CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

Vicki McKenzie, Mayor Pro Tem
Position 3 At-Large
Bert Lyle, Position 1 At-Large
Karen Denman, Position 2 At-Large
Pat Graham, Position 4 At-Large

Tore Fossum, Ward 1
Casey Cox, Ward 2
Anissa Antwine, Ward 3
Jon Strong, Ward 4

HUNTSVILLE CITY COUNCIL AGENDA
TUESDAY, SEPTEMBER 17, 2024

WORKSHOP 4:00 P.M. - Main Conference Room
REGULAR SESSION 6:00 P.M. - Main Conference Room

City of Huntsville Service Center Complex, 448 Highway 75 N, Huntsville, Texas, 77320

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

WORKSHOP (4:00 p.m.)

DISCUSSION

a. Receive presentations from the following consulting firms regarding recruitment services for the City Manager position.
a. SGR
b. Clear Career Professionals
c. Bakertilly
Brian Beasley, HR Director

MAIN SESSION (6:00 p.m.)

CALL TO ORDER

INVOCATION AND PLEDGES - ***U.S. Flag and Texas Flag:*** *Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

PROCLAMATION

PRESENTATIONS

PUBLIC HEARING

a. Public Hearing on the Tax Year 2024 (FY 2024/2025) Tax Rate for the City of Huntsville.
Steve Ritter, Finance Director

b. Public Hearing on Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed: providing for drainage service, billing, and providing for an effective date.
Kathlie Jeng-Bulloch, City Engineer

1. CONSENT AGENDA

The presiding officer will call for public comments before action is taken on these items. *(Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.)*

a. Consider approving the Minutes from the September 3, 2024, Regular City Council Meeting.
Kristy Doll, City Secretary

b. Consider authorizing the City Manager to purchase IT infrastructure equipment for the new City Hall Building.
Bill Wavra, IT Director
Kathlie Jeng-Bulloch, City Engineer

c. Consider authorizing the City Manager to approve the annual purchase of various automotive parts and equipment used in repair of City vehicles.
Brent Sherrod, Public Works Director

d. Consider authorizing the City Manager to award a purchasing agreement based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative.
Brent Sherrod, Public Works Director

2. STATUTORY AGENDA

a. Consider approval of Ordinance 2024-24 to adopt the FY 2024/2025 Budget with all policies, fees, rates, and provisions as referenced therein. **Record/rollcall vote required**
Steve Ritter, Finance Director

b. Consider ratifying the increased property tax revenues of $1,409,670 reflected in the FY 2024-2025 Budget as adopted.
Steve Ritter, Finance Director

c. Consider approval of Ordinance 2024-25 adopting the Tax Rate of $0.3445 per $100 valuation, approving both components; one component being M&O at $0.2760 and the other component being Debt Service at $0.0685 and levying taxes for the City of Huntsville for the FY 2024/2025.
Record/rollcall vote required
Steve Ritter, Finance Director

d. **Second Reading** - Consider adoption of Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV “Stormwater Utility System”, to add the Division 3 “Stormwater Utility Fees”, to establish a schedule of rates and charges to be assessed; providing for drainage service, billing, and providing for an effective date.
Kathlie Jeng-Bulloch, City Engineer

3. CITY COUNCIL/MAYOR/CITY MANAGER

a. Consider the appointments to the City of Huntsville Boards and Commissions.
Russell Humphrey, Mayor

b. The City Council of Huntsville will cast their vote by a majority vote for the Texas Municipal League Region 14 Director position.
Kristy Doll, City Secretary

c. Consider authorizing the City Manager to enter into a Fixed Based Operation (FBO), lease agreement with Huntsville Aviation to provide aeronautical services at the Bruce Brothers Huntsville Regional Airport.
Aron Kulhavy, City Manager

d. Consider selecting a recruitment firm for the City Manager search.
Brian Beasley, HR Director

4. **MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA**

5. **ITEMS OF COMMUNITY INTEREST**

6. **EXECUTIVE SESSION**

   a. City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee: City Manager Aron Kulhavy.
   Aron Kulhavy, City Manager

7. **RECONVENE**
   Take action on item discussed in executive session, if needed.

ADJOURNMENT
*If during the course of the meeting and discussion of any items covered by this notice, City Council determines that a Closed or Executive session of the Council is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 – consultation with counsel on legal matters; 551.072 – deliberation regarding purchase, exchange, lease or value of real property; 551.073 – deliberation regarding a prospective gift; 551.074 – personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; 551.076 – implementation of security personnel or devices; 551.087 – deliberation regarding economic development negotiation; Sec. 551.089 - deliberation regarding security devices or security audits; and/or other matters as authorized under the Texas Government Code. If a Closed or Executive session is held in accordance with the Texas Government Code as set out above, the City Council will reconvene in Open Session to take action, if necessary, on the items addressed during Executive Session.

CERTIFICATE

I, Kristy Doll, City Secretary, do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: September 13, 2024

TIME OF POSTING: 11:30 a.m.

TAKEN DOWN:

Kristy Doll

Kristy Doll, City Secretary

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: a.

Agenda Item: Receive presentations from the following consulting firms regarding recruitment services for the City Manager position.
a. SGR
b. Clear Career Professionals
c. Bakertilly

Initiating Department/Presenter: Human Resources

Presenter:
Brian Beasley, HR Director

Recommended Motion: Not applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:
Kristy Doll

Associated Information:

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: a.

Agenda Item: Public Hearing on the Tax Year 2024 (FY 2024/2025) Tax Rate for the City of Huntsville.

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Recommended Motion: No motion required. This is not an action item.

Strategic Initiative: Strategic Priority #3 - Quality of Life: Establish an environment where citizens can thrive and enjoy the City in which they live. Provide services that enhance the quality of life for all, with a focus on the full life cycle (children, students, families, and retirees) by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.

Discussion: The Texas Tax Code, Sections 26.05, 26.06, and 26.065 require a Public Hearing on the Tax Rate. Notice of the hearing was published in the Huntsville Item on August XX, 2024 and has been made available on the City's website.

At the Council's August 6, 2024 meeting, Council approved an item for a tax rate for FY 2024/2025 not to exceed $0.3585 per $100 valuation. The tax rate used in the FY 2024 - 2025 Budget and in this evening's item 2.c, Ordinance 2024-25 to adopt a tax rate for FY 2024/2025 is $0.3445 per $100 valuation.

Previous Council Action: None

Financial Implications: None

Approvals:
Steve Ritter
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: b.

Agenda Item: Public Hearing on Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed: providing for drainage service, billing, and providing for an effective date.

Initiating Department/Presenter: Engineering

Presenter:
Kathlie Jeng-Bulloch, City Engineer

Recommended Motion: Public Hearing-No Action Necessary

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:
To create a Municipal Drainage Utility System will be advantageous and beneficial to the citizens of the City to promote the public health, safety and welfare of the citizens by effectively managing stormwater runoff. At the September 3, 2024 Council meeting, the Council adopted the Stormwater Utility System program which included all the necessary requirements for setting up such a fund except for adopting the proposed fees associated with it. State Law requires that the adoption of the fees be considered separately.

The fees as proposed in the included ordinance have been discussed with the Council and Finance committee at several previous meetings. The monthly fees as proposed are as follows: $5.00 for residential properties as defined in the program; regular non-residential property $.00152/SF of impervious area; reduced non-residential property (that owned by other local governments and religious institutions) of $.00076/sf of impervious area, equivalent to 50% of the rate for the other non-residential properties.

The Texas Local Government Code, (the "Act"), Provisions of Subchapter C of Chapter 552 – the Municipal Drainage Utility Systems Act, creates and establishes a "Stormwater Utility System" to serve the City.

Section 552.042 – Legislative Finding. (a) The Legislature finds that authority is needed to:

1. Permit municipalities to establish a municipal drainage utility system within the established service area;
2. Provide rules for the use, operation, and financing of the system;
3. Protect the public health and safety in municipalities from loss of life and property caused

by surface water overflows, surface water stagnation, and pollution arising from nonpoint source runoff within the boundaries of the established service area;

4. Delegate to municipalities the power to declare, after a public hearing, a drainage system created under this subchapter to be a public utility;
5. Prescribe bases on which a municipal drainage utility system may be funded and fees in support of the system may be assessed, levied, and collected;
6. Provide exemptions of certain persons from this subchapter; and
7. Prescribe other rules related to the subject of municipal drainage.

The City Council adopted the City of Huntsville Strategic Plan on February 7, 2023 which includes 7 Goals. Goal #4, Infrastructure includes "Continue Implementation of the Preliminary Drainage Master Plan by Completing the Drainage Fee Study and Considering Identified Projects."

