Rosene	348 Lilac Lane Terrell Hills, Texas
8. Buddy Rosene	348 Lilac Lane Terrell Hills, Texas
9. David Adelman	146 Charles Rd. Terrell Hills, Texas

said persons to serve for the terms specified in the Articles, subject to removal by this City Council for cause or at will as provided in the Act and in the Articles.

SECTION 5. That, as provided in the Act, the Corporation shall be a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses, bonds or other obligations shall ever inure to the benefit of any individual, firm or corporation, except that in the event sufficient provision has been made for the full payment of the expenses, bonds and other obligations of the Corporation, then any net earnings of the Corporation thereafter accruing shall be paid to the City.

SECTION 6. That the City expressly reserves the right, exercisable at any time and in its sole discretion, to alter the structure, organization, programs, or activities of the Corporation, or to terminate and dissolve the Corporation, subject only to any limitations provided by the respective constitutions and laws of the State of Texas or of the United States prohibiting the impairment of contract entered into by the Corporation.

SECTION 7. That the Corporation shall have no purposes and shall engage in no business or enterprise other than for the purposes provided in an authorized by the Act. Whenever the board of directors shall determine that the purposes for which the Corporation was formed have been substantially accomplished and that all bonds and other obligations theretofore issued or incurred by the Corporation have been fully paid or payment provided for, the members of the board of directors shall, upon receipt of the approval of this City Council, thereupon dissolve the Corporation in the manner provided by law, subject to the limitations provided in Section 6 of this Ordinance applicable to dissolution directed by the City Council.

SECTION 8. That whenever dissolution of the Corporation shall occur, whether instituted by this City Council, or by the board of directors of the Corporation, the dissolution proceedings shall transfer the title to all funds and properties then owned by the Corporation to the City after satisfaction of all claims against the Corporation has been made.

SECTION 9. That any and all bonds, notes or other similar obligations issued by the Corporation shall contain a provision, condition or recital substantially to the effect that they shall never be deemed to be or create an indebtedness or liability payable from taxation or a special, general or moral obligation payable out of any funds or properties of the City and that they shall be payable solely out of funds and properties of the Corporation pledged thereto.

SECTION 10. That it is intended that the Corporation be a duly constituted authority and instrumentality acting on behalf of the City within the meaning of regulations of the Treasury Department and the revenue rulings of the Internal Revenue Service of the United States

promulgated under Section 103 and 115 of the Internal Revenue Code of 1986, as amended.

SECTION 11. That the Bylaws of the Corporation, in substantially the form and substance attached hereto, are approved, and the same shall not be amended, altered or repealed without the approval of this City Council.

SECTION 12. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 13. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 14. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Revised Civil Statutes Annotated Article 6252-17, as amended.

SECTION 15. This Ordinance shall be in force and effect from and after its final passage, and it is so ordained.

(Ord. 728, 2-9-87)

6-21 Approving Bonds for Higher Education Facilities Corporation

Section 1. The Issuer Resolution, as adopted by the Board, agreeing to and declaring an intent to issue limited obligation revenue bonds for the purposes set forth in the Issuer Resolution is hereby approved, and the Mayor is hereby authorized to execute and deliver the Approval Certificate attached hereto as Exhibit A.

Section 2. This Resolution is adopted for the purpose of satisfying the conditions and requirements of the Act, the bylaws of the Issuer, and sections 103 and 147(f) of the Code and the regulations promulgated thereunder.

Section 3. The Bonds, which are issued:

- a. in a maximum aggregate face amount not to exceed \$2,000,000;
- b. to finance the costs associated with the Project;
- c. to fund a portion of the Reserve Fund, if any; and
- d. to pay certain costs of issuance of the Bonds,

are hereby approved pursuant to section 147(f) of the Code.

Section 4. The approvals herein given are in accordance with the provisions of section 147(f) of the Code, and are not to be construed as any undertaking by the City, and the Bonds shall never constitute an indebtedness or pledge of the City, Bexar County, Texas, or the State of Texas, within the meaning of any constitutional or statutory provision, and the holders of the Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any part out of any funds raised or to be raised by taxation or any other revenues of the Issuer, the City, Bexar County, Texas or the State of Texas except those revenues assigned and pledged by the Issuer in the Indenture of Trust to be executed by the Issuer in connection with the Bonds.