On May 7, 2024, the Drainage Utility Fee Program was presented to the Finance Committee; the supplement information pertaining to the proposed charges including examples were provided to the
Finance Committee on May 21, 2024 (See attachment I - Drainage Utility Fee Program Presentation). During the council Meeting of July 16, 2024, a Workshop was held to discuss the details of the Drainage Utility Fee Program and Fees (See attachment II – Huntsville Stormwater Utility).

According to Section 552.045. Adoption of System; Rules.

(c) Before adopting the ordinance, the governing body must publish a notice in a newspaper of general circulation in the municipality stating the time and place of a public hearing to consider the proposed ordinance. The proposed ordinance must be published in full in the notice.

The proposed ordinance must be published in full in the notice and shall publish the notice three times before the date of the hearing. The first publication must occur on or before the 30th day before the date of the hearing.

The first Public Hearing Notice was published in "The Huntsville Item" on August 15, 2024, with the Full Ordinance No. 2024 – 22 (See attachment III Ordinance No. 2024-22).

The second Public Hearing Notice was published on August 29, 2024, and the third Public Hearing Notice was published on September 12, 2024. The Public Hearing is scheduled for September 17, 2024.

Previous Council Action: September 3, 2024, Council Agenda for 1st reading of the Ordinance 2024-22.

Financial Implications: In the amount of Projected Annual Revenue FY 24-25, $1,315,957 should the full program be adopted at the proposed rates.

Approvals:
Kathlie Jeng-Bulloch
Leonard Schneider
Sam Masiel

Aron Kulhavy
Kristy Doll

Associated Information:

1. Drainage utility presentation excerpts 9-17-24 meeting

Drainage Utility Fee Program Performance

- There are 137 Cities in Texas that Collect Storm Utility Fees, For Example:
  - Year Created – 1991 (Copperas Coves), 2023 (Sugar Land).
  - Population Sugar Land (108,000), Copperas Coves (38,500)
  - Fee Charge - $3.0/ERU to $6.0/ERU per month.

ERU – Equivalent Residential Unit, the average square footage of Impervious Area for a Residential Property.

Drainage Utility Fee Program Performance

Small Cities in Texas			
City	Monthly Fee	Year Created	Population
Bedford	$4.50	2002	48,043
Duncanville	$3.50	2011	39,364
Hurst	$4.00	2009	36,273
Keller	$7.00		37,700
Kyle	$5.00	2016	39,060
New Braunfels	$4.59	2000	36,494

Data from US Stormwater Utility Survey Database, Western Kentucky University, School of Engineering and Applied Sciences, June 2022.

Drainage Utility Fee Program Performance

Small Cities in Texas			
City	**Monthly Fee**	**Year Created**	**Population**
Seguin	$3.00	2022	31,000
Brenham	$3.75	2019	18,000
Waco	$6.30	2021	140,000
Copperas Cove	$9.00	1991	37,000
Converse	$2.43	2010	29,000
San Marcos	$14.90	1999	68,500

Drainage Utility Fee Program
Option Charge Selected

Monthly Rate	Approximate Annual Revenue Projected	
	Year 1	Year 5
$5/ERU	$ 1,400,000	$ 1,600,000

* Projected Fees Based on No-Exemption on Both School ISDs and Religious Institutes.

Equivalent Residential Unit (ERU)

- Most widely used fee system is ERU-based
- ERU = median impervious area of a single-family property
- ERU is the base unit used to assess property fee

The higher the stormwater runoff a property generates

More impervious = larger number of ERUs

The larger portion of use of the stormwater utility

Billing Units by Property Type

ERUs (Billing Units)				
Fiscal Year	*Single Family*[1]	*Religious Institutions, School, and County*[2]	*All other properties*[2,3]	*Total*
FY 24-25	6,928	2,169	14,368	24,649
FY 25-26	7,067	2,212	14,655	25,142
FY 26-27	7,208	2,256	14,948	25,645
FY 27-28	7,352	2,302	15,247	26,158
FY 28-29	7,499	2,348	15,552	26,681

Notes:

1. Each single-family property = 1 ERU
2. Non-single-family property ERUs = $Impervious\ Area\ (s.f.) * \frac{1\ ERU}{3{,}300\ s.f.}$
3. Excludes 100% exempt properties
4. All Billing Unit estimates assume 2% annual growth rate

Proposed Fee Schedule by Property Type

Proposed Fee Schedule ($/ERU/month)			
Fiscal Year	***Single Family[1]***	***Religious Institutions, and Non-exempt Properties[2]***	***All other properties[3]***
FY 24-25	$5.00	$2.50	$5.00
FY 25-26	$5.00	$2.50	$5.00
FY 26-27	$5.00	$2.50	$5.00
FY 27-28	$5.00	$2.50	$5.00
FY 28-29	$5.00	$2.50	$5.00

Notes:

1. Each single-family property is equivalent to 1 ERU and each property will be billed $5.00 per month.
2. Properties owned by a non-exempt government, or religious organization will receive a 50% exemption ($2.50/ERU/month) at this time.
3. All other properties (excluding 100% exempt properties) will be billed $5.00/ERU/month.

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 1.a.

Agenda Item: Consider approving the Minutes from the September 3, 2024, Regular City Council Meeting.

Initiating Department/Presenter: City Secretary

Presenter:
Kristy Doll, City Secretary

Recommended Motion: Motion to approve the Minutes from the September 3, 2024, Regular City Council Meeting.

Strategic Initiative: N/A

Discussion: N/A

Previous Council Action: N/A

Financial Implications: N/A

Approvals:
Kristy Doll

Associated Information:
1. City Council Meeting Minutes 9-3-2024 Final #2

HUNTSVILLE CITY COUNCIL MINUTES REGULAR MEETING HELD ON THE 3rd DAY OF SEPTEMBER 2024 AT 6:00 P.M. AT THE CITY OF HUNTSVILLE SERVICE CENTER COMPLEX, LOCATED AT 448 HIGHWAY 75, IN THE CITY OF HUNTSVILLE, WALKER COUNTY, TEXAS

The City Council met in regular session with the following:
COUNCILMEMBERS PRESENT: Councilmember At-Large Position 2 Denman, Councilmember At-Large Position 3 McKenzie, Councilmember Ward 4 Strong, Councilmember At-Large Position 4 Graham, Councilmember At-Large Position 1 Lyle, Councilmember Ward 3 Antwine, Councilmember Ward 1 Fossum, Councilmember Ward 2 Cox

COUNCILMEMBERS ABSENT: Mayor Humphrey

OFFICERS PRESENT: Aron Kulhavy, City Manager; Kristy Doll, City Secretary; Leonard Schneider, City Attorney

WORKSHOP (4:00 p.m.)

Mayor Pro Tem McKenzie called the meeting to order at 4:00 p.m.

Mayor Humphrey arrived at 4:05 p.m.

DISCUSSION

a. **Discuss FY-24-25 Propose Budget**
   Aron Kulhavy, City Manager

Mayor Humphrey closed the workshop at 4:58 p.m.

Mayor Humphrey reopened the workshop at 5:02 p.m.

b. **Receive presentation on the various Economic Development organization structures.**
   Aron Kulhavy, City Manager

Mayor Humphrey adjourned the workshop without objection at 6:00 p.m.

MAIN SESSION CALL TO ORDER

Mayor Humphrey called the meeting to order at 6:06 p.m.

INVOCATION AND PLEDGES - ***U.S. Flag and Texas Flag:*** *Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

Councilmember Lyle gave the invocation, and pledges were led by Mayor Humphrey.

PRESENTATIONS

a. **Visit Huntsville for its Texas Destination Excellence Award from the Texas Association of Convention and Visitors Bureau.**
   Aron Kulhavy, City Manager

b. **The Wynne Home Arts and Visitor Center for winning the "Paint the Town" contest.**
   Aron Kulhavy, City Manager

PUBLIC HEARING

a. **Public Hearing on Ordinance 2024-18, amending Chapter 46 Utilities of the Huntsville Municipal Code, to add Article a New Article IV "Stormwater Utility System" and adopting a process to form a schedule of rates and charges to be assessed.**
Kathlie Jeng-Bulloch, City Engineer

Mayor Humphrey opened the Public Hearing at 6:11 p.m.

Kathlie Jeng-Bulloch, City Engineer, provided a presentation of the Drainage Utility Fee Program and proposed charges.

Citizen comments on the agenda item in support and opposition, were heard from: Tammy Bolander, John Maisel, Don Martinez, Davida Stike, Mike Belovsky and George H. Russell.

Mayor Humphrey closed the Public Hearing at 6:52 p.m.

b. **Public Hearing on the FY 2024-2025 proposed Budget.**
Steve Ritter, Finance Director

Mayor Humphrey opened the Public Hearing at 6:52 p.m.

Mayor Humphrey called for citizen comments, there were no comments from the public.

Mayor Humphrey closed the Public Hearing at 6:55 p.m.

1. **CONSENT AGENDA**

The presiding officer will call for public comments before action is taken on these items. ***(Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.)***

a. **Consider approving the Minutes from the August 20, 2024, Regular City Council Meeting.**
Kristy Doll, City Secretary

b. **Consider adoption of Ordinance 2024-23 to amend the budget for FY 23-24 and/or CIP Project Budgets.**
Steve Ritter, Finance Director

c. **Consider authorizing the City Manager to enter into an agreement for Disaster Recovery and FEMA Public Assistance Consulting Services.**
Lance Hall, Assistant Finance
Steve Ritter, Finance Director

Consent Agenda Item 1.c. was moved from the Consent Agenda to the Statutory Agenda for discussion.

Councilmember Jon Strong made a motion to approve Consent Agenda Items a. and b. The motion was seconded by Councilmember Vicki McKenzie. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

2. **STATUTORY AGENDA**

1.c. Consider authorizing the City Manager to enter into an agreement for Disaster Recovery and

FEMA Public Assistance Consulting Services.
Lance Hall, Assistant Finance Director
Steve Ritter, Finance Director

Councilmember Tore Fossum made a motion to authorize the City Manager to enter into an agreement for disaster Recovery and FEMA Public Assistance Consulting Services. The motion was seconded by Councilmember Pat Graham. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

a. Second Reading - Ordinance 2024-20, amending Chapter 24, Land Development, of the Code of Ordinances of the City of Huntsville, Texas to adopt the updated Development Code and Zoning Map of the City of Huntsville, Texas.
Kevin Byal, Director of Development Services

Citizen comments on this agenda item were heard from: Bill Green, Charles Von Schmidt, Don Martinez and Al Hooten.

Councilmember Vicki McKenzie made a motion to approve Ordinance 2024-20, amending Chapter 24, Land Development, of the Code of Ordinances of the City of Huntsville, Texas to adopt the updated Development Code and Zoning Map of the City of Huntsville, Texas. The motion was seconded by Councilmember Bert Lyle. The motion passed 8 - 1.
roll call vote:
Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Casey Cox
No: Tore Fossum

b. Second Reading - Consider, adoption of Ordinance 2024-18, amending Chapter 46 Utilities of the Huntsville Municipal Code, to add Article a New Article IV, "Stormwater Utility System," and adopting a process to form a schedule of rates and charges to be assessed.
Kathlie Jeng-Bulloch, City Engineer

Councilmember Jon Strong made a motion to approve Ordinance 2024-18, amending Chapter 46 Utilities of the Huntsville Municipal Code, to add Article a New Article IV "Stormwater Utility System" and adopting a process to form a schedule of rates and charges to be assessed. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

c. First Reading - Consider adoption of Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormweater Utility Fees", to establish a schedule of rates and charges to be assessed; providing for drainage service, billing, and providing for an effective date.
Kathlie Jeng-Bulloch, City Engineer

First Reading - No action

d. First Reading - Consider authorizing the City Manager to award the construction contract for CIP FY 21-22 Wastewater Lines Replacement.
Kathlie Jeng-Bulloch, City Engineer

Councilmember Lyle made a motion to authorize the City Manager to enter into a construction contract with

To-Mex Construction LLC for an amount of $1,471,783. For the construction of the FY 21-22 Wastewater Lines Replacement Project ID # 22-10-04 (-04, -05, -06, -07, -10, -11). The motion was seconded by Councilmember Vicki McKenzie. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

3. **CITY COUNCIL/MAYOR/CITY MANAGER**
   a. **Consider the appointments to the City of Huntsville Boards and Commissions.**
   Russell Humphrey, Mayor

BOARD NAME	SEAT #	APPOINT/ REAPPOINT	BOARD MEMBER	TERM EXPIRE
CEMETERY				
	11	Reapp.	La Deanna Holcomb	8-31-2026
AIRPORT ADVISORY BOARD				
	1	Reapp.	Scott Brega	8-31-2027
	6	Reapp.	Jon Strong	8-31-2027
TOURISM				
	6	Reapp.	Karla Christian	8-31-2027

Mayor Russell Humphrey nominated Board and Commission members as presented. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

   b. **Consider postponing approval of the FY 2024-2025 proposed Budget to the September 17, 2024 Council meeting.**
   Steve Ritter, Finance Director

Councilmember Bert Lyle made a motion to postpone approval of the FY 2024-2025 proposed Budget to the September 17, 2024 Council meeting. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

   c. **Consider Decision Packages for the 2024-25 Budget**
   Steve Ritter, Finance Director

Councilmember Anissa Antwine made a motion to approve the Decision Packages, Package 1 through Package 5, included in this item 2-b on the City Council Agenda. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

4. **MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA**
   None

5. **ITEMS OF COMMUNITY INTEREST**
   Councilmembers announced Items of Community Interest.

6. **EXECUTIVE SESSION**
   a. City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.071, to receive legal advice on personnel matters involving Charter Officers and Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee: City Manager.
   Leonard Schneider, City Attorney

City Council convened in Executive Session at 8:01 p.m.
Councilmember Karen Denman left the meeting at 8:01 p.m.

7. RECONVENE

Council reconvened from Executive Session at 8:44 p.m.

Councilmember Anissa Antwine made a motion to authorize the City Manager to solicit a recruitment firm to provide full recruitment services for the position of City Manager and provide responses to the City Council for selection. The motion was seconded by Councilmember Pat Graham. The motion passed 8 - 0. Yes: Russell Humphrey, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

ADJOURNMENT

Mayor Humphrey adjourned the meeting without objection at 8:45 p.m.

ATTEST:	**CITY OF HUNTSVILLE**
______________________________	______________________________
Kristy Doll, City Secretary	**Russell Humphrey, Mayor**

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 1.b.

Agenda Item: Consider authorizing the City Manager to purchase IT infrastructure equipment for the new City Hall Building.

Initiating Department/Presenter: Information Technology

Presenter:
Bill Wavra, IT Director
Kathlie Jeng-Bulloch, City Engineer

Recommended Motion: Move to authorize the City Manager to purchase IT infrastructure equipment from FreeIT Data Solutions for $240,498.80 for the new City Hall Building.

Strategic Initiative: **Strategic Priority #4: Infrastructure:** Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:
The new City Hall building that is currently under construction will require new IT infrastructure equipment to provide core network, telephone, and security services.

This equipment will be directly purchased and installed by the IT Department due to its complex custom configuration requirements. Similar equipment was purchased and installed by IT in the new Police Department, Fire Station 2, and Service Center buildings.

The equipment will be purchased from FreeIT Data Solutions, which is a member of the State of Texas Department of Information Resources (DIR) Cooperative and is in good standing under contract #DIR-TSO-4160.

Previous Council Action:

- Bond Proposition 1 was approved in the November 2016 Special Election
- The purchase of similar IT equipment for the Police Department and Fire Station 2 buildings was approved on 1/5/2021.

Financial Implications: Item is budgeted: **817-81702-62300** in the amount of $240,498.80

Approvals:
Bill Wavra
Sam Masiel

Aron Kulhavy
Kristy Doll

Associated Information:

CITY COUNCIL AGENDA

9/17/2024

Agenda Item Number: 1.c.

Agenda Item: Consider authorizing the City Manager to approve the annual purchase of various automotive parts and equipment used in repair of City vehicles.

Initiating Department/Presenter: Public Works

Presenter:
Brent Sherrod, Public Works Director

Recommended Motion: Move to authorize the City Manager to approve the annual purchase of various automotive parts and equipment used in repair of City vehicles from NAPA Auto Parts, Huntsville.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:
The City utilizes the City Fleet Division's Warehouse to inventory frequently used parts for the service, repair and/or maintenance of City fleet assets. As parts are needed, they are requested from the warehouse and the associated expense is transferred from warehouse inventory to the requesting department's budget. As it would not be cost-effective for the City to attempt to inventory every conceivable part or item that is needed for daily operations in the Fleet shop, it is necessary for the City to also utilize a 3rd party auto parts provider to supply auto parts as needed.

Since 2008, the City has utilized NAPA Auto Parts, Huntsville as its provider for auto parts, first as low-bid responder to a City bid and since 2010 as an awarded vendor under multiple Purchasing Solutions Alliance (PSA) cooperative purchasing programs. The recommended Sourcewell cooperative contract meets all requirements of Texas Local Government Code Chapter 252 regarding competitive bidding by municipalities. This contract affords the City advantageous percentage discounts off product shelf pricing which exceed discounts experienced by the City prior to 2010, when the City relied on in-house competitive bidding for its automotive parts supply.