Section 5. The Mayor, City Secretary, and the City Manager, and the other officers of the City are hereby authorized, jointly and severally, to execute and deliver such additional endorsements, instruments, certificates, documents, or paper necessary and advisable to carry out the intent and purposes of this Resolution.

Section 6. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 7. All ordinances or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the City authorized or established by this Resolution or the Bonds is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the City to the fullest extent permitted by law.

Section 10. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 11. This Resolution shall be in force and effect from and after the date of its

adoption, and it is so resolved.
(Ord. 951, 4-8-96)

Sec. 6-25, Investment Policy

GENERAL STATEMENT

This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Government Code Chapter 2256 to define and adopt a formal investment policy.

1. POLICY

It is the policy of the City of Terrell Hills to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds in accordance with the Government Code 2256.005(d).

2. SCOPE

This investment policy applies to all financial assets of the City of Terrell Hills at the present time and any funds to be created in the future, unless prohibited by law or unless it is in contravention of any depository contract between the City and any depository bank. These funds are accounted for in the Independent Annual Financial Audit Report.

3. STANDARD OF CARE

In accordance with Government Code 2256.006 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. The City is concerned about the return of its principal, therefore, safety of principal is a primary objective in any investment transaction. The City's investment portfolio must be structured in conformance with an asset/liability management plan, which provides for liquidity necessary to pay obligations as they become due. The City seeks to maintain a minimum of 90 days fund equity balance to ensure adequate liquidity for liabilities.

4. DIVERSIFICATION

It will be the policy of the City to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the City shall always be selected that provide for stability of income and reasonable liquidity.

5. YIELD

It will be the objective of the City to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investment strategies for each fund and state and federal law governing investment of public funds. Portfolio maturities will be structured to meet the obligations of the City first and then to achieve the highest return of interest. When the City has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The maximum allowable stated maturity of any individual investment owned by the City is one year.

6. QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT

It is the City's policy to provide training required by the Public Funds Act, Sec. 2256.008 the City Investment Officer shall attend at least one training session relating to the officer's responsibility under the Act within 12 months after assuming duties and must receive not less than ten hours of investment training at least once in any two year period. Such training shall be from an independent source approved or endorsed by either the Government Finance Officers Association of Texas or the Texas Municipal League in order to insure the quality capability and currency on the City Investment Officer in making investment decisions.

In accordance with section 116.112(a), Local Government Code and/or Chapter 2256. 005 (f) and (g) the Investment Officer, may invest City funds that are not immediately required to pay obligations of the City. The City Council shall designate one or more officers or employees as investment officer.

If the investment officer has a personal business relationship with an entity in excess of 10% of the officer's gross income or \$2,500; or is related within the second degree of affinity or consanguinity to an individual-seeking to sell an investment to the city, the investment officer must file a statement that personal business interest-or relationship with the Texas Ethics Commission and the City Council in accordance with Government Code 2256.0005 (I).

7. INVESTMENT STRATEGIES

In accordance with the Public Funds Investment Act, Section 2256.005 (d), a written investment strategy will be developed for all funds under the city's control. The investment strategy must describe the investment objectives for the funds using the following priorities of importance:

- (1) Understanding of the suitability of the investment to the financial requirements of the entity
- (2) Preservation and safety of principal
- (3) Liquidity
- (4) Marketability of the investment if the need arises to liquidate the investment before maturity
- (5) Diversification of the investment portfolio

- (6) Yield
- (7) Maturity restrictions

The City of Terrell Hills is empowered by statute to invest in the following types of securities:

- (1) US Treasury bills, notes, bonds or other securities that are guaranteed or insured by the FDIC or secured in any other manner and amount provided by law for deposits of the city.
- (2) Collateralized or fully insured Certificates of Deposit at FDIC insured state and national banks or by credit unions domiciled in this state.
- (3) Repurchased agreements if secured by US Treasury bills. notes or bonds.
- (4) Eligible investment pools (as discussed in the Public Funds Investment Act, sec. 2256.016-2256.019) if the City Council by Resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The city by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchases with its local funds.