Sourcewell recently completed its most recent competitive solicitation and formally awarded to NAPA Auto Parts (parent company Genuine Parts Company) on May 13, 2021 for an initial term expiring May 19, 2025, with an option to renew for one (1) additional one (1) year resulting in an expiration date of May 19, 2026 (May 20, 2025-May 19, 2026).

Public Works administration reports a significant level of satisfaction with the pricing structure and the quality of product and service performance experienced with NAPA Auto Parts, Huntsville, and recommends award of this as-needed purchase agreement pursuant to the Sourcewell cooperative contract. The term of this contract is May 13, 2021-May 19, 2025 with the option to renew for one (1) additional one (1) year terms. This option to extend is contingent on budget and City Council approval.

With an estimated expense of $97,300 for FY23/24, estimated expense of $198,770.00 for FY24/25 and $134,552.00 for FY25/26. The estimated expenses for FY 24/25 are higher as it is the only full fiscal year included in the contract dates.

Previous Council Action: The previous award was approved by the City Council on May 19, 2020.

Financial Implications: This item is budgeted in various vehicle maintenance accounts across the City.

Approvals:
Brent Sherrod
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:
1. 24-23 Auto Parts Estimated Fee Schedule

Bid NO. 24-23 Auto Parts - City Wide	
TERM	May 13, 2021 - May 19, 2025
1st Renewal	May 20, 2025 - May 19, 2026
EXPIRES	May 19, 2026

	TERM: May 13, 2021 - May 19, 2025		TOTAL	Budget Year
10%	March 2024	$ 13,900.00	$ 97,300.00	FY23-24
	April 2024	$ 13,900.00		
	May 2024	$ 13,900.00		
	June 2024	$ 13,900.00		
	July 2024	$ 13,900.00		
	August 2024	$ 13,900.00		
	September 2024	$ 13,900.00		
	October 2024	$ 15,290.00	$ 122,320.00	FY24-25
	November 2024	$ 15,290.00		
	December 2024	$ 15,290.00		
	January 2025	$ 15,290.00		
	February 2025	$ 15,290.00		
	March 2025	$ 15,290.00		
	April 2025	$ 15,290.00		
	May 2025	$ 15,290.00		

1st Renewal: May 20, 2025 - May 19, 2026		TOTAL	Budget Year
May 2025	$ 15,290.00	$ 76,450.00	FY24-25
June 2025	$ 15,290.00		
July 2025	$ 15,290.00		
August 2025	$ 15,290.00		
September 2025	$ 15,290.00		
October 2025	$ 16,819.00	$ 134,552.00	FY25-26
November 2025	$ 16,819.00		
December 2025	$ 16,819.00		
January 2026	$ 16,819.00		
February 2026	$ 16,819.00		
March 2026	$ 16,819.00		
April 2026	$ 16,819.00		
May 2026	$ 16,819.00		

Budget Year Total	
FY23-24	$ 97,300.00
FY24-25	$ 198,770.00
FY25-26	$ 134,552.00
Grand Total For The Life Of The Contract	$ 430,622.00

Line Item	Purchase Order Request Form 101-216-52010	
1	March 2024 - September 2024 (FY23-24)	$ 97,300.00
2	October 1, 2024 - May 19, 2025 (FY24-25)	$ 122,320.00
3	May 20, 2025 - September 30, 2025 (FY24-25)	$ 76,450.00
4	October 1, 2025 - May 19, 2026 (FY25-26)	$ 134,552.00
	Grand Total	$ 430,622.00

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 1.d.

Agenda Item: Consider authorizing the City Manager to award a purchasing agreement based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative.

Initiating Department/Presenter: Public Works

Presenter:
Brent Sherrod, Public Works Director

Recommended Motion: Move to authorize the City Manager to award a purchasing agreement to Southern Tire Mart based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City maintains an average of $21,000 of tire warehouse inventory. The current cooperative agreement has expired, which requires the City to establish a new purchase order/purchase agreement.

The City contacted our current tire distributor, Southern Tire Mart, who has been awarded cooperative purchasing contracts to gain pricing through a Buy Board Cooperative agreement. The Buy Board tire contract 729-24 became effective March 1, 2024, and has an expiration date of February 28, 2025.

The term of this contract is March 1, 2024-February 28, 2025 with the option to renew for two (2) additional one (1) year terms. This option to extend is contingent on budget and City Council approval with an estimated expense of $16,500 for FY 23-24, $104,775.00 for FY 24-25, $115,252.50 for FY 25-26 and $49,912.50 for FY 26-27.

Previous Council Action: This item was previously approved by the City Council on March 16, 2021.

Financial Implications: The item is budgeted in various Fleet Maintenance accounts throughout the City.

Approvals:
Brent Sherrod
Leonard Schneider
Sam Masiel
Aron Kulhavy

Kristy Doll

Associated Information:

1. 24-45 Tire, Tube, Supplies & Equipment Fee Schedule

Bid NO. 24-45 Tire, Tubes, Supplies and Equipment - City Wide Southern Tire Mart Buy Board Contract# 729-24	
TERM	March 1, 2024 - February 28, 2025
1st Renewal	March 1, 2025 - February 28, 2026
2nd Renewal	March 1, 2026 - February 28, 2027
EXPIRES	February 28, 2027

Budget Year Total	
FY23-24	$ 16,500.00
FY24-25	$ 104,775.00
FY25-26	$ 115,252.50
FY26-27	$ 49,912.50
Grand Total For The Life Of The Contract	**$ 286,440.00**

Line Item	Purchase Order Request Form 101-2204	
1	August 2024 - September 30, 2024 (FY23-24)	$ 16,500.00
2	October 1, 2024 - February 28, 2025 (FY24-25)	$ 41,250.00
3	March 1, 2025 - September 30, 2025 (FY24-25)	$ 63,525.00
4	October 1, 2025 - February 28, 2026 (FY25-26)	$ 45,375.00
5	March 1, 2026 - September 30, 2026 (FY25-26)	$ 69,877.50
6	October 1, 2026 - February 28, 2027 (FY26-27)	$ 49,912.50
	Grand Total	**$ 286,440.00**

10%

TERM: March 1, 2024 - February 28, 2025		TOTAL	Budget Year
August 2024	$ 8,250.00	$ 16,500.00	FY23-24
September 2024	$ 8,250.00		
October 2024	$ 8,250.00	$ 41,250.00	FY24-25
November 2024	$ 8,250.00		
December 2024	$ 8,250.00		
January 2025	$ 8,250.00		
February 2025	$ 8,250.00		

1st Renewal March 1, 2025 - February 28, 2026		TOTAL	Budget Year
March 2025	$ 9,075.00	$ 63,525.00	FY24-25
April 2025	$ 9,075.00		
May 2025	$ 9,075.00		
June 2025	$ 9,075.00		
July 2025	$ 9,075.00		
August 2025	$ 9,075.00		
September 2025	$ 9,075.00		
October 2025	$ 9,075.00	$ 45,375.00	FY25-26
November 2025	$ 9,075.00		
December 2025	$ 9,075.00		
January 2026	$ 9,075.00		
February 2026	$ 9,075.00		

2nd Renewal March 1, 2026 - February 28, 2027		TOTAL	Budget Year
March 2026	$ 9,982.50	$ 69,877.50	FY25-26
April 2026	$ 9,982.50		
May 2026	$ 9,982.50		
June 2026	$ 9,982.50		
July 2026	$ 9,982.50		
August 2026	$ 9,982.50		
September 2026	$ 9,982.50		
October 2026	$ 9,982.50	$ 49,912.50	FY26-27
November 2026	$ 9,982.50		
December 2026	$ 9,982.50		
January 2027	$ 9,982.50		
February 2027	$ 9,982.50		
	GRAND TOTAL	$ 286,440.00	

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 2.a.

Agenda Item: Consider approval of Ordinance 2024-24 to adopt the FY 2024/2025 Budget with all policies, fees, rates, and provisions as referenced therein. **Record/rollcall vote required**

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Recommended Motion: Move to pass Ordinance 2024-24 to adopt the FY 2024/2025 Budget with all policies, fees, rates and provisions as referenced therein. **Record/rollcall vote required**

Strategic Initiative: Strategic Priority #3 - Quality of Life: Establish an environment where citizens can thrive and enjoy the City in which they live. Provide services that enhance the quality of life for all, with a focus on the full life cycle (children, students, families, and retirees) by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.

Discussion: This FY 2024/2025 Budget is presented to Council for approval after six months of preparation by staff, the City Manager's recommended budget provided to Council on August 14th, a presentation to Council on July 16th for the operations budget and a presentation on August 6th for the Capital Improvement Projects (CIP), communication with the Finance Committee on Fiscal and Budgetary Policies, and a Public Hearing on the Budget on September 3rd. Also, Decision Packages were presented for approval and approved at the September 3, 2024 meeting. This budget has been prepared using a Property Tax Rate of $0.3445.

Previous Council Action: At the September 3rd 2024 Council meeting, the Council voted to postpone adoption of the budget until September 17th.

Financial Implications: Approval of this item will put in place the Budget for FY 2024/2025.

Approvals:
Steve Ritter
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:
1. Ordinance - Budget adoption FY 25
2. Required State Truth in Taxation statement

3. Exhibit A Fund Revenue - Expenditures and Projected Balances FY 2025
4. Exhibit A1 CIP FY 24-25
5. Exhibit B FY 24-25 Fiscal Policies
6. Exhibit C FY 24-25 Investment Banking Policy with OPEB.PEB Trust FINAL
7. Exhibit D Schedule all Fees Proposed

ORDINANCE NO. 2024-24

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, FINDING THAT ALL THINGS REQUISITE AND NECESSARY HAVE BEEN DONE IN PREPARATION AND PRESENTMENT OF AN ANNUAL BUDGET; APPROVING AND ADOPTING THE OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR THE CITY OF HUNTSVILLE, TEXAS, FOR THE PERIOD OCTOBER 1, 2024, THROUGH SEPTEMBER 30, 2025; RATIFYING AND APPROVING FISCAL AND BUDGETARY POLICIES; RATIFYING AND APPROVING THE INVESTMENT AND BANKING POLICIES; RATIFYING AND APPROVING VARIOUS FEES, RATES AND CHARGES; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.

WHEREAS more than thirty days before the end of the City's fiscal year and more than thirty days before the adoption of this ordinance, the City Manager of the City Huntsville, Texas, submitted a proposed budget for the ensuing fiscal year according to Section 11.05 of the Charter of the City of Huntsville, Texas, and Texas Local Government Code Section 102.005; and

WHEREAS the City Manager filed a copy of the proposed budget with the City Secretary and the budget was available for public inspection at least fifteen days before the budget hearing and tax levy for the fiscal year 2024-2025 [Texas Local Government Code § 102.006]; and

WHEREAS the itemized budget shows a comparison of expenditures between the proposed budget and the actual expenditures for the same or similar purposes for the preceding year and the estimated amount of money carried for each [Texas Local Government Code § 102.003(a)]; and

WHEREAS the budget contains financial information of the municipality that shows the outstanding obligations of the City, the available funds on hand to the credit of each fund, the funds received from all sources during the preceding year; the funds available from all sources during the ensuing year; the estimated revenue available to cover the proposed budget; and the estimated tax rate required to cover the proposed budget [Texas Local Government Code § 102.003(b)]; and

WHEREAS notification has been provided to the public concerning the public hearing for the fiscal year 2024 - 2025 budget [Texas Local Government Code § 102.0065]; and

WHEREAS the budget for the year October 1, 2024, through September 30, 2025, has been presented to the City Council, and the City Council has held a public hearing with all notice as required by law, and all comments and objections have been considered; and

WHEREAS the fees, rates and charges set out herein are reasonable and necessary and are established and set in the best interests of the City.

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

SECTION 1: City Council adopts the budget for the City of Huntsville, Texas, now before the City Council for consideration and attached, as the budget for the City for the period of October 1, 2024, through September 30, 2025.

SECTION 2: The appropriation for the ensuing fiscal year for operating expenses, debt service and capital outlay budgets shall be fixed and determined as shown in Exhibit A and by reference to the Fund Summaries with account classification totals in the City Secretary's office.

SECTION 3: New projects described for fiscal year 2024-2025 in the Capital Improvements budget portion of the 2024-2025 budget are approved at the cost level indicated, subject to the availability of funding of project costs (Exhibit A1).

SECTION 4: City Council approves the monthly payment for an eligible employee to the City's Medical Insurance Internal Service Fund of $850.00 per month ($10,200.00 annually), per employee electing coverage.

SECTION 5: City Council approves a budgeted TMRS rate established according to TMRS rates for the benefit levels elected by the City.

SECTION 6: City Council approves a transfer of an amount equal to four (4.0%) percent of the gross revenues received during Fiscal Year 2024-2025 from all water, wastewater, and solid waste customers, as a transfer to the General Fund to compensate the City for the use of streets and rights-of-way by the Water, Wastewater, and Solid Waste Funds.

SECTION 7: City Council hereby has reviewed and approves the Fiscal and Budgetary, and Purchasing Policies (Exhibit B).

SECTION 8: City Council has reviewed and approves the investment policies, strategies, and the Investment and Banking Policies and Investment Policy Statement for the Post-Employment Benefit Plan (Exhibit C).

SECTION 9: City Council approves and reauthorizes building permit fees and other fees, rates, charges and their associated revenue, which is incorporated into the budget; Exhibit D. Exhibit D authorizes water, wastewater, and solid waste rate increases as noted.

SECTION 10: The City Secretary is directed to maintain a copy of the adopted budget, to file a copy of it with the City Library and the County Clerk, and to publish a notice saying the budget is available for public inspection [Texas Local Government Code §§ 102.008 and 102.009(d)].

SECTION 11: Council may amend this budget from time to time as provided by law for the purposes of authorizing emergency expenditures or for municipal purposes, provided, however, no obligation shall be incurred or any expenditure made except in conformity with the budget [Texas Local Government Code §§ 102.009-102.011; Huntsville City Charter §§ 11.06-11.07].

SECTION 12: The City Manager may, within the policies adopted within this budget, authorize transfers between budget line items; City Council may transfer any unencumbered appropriated balance or portion of it from one office, department, or agency to another at any time, or any appropriation balance from one expenditure account to another within a single office, department, or agency of the City [Huntsville City Charter §11.06.].

SECTION 13: City Council expressly repeals all previous budget ordinances and appropriations if in conflict with the provisions of this ordinance. If a court of competent jurisdiction declares any part, portion, or section of this ordinance invalid, inoperative, or void for any reason, such decision, opinion, or judgment shall in no way affect the remaining portions, parts, or sections, or parts of a section of this ordinance, which provisions shall be, remain, and continue to be in full force and effect.

SECTION 14: This ordinance shall take effect immediately after its passage.

PASSED AND APPROVED on this, the 17th day of September 2024.

THE CITY OF HUNTSVILLE, TEXAS

____

Russell Humphrey, Mayor

ATTEST:

____

Kristy Doll, City Secretary

APPROVED AS TO FORM:

____

Leonard Schneider, City Attorney

City of Huntsville, Texas

Annual Operating Budget for Fiscal Year 2024-2025

This budget will raise more total revenue from property taxes than last year's budget by $1,409,670 (15.57%), and of that amount $187,906 (2.1%) is property tax revenue to be raised from new property added to the tax roll this year.

Record vote on adopting the FY 24-25 Budget:

Councilmember Name	Position	Vote (Yes/No)
Russell Humphrey	Mayor	Yes/No
Tore Fossum	Ward 1	Yes/No
Casey Cox	Ward 2	Yes/No
Anissa Antwine	Ward 3	Yes/No
Jon Strong	Ward 4	Yes/No
Bert Lyle	Position 1 at Large	Yes/No
Karen Denman	Position 2 at Large	Yes/No
Vicki McKenzie	Position 3 at Large	Yes/No
Pat Graham	Position 4 at Large	Yes/No

Property Tax Rate Information:

	Fiscal Yr 24-25	Fiscal Yr 23-24
Tax Rate adopted	$0.3445	$0.3074
No-New-Revenue Tax Rate	$0.3145	$0.2679
No-New-Revenue M&O Tax Rate	$0.2443	$0.2177
Debt Rate	$0.0685	$0.0697
Voter-Approval Tax Rate	$0.3585	$0.3466

City Debt Obligations secured by property taxes $41,895,000

Fund	Fund Name	Estimated 09/30/24 Unallocated Reserve	Revenues	Admin Reimb In	Trans In	Total Revenue	Expenditures	Admin Reimb Out	Trans Out	Transfer to Cap	Exp	One Time Equity	Total Exp	Estimated 09/30/25 Unallocated Reserve
	Fund Name													
101	General Fund	8,100,000	26,086,192	7,119,497	1,951,283	35,156,972	34,039,520		852,452	265,000	35,156,972		35,156,972	8,100,000
	Debt Service													
116	Debt Service Fund	514,732	2,072,091	-	590,363	2,662,454	2,662,454	-	-	-	2,662,454	-	2,662,454	514,732
	Enterprise													
220	Utility Fund	7,454,000	39,092,250	63,222	-	39,155,472	25,146,554	6,664,939	2,343,979	5,000,000	39,155,472		39,155,472	7,454,000
224	Solid Waste Fund	3,600,000	8,360,200	-	-	8,360,200	6,584,006	1,025,015	1,357,036		8,966,057		8,966,057	2,994,143
	Internal Service													
302	Medical Insurance Fund	3,323,500	4,391,272	-		4,391,272	5,064,260	-	-	-	5,064,260		5,064,260	2,650,512
306	Capital Equipment Fund	7,458,900	250,000	-	2,152,863	2,402,863	2,343,223	-	-	-	2,343,223		2,343,223	7,518,540
309	Computer Equip. Replacement Fund	735,900	-	-	366,329	366,329	283,095	-	-	-	283,095		283,095	819,134
	Special Revenue													
601	Court Security SRF	84,800	32,000			32,000	-	-	29,104	-	29,104		29,104	87,696
602	Court Technology SRF	57,100	29,000	-	-	29,000	41,536	-	-	-	41,536		41,536	44,564
609	Airport SRF	57,400	148,417	-	-	148,417	178,750	-	-	-	178,750		178,750	27,067
610	Library SRF	173,640	7,100	-	-	7,100	-	-	-	-	-	-	-	180,740
611	Police Seizure & Forfeiture SRF	198,800	5,000	-		5,000	191,728	-	-	-	191,728	-	191,728	12,072
612	PD School Resource Officer SRF	163,800	705,461	-	174,365	879,826	827,500	-	44,326	-	871,826		871,826	171,800
613	PD Fed Equitable Sharing Fds SRF	104,300	-	-	-	-	102,761	-	-	-	102,761		102,761	1,539
614	Police Grants SRF	25,990	109,340			109,340	109,340				109,340		109,340	25,990
619	LEOSE SRF	34,900	-			-	21,300				21,300		21,300	13,600
665	Hotel/Motel Tax - Statue Contrib	80,950		-	-			-	-	-	-	-	-	80,950
	Hotel/Motel Tax													
618	Arts & Visitor Center SRF	157,300	185,140	-		185,140	277,293	-	-	-	277,293		277,293	65,147
663	H/M Tax- Tourism & Visitors Cntr	1,202,900	978,700	-		978,700	907,363	83,128	17,943	-	1,008,434		1,008,434	1,173,166
	Endowment													
402	PEB Trust - Medical Fund	6,095,000	-	-	-	-	20,000	-		-	20,000	-	20,000	6,075,000
418	Library Endowment Fund	132,100	-	-	-	-	-	-	-	-	-	-	-	132,100
461	Oakwood Cemetery Endowment Fund	417,300	5,000	-	-	5,000	-	-		-	-		-	422,300
		40,173,312	**82,457,163**	**7,182,719**	**5,235,203**	**94,875,085**	**78,800,683**	**7,773,082**	**4,644,840**	**5,265,000**	**96,483,605**		**96,483,605**	

City of Huntsville
FY 2024-2025 Capital Funding Additions and Sources

Utility CIP	Amount	Funding Sources
Miscellaneous Waterline Replacements (Old Colony Road Design - Goodrich to SH 19) Utility Road, Jeffro Street, Rhodes Drive, Elm Ave (SH 30 E to Louis Davis Drive), Louis Davis Drive (Elm Ave to Hazel Ave) Construction	$ 410,000	Utility Fund
Boettcher Drive Waterline Rehabilitation -Construction	$ 964,000	Utility Fund
Mance Park Middle School Waterline Rehabilitation -Construction	$ 160,000	Utility Fund
11th Street / Hickory Drive Waterline Rehabilitation -Construction	$ 1,045,000	Utility Fund
11th Street / Old Madisonville Road -(Phase I Construction)	$ 280,000	Utility Fund
Eastham (Elmwood to Royal Oaks) -Phase I Construction	$ 256,000	Utility Fund
Fish Hatchery II -Phase II Construction	$ 240,000	Utility Fund
Miscellaneous Wastewater Line Replacements - Sam Houston; 608 Sam Houston Ave to 505 Ave M.; 16th Street (Sam Houston to Ave M); 1726 Ave Q to 1711 Ave Q; 14th St. to Ave. I; 500 to 546 Normal Park Drive	$ 337,000	Utility Fund
Tanyard Creek Lift station Force Main Design	$ 103,000	Utility Fund
Robinson Creek Wastewater Treatment Plant Rehab and Expnasion Design and McDonald Creek Lift Station Replacement	$ 200,000	Utility Fund
AJ-09 Basin Replacement Preliminary - Design	$ 255,000	Utility Fund
RC-05 Basin Replacement Preliminary - Design	$ 200,000	
N.B Davidson WWTP Rehabilitation Phase 2 Design	$ 250,000	Utility Fund
Pine Shadow Drive SS Relocation	$ 300,000	Utility Fund
TOTAL - Utility Fund CIP	**$ 5,000,000**	
General - CIP	**Amount**	**Funding Sources**
Park Improvement Projects Implementation per Masterplan	$ 250,000	General Fund
Apron Expansion Engineering & Construction	$ 15,000	General Fund
Total General CIP	**$ 265,000**	
Total Sources Summary	**Amount**	
Utility Fund Contributions	$ 5,000,000	
General Fund Contributions	$ 265,000	
24-24 Total Sources of Funds	**$ 5,265,000**	

Fiscal and Budgetary Policies

I. STATEMENT OF PURPOSE

The purpose of the Fiscal and Budgetary Policies is to identify and present an overview of policies dictated by state law, the City Charter, City ordinances, and administrative policies. The aim of these policies is to achieve long-term stability and a positive financial condition. These policies provide guidelines to the administration and finance staff in planning and directing the City's day-to-day financial affairs and in developing financial recommendations to the City Council. These policies set forth the basic framework for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies assist in the decision-making process. These policies provide guidelines for evaluating both current activities and proposals for future programs.

These policies represent long-standing principles, traditions and practices which have guided the City in the past and have helped maintain financial stability. An important aspect of the policies is the application of budget and fiscal policies in the context of a long-term financial approach. The scope of these policies span accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management and debt management.

The City Council and/or Finance Committee annually review and approve the Fiscal and Budgetary Policies as part of the budget process.

II. BASIS OF ACCOUNTING

A. **Accounting in Accordance With GAAP.** The City's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

1. **Organization of Accounts.** The accounts of the City shall be organized and operated on the basis of funds. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions

2. **Fund Structure.** The City of Huntsville uses the following fund groups:

<u>Governmental Funds:</u>
General Fund
General Obligation Debt Service Fund
Capital Projects Funds

<u>Special Revenue Funds</u>*:*
Municipal Court Special Revenues
Library Special Revenues
Airport Special Revenues
Police Special Revenues
Hotel/Motel Tax & Arts

<u>Proprietary Funds</u>:
<u>Enterprise Funds</u>:
Utility Fund (Water & Wastewater operations)
Solid Waste

<u>Internal Service Funds:</u>
Medical Insurance
Equipment Replacement
Computer Replacement

<u>Permanent Funds</u>:
Library Endowment
Oakwood Cemetery Endowment

<u>Trust Funds</u>*:*
Retiree PEB Trust –Medical
Scholarship Fund
Employee Assistance Fund

3. **Governmental Fund Types.** Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, General Obligation Debt Service and Capital Project funds. Governmental fund types shall use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

4. **Proprietary Fund Types.** Proprietary fund types are used to account for the City's business type activities (e.g., activities that receive a significant portion of their funding through user charges). The City has two types of proprietary funds: Enterprise Funds and Internal Service Funds. The City's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Enterprise funds receive their revenues primarily through user charges for service. Internal Service funds receive their revenues primarily from the other funds of the City.

5. **Permanent Funds.** The Library Endowment Fund and Oakwood Cemetery Endowment Fund are used to account for endowments received by the City. Money available for expenditures in these funds are the accumulated interest earnings.

6. **Trust Funds.** The PEB Trust for retirees is used to account for funds designated for use for retiree Health Insurance costs if needed. Monies in this Fund help to lessen the City's Unfunded Accrued Actuarial Liability (UAAL) that is the result of the City providing a health insurance benefit to certain retirees. The Employee Assistance Fund is funded by contributions from City employees and monies are used to assist

employees encountering catastrophic illness (examples – cancer, vehicle accidents, etc.) medical costs. The Scholarship Fund is also funded by contributions from employee. The monies are used to provide scholarships to graduating seniors of employees who will be continuing their education at a university, junior/community college, or a technical school.

7. **Encumbrance Accounting.** The City shall utilize encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

III. OPERATING BUDGET

A. BUDGET PROCESS.

1. **Proposed Budget.** Section 11.05 of the City Charter requires that the City Manager submit to the City Council a proposed budget at least 30 days prior to the end of the fiscal year that presents a complete financial plan for the ensuing year. Public hearings shall be held in the manner prescribed by the laws of the State of Texas relating to budgets in cities and towns. The Charter requires that no budget be adopted or appropriations made unless the total of estimated revenues, income and funds available shall be equal to or in excess of such budget or appropriations. Past practice has been to present a draft budget to City Council at least six weeks prior to fiscal year end.

   a. The budget shall include four basic segments for review and evaluation: (1) personnel costs, (2) base budget (same level of service) for operations and maintenance costs, (3) decision packages for capital and other (non-capital) project costs, and (4) revenues.

   b. The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget.

   c. The budget process will allow the opportunity for the City Council to address policy and fiscal issues.

   d. A copy of the proposed budget shall be posted on the City's website when it is submitted to the City Council.

2. **Modified Incremental Approach.** The operating budget less prior year supplemental requests, shall serve as the starting point for budget estimates.

3. **Adoption.** Upon the presentation of a proposed budget document to the City Council, the City Council shall call and publicize a public hearing. The City Council shall subsequently adopt by Ordinance such budget, as it may have been amended, as the City's Annual Budget, effective for the fiscal year beginning October 1.

   As required by Section 11.05 of the Charter, if the City Council takes no action to adopt a budget on or prior to September 27th, the budget as submitted by the City Manager, is deemed to have been finally adopted by the City Council.

4. **Government Finance Officers Association.** The annual budget shall be submitted to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.

5. **Truth in Taxation**. Budget development procedures will be in conformance with State law, outlined in the Truth in Taxation process. In the event of a tax increase, notice will be given and public hearings held in compliance with State law.

B. PLANNING. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget planning process is for a five year period recognizing that budgets are influenced by decisions made in prior year budgets and that decisions made in the current year budgets serve a precursor to future budget requirements. The City shall recognize both short-term needs and objectives in relation to the long-term goals of the City.

C. PREPARATION. The operating budget is the City's annual financial operating plan. The budget includes all of the operating departments of the City, the debt service fund, all capital projects funds, internal service funds, and all special revenue funds of the City. An annual budget shall be prepared for all funds of the City, with the exception that capital projects will be budgeted on a project length basis, rather than an annual basis.

1. **Basis of Budget.** Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.

   a. Governmental Fund Types are budgeted on a modified accrual basis, with exceptions as noted above. Revenues are included in the budget in the year they are expected to become measurable and available. Expenditures are included in the budget when they are measurable, a liability is incurred, and the liability will be liquidated with resources included in the budget.

   b. Capital project budgets are project length budgets and are budgeted on a modified accrual basis.

   c. Proprietary fund types are budgeted generally on an accrual basis with exceptions as noted above. Revenues are budgeted in the year they are expected to be earned and expenses are budgeted in the year the liability is expected to be incurred. The emphasis is on cash transactions in lieu of non-cash transactions, such as depreciation. The focus is on the net change in working capital.

2. **Legal Level of Control.** The budget shall be adopted at the "legal level of control," which is, by Division, within individual funds. The level at which management, without prior council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the object and the line item.

Example:
Fund - General Fund
Department - Public Safety
Division - Police
Object - Salaries, Other Pay and Benefits
Line Item - Regular Salaries

In the above example, the legal level of control is the budget total for the Police Division. Department Heads may not exceed budget allocations at the object code level in controllable account without City Manager approval.

3. **Identify Available Funds.** The budget shall be sufficiently detailed to identify all available funds. The format will include estimated beginning funds, sources of funds, uses of funds, and estimated remaining funds at budget year-end. An actual prior year, estimated current year and proposed budget shall be presented.

4. **Interfund Transfers/Charges.** A summary showing transfers and charges between funds will be provided during the budget process to explain the "double counting" of revenues and expenditures.

5. **Periodic Reports.** In compliance with Section 11.02(e) of the Charter, the City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues, expenditures and encumbrances with budgeted amounts.

6. **Self Sufficient Enterprise Funds.** Enterprise operations, Utility Fund, Solid Waste, are intended to be self-sufficient.

7. **Administrative Cost Reimbursement.** Enterprise fund budgets shall include a reimbursement to the General Fund to pay a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council during the budget process.

8. **Charges to Other Funds by Internal Service Funds.** Charges by internal service funds to user divisions and funds shall be documented as part of the budget process.

9. **Appropriations Lapse.** Pursuant with Section 11.06 of the Charter, annual appropriations lapse at year end. Items purchased through the formal purchase order system (i.e., the encumbered portions), and not received by fiscal year end, are presented to City Council for re-appropriation in the subsequent fiscal year. To be eligible for automatic re-appropriation in a subsequent year, the goods or services must have been ordered in good faith and appropriated in the year encumbered.. The original budget is amended to include the re-appropriations. Capital projects budgets do not lapse at year-end.

10. **Performance Indicators and Productivity Indicators.** The annual budget, where possible, will utilize performance measures and productivity indicators.

D. BALANCED BUDGET. The budget shall be balanced using a combination of current revenues and available funds. Current year operating expenses shall be funded with current year generated revenues. No budget shall be adopted unless the total of estimated revenues, income, and funds available is equal to or in excess of such budget.

E. REPORTING. Periodic financial reports shall be prepared to enable the Department Heads to manage their budgets and to enable monitoring and control of the budget.

F. CONTROL. Operating Expenditure Control is addressed in Section V of these Policies.

G. CONTINGENT APPROPRIATION. The General Fund, Utility Fund and Solid Waste Fund may have an adequate contingent appropriation. This contingent appropriation, titled "Reserve for Future Allocation", shall be disbursed only by transfer to another departmental appropriation. Transfers from this item shall be controlled as outlined in Section VI, D of these policies.

H. EMPLOYEE BENEFITS. The City budget process shall include a review of employee benefits.

1. Medical Insurance Fund - The Finance Committee shall review rates to be charged for employee and dependent coverage.

2. Retirement Plan - The City is a member of the Texas Municipal Retirement System (TMRS). Employees working at least 1,000 hours per year shall contribute 7% to the TMRS plan. The City's match will be established according to TMRS rates for the benefit levels elected by the City. Any budgeted funds not spent can be deposited with TMRS to reduce the City's unfunded liability with Council's approval or will revert back to the unallocated monies in the appropriate fund.

3. Workers Compensation Insurance - The City shall participate in the Texas Municipal League (TML) Workers Compensation Risk Pool. Rates for required coverage will be established by the Pool, adjusted for experience on an annual basis. Refunds that may be granted through the pool will be prorated between the City funds. Unspent monies will revert back to the appropriate fund.

4. Social Security/Medicare - The City does not pay Social Security for employees. Medicare is paid for employees hired after March 31, 1986 or for those employees otherwise having access through the City.

5. Recommendations for adjustments to the pay and classification system will be made annually in order to maintain external parity and internal equity. Recommendations will be built into the proposed basic budget.

IV. RESERVES/UNALLOCATED FUNDS

A. OPERATING RESERVES/FUND BALANCES. The City shall maintain unallocated reserves in operating funds to pay expenditures caused by unforeseen emergencies or for shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. Generally, unallocated reserves for all operating funds excluding, Internal Service Funds, Capital Projects, and Special Revenue Funds shall be maintained at a minimum amount of 25% of the annual budget (less transfers to capital projects) for each fund unless specifically identified in this section. Unallocated reserves shall not be used to support on-going operating expenditures. This reserve is defined as unreserved current assets less inventory and on-going receivables (ex. utility billing, sales tax) minus current liabilities payable from these assets.

B. FUND BALANCES USED FOR CAPITAL EXPENDITURES. Reserves shall be used for one time capital expenditures only if:

1. there are surplus balances remaining after all reserve and fund allocations are made; or

2. the City has made a rational analysis with justifying evidence that it has an adequate level of short and long-term resources.

C. SPECIFIC APPROPRIATION BY CITY COUNCIL. If fund balances are used to support one time capital and onetime non-operating expenditures, the funds must be specifically appropriated by the City Council.

D. CITY MANAGER'S AUTHORITY TO ASSIGN FUND BALANCE/UNALLOCATED RESERVES.
At times, the City may be in various planning stages of projects. Each project will undoubtedly have its own funding considerations and challenges. As a means of planning for projects and ensuring (when necessary and appropriate) the availability of Unallocated Reserves to pay for projects, the City Manager is hereby authorized to place certain Unallocated Reserves in each of the City's funds in "Assigned" status. The definition of the term Assigned is as follows: Assigned Unallocated Reserves includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed (as defined by GASB 54). When Unallocated Reserves are placed in the "Assigned" status, they are to be noted and reduced as part of the balance of Unallocated Reserves as calculated in the Fiscal and Budgetary Policies , Section IV, A. The City Manager may assign Unallocated Reserves under the following circumstances if the amount exceeds $50,000:

1. Matching funds for grants applied for with approval from the City Council.
2. When the City Manager is presented with documentation illustrating an adopted Capital Improvement Project is expected to be in excess of budgeted funds.
3. When the City Manager has documented reason to believe that claims will exceed budgeted revenues in the City's Medical Insurance Fund.
4. When the City is engaged in litigation for which there is not expected to be third party insurance coverage.
5. For Economic Development Incentive Agreements and/or Developers Agreements approved by Council.
6. When the City Manager has documented reason to believe an amendment to the budget will be necessary for which Unallocated Reserves will be the most likely source of funds.
7. When the Council has approved a project and directed staff to proceed and the next sequential step in the project (feasibility study, programming, rate study, conceptual design, full design or construction) has not yet been identified for funding.

The City Manager and/or his designee shall update the Assigned Unallocated Reserve three times annually as follows:

1. As soon as practical after the Council has adopted the Budget.
2. As soon as practical after the Comprehensive Annual Financial Report is complete.
3. In conjunction with the annual budget adoption.

The updates described above will be reviewed, discussed and adopted by the Council Finance Committee.

E. SPECIAL REVENUE FUNDS. Monies in the Special Revenue Funds shall be expended for their intended purposes, in accordance with an approved budget. There is no reserve requirement.

F. CAPITAL PROJECT FUNDS. Monies in the Capital Projects Funds shall be expended in accordance with an approved budget. There is no reserve requirement.

G. INTERNAL SERVICE FUNDS. Working capital in equipment replacement funds will vary to meet annual fluctuations in expenditures. Monies in the Internal Service Funds shall be expended for their intended purpose in conformance with the approved budget and approved replacement schedules. Additions to the Fleet or additional computer equipment will not be funded from replacement funds without council approval.

H. GENERAL OBLIGATION DEBT SERVICE FUND AND INTEREST ACCOUNTS. Reserves in the General Obligation Debt Service Fund and Utility Fund's Interest and Sinking accounts shall be maintained as required by outstanding bond indentures. Reduction of reserves for debt shall be done only with City Council approval after Council has conferred with the City's financial advisor to insure there is no violation of bond covenants.

I. DEBT COVERAGE RATIOS. Debt Coverage Ratios shall be maintained as specified by the bond covenants.

J. MEDICAL INSURANCE FUND RESERVE. A reserve shall be established in the City's Health Insurance Fund to avoid potential shortages. The reserve amount shall be 6 months of budgeted claims for Medical and Dental claims. Such reserve shall be used for no purpose other than for financing losses under the insurance program.

K. The City shall contract for an actuarial review once every two years related to its OPEB liability for retiree medical insurance benefit, in accordance with Government Accounting Standard Board pronouncements.

V. REVENUE MANAGEMENT

A. CHARACTERISTICS OF THE REVENUE SYSTEM. The City strives for the following optimum characteristics in its revenue system:

1. **Simplicity and Certainty.** The City shall strive to keep the revenue classification system simple to promote understanding of the revenue sources. The City shall describe its revenue sources and enact consistent collection policies to provide assurances that the revenues are collected according to budgets and plans.

2. **Equity.** The City shall make every effort to maintain equity in its revenue system structure. The City shall minimize all forms of subsidization between entities, funds, services, utilities, and customers.

3. **Realistic and Conservative Estimates.** Revenues are to be estimated realistically. Revenues of volatile nature shall be budgeted conservatively.

4. **Centralized Reporting.** Receipts will be submitted daily to the Finance Department for deposit and investment. Daily transaction reports and supporting documentation will be prepared.

5. **Review of Fees and Charges.** The City shall review all fees and charges annually in order to match fees and charges with the cost of providing that service.

6. **Aggressive Collection Policy.** The City shall follow an aggressive policy of collecting revenues. Utility services will be discontinued (i.e. turned off) for non-payment in accordance with established policies and ordinances. The attorney responsible for delinquent tax collection, through the central collection agency, shall be encouraged to collect delinquent property taxes using an established tax suit policy and sale of real and personal property to satisfy non-payment of property taxes. A warrant officer will aggressively pursue outstanding warrants, and the Court will use a collection agency to pursue delinquent fines.

B. NON-RECURRING REVENUES. One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues will be used only for one-time expenditures such as capital needs.

C. PROPERTY TAX REVENUES. All real and business personal property located within the City shall be valued at 100% of the fair market value based on the appraisal supplied by the Walker County Appraisal District. Reappraisal and reassessment is as provided by the Appraisal District. Property tax rates shall be maintained at a rate adequate to fund an acceptable service level. Based upon taxable values, rates may be adjusted to fund this service level. Collection services shall be contracted out with a central collection agency, currently the Walker County Appraisal District.

D. INTEREST INCOME. Interest earned from investment of available monies, whether pooled or not, shall be distributed to the funds in accordance with the equity balance of the fund from which monies were invested.

E. USER-BASED FEES AND SERVICE CHARGES. For services associated with a user fee or charge, the direct and indirect costs of that service shall be offset wholly or partially by a fee where possible. There shall be an annual review of fees and charges to ensure that the fees provide adequate coverage of costs of services. Full fee support for operations and debt service costs shall be required in the Proprietary Funds. Partial fee support shall be generated by charges for miscellaneous licenses and fines, sports programs, and from other parks, recreational, cultural activities, and youth programs.

F. UTILITY RATES. The City shall review and adopt utility rates annually that generate revenues required to cover operating expenditures, meet the legal requirements of applicable bond covenants, and provide for an adequate level of working capital.

G. COST REIMBURSEMENTS TO THE GENERAL FUND. The General Fund shall be reimbursed by other funds for a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council as part of the budget process.

H. INTERGOVERNMENTAL REVENUES/GRANTS/SPECIAL REVENUES. Grant revenues and other special revenues shall be spent for the purpose(s) intended. The City shall review grant match requirements and include in the budget all grant revenues and expenditures.

I. REVENUE MONITORING. Revenues actually received are to be regularly compared to budgeted revenues.

J. REVENUE PROJECTIONS. Each existing and potential revenue source shall be re-examined annually.

VI. EXPENDITURE CONTROL

A. APPROPRIATIONS. The responsibility for budgetary control lies with the Department Head. Department Heads may not approve expenditures that exceed monies available at the object code level. Capital expenditures are approved by the City Council on a per project basis.

B. AMENDMENTS TO THE BUDGET. In accordance with the City Charter, the City Council may transfer any unencumbered appropriated balance or portion thereof from any office, department, or agency to another at any time.

C. CITY MANAGER'S AUTHORITY TO AMEND BUDGET.

1. **Reserve for Future Allocation.** The City Manager may authorize transfers of $50,000 or less from the budgeted Reserve for Future Allocation. For authorizations of $25,000 or less, the City Manager will report the use of Reserve for Future Allocation as an informational item. For authorizations between $25,001 and $50,000, the City Manager shall provide written notice to the Council of his/her intent to authorize a transfer of Reserve for Future Allocation in excess of $25,000 (but not more than $50,000), and allow seven (7) business days to pass without a request by a Councilmember to place the proposed expenditure on a City Council meeting agenda for full City Council consideration.

2. **Transfer Between Line Items.** The City Manager may, without prior City Council approval, authorize transfers between budget line items within a Fund with the exception that:

a) Transfers from Salary and Benefit accounts shall stay within the Salary and Benefits account classification/object code.

b) Savings from City Council approved capital purchases may not be spent for other than their intended purpose;

c) Additions to the Fleet and additional computer equipment may not be purchased from equipment replacement funds

3. **Capital Project Budgets.** The City Manager shall have the authority to transfer amounts between line items of a capital project budget and to transfer monies from a project's Contingency Reserve to fund change orders on the project. The City Manager, without prior Council approval, may approve a change order to a construction or engineering contract in an amount not to exceed $50,000, as long as the cumulative total of all change orders to the project do not exceed the State allowed maximum of 25% of the original contract price.

D. PURCHASING. All purchases shall be made in accordance with the Purchasing Procurement and Disposition Policies approved by the Finance Committee. Purchasing will review all bids before posting. The sealed bid requirement is $50,000 if the anticipated bid is $50,000 or greater. Purchases of $50,000 and more in any one fiscal year from any one vendor whether a single purchase or separate or sequential purchases require city council approval. Purchases of less than $50,000 from a single vendor added to purchases of less than $50,000 from another vendor creating an asset of $50,000 or more do not require Council approval. The following shows a summary of approval