The Investment Officer may not enter into any installment sale obligation or lease-purchase agreement of \$1 million or more without Attorney General approval.

In accordance with the Public Funds Investment Act, Section 2256.005(e), The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

8. INVESTMENT RESPONSIBILITY AND CONTROL INVESTMENT INSTITUTIONS DEFINED

The City of Terrell Hills Investment Officer shall invest City funds with any or all of the following institutions or groups consistent with federal and state law and the current Depository Bank contract:

- (1) Depository bank
- (2) Other state and national banks or credit unions domiciled in this state, insured by the FDIC.
- (3) Public fund investment pools

(4) Government securities brokers and dealers: Qualifications for approval of broker /dealers

In accordance with 2256.005(k) a written copy of this investment policy shall be presented to any person seeking to sell to the city an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has;

(1) Received and thoroughly reviewed the investment policy of the city

(2) Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the city and the organization.

The investment officer may not buy any securities from a person who has not delivered to the city an instrument in substantially the form provided above according to Section 2256.005(1).

COLLATERAL OR INSURANCE

The City of Terrell Hills Investment Officer shall insure that all city funds are fully collateralized or insured consistent with federal and state law and the current Bank Depository Contract in one or more of the following manners:

- (1) FDIC insurance coverage
- (2) Obligations of the United States or its agencies and instrumentalities
- (3) Securities pledged by Depository Bank

SAFEKEEPING

All purchased securities shall be held in safekeeping by the City, or a city account in a third party financial institution, or with the Federal Reserve Bank.

All Certificates of Deposit, insured by the FDIC, purchased outside the Depository Bank shall be held in safekeeping by either the City Investment Officer or a third party financial institution,

All pledged securities by the Depository Bank shall be held in safekeeping the City, or a City account in a third party financial institution, or with a Federal Reserve Bank.

U.S. Treasury and Agency Securities shall be purchased using the delivery versus payment method. That is, funds shall not be wired or paid until verification has been made that the collateral was received by the Trustee. The collateral shall be held in the name of the City or held on behalf of the City. The Trustee's records shall assure the notation or the City's ownership or explicit claim on the Securities. The original copy of all Safekeeping receipts shall be delivered to the City.

9. AUDIT CONTROL

The City Investment Officer shall establish an annual process of independent review by the city auditor. This review will provide internal control by assuring compliance with policies and procedures.

QUARTERLY REPORT

In accordance with government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the City Council a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

- (1) Describe in detail the investment position of the city on the date of the report.
- (2) Be signed by the investment officer of the city
- (3) Contain a summary statement of each pooled fund group that states the:
 - (A) Beginning market value for the reporting period
 - (B) Additions and changes to the market value during the period
 - (C) Ending market value for the period;
- (4) State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- (5) State the maturity date of each separately invested asset that has a maturity date;
- (6) State the account or fund or pooled group fund in the city for which each individual investment was acquired; and
- (7) State the compliance of the investment portfolio of the city as it relates to:
 - (A) the investment strategy express in the city's investment policy; and
 - (B) relevant provisions of this chapter.

SELECTION OF BANKS

- (1) Bidding Process. Depositories shall be selected through the City's banking service procurement process, which shall include a formal request for proposals issued at a maximum of every five years. In selecting depositories, the credit worthiness of institutions shall be considered, and the City Manager or his designee shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.
- (2) Insurability. Banks and savings and loan associations seeking to establish eligibility for the City's investment program shall include financial statements, evidence of federal insurance and other information as required b the City Manager or his designee.

NOTIFICATION OF INVESTMENT CHANGES

It shall be the duty of the City Investment Officer to notify the City Council of any significant changes in current investment methods and procedures prior to their implementation.

(Ord. 1332, 02-13-2012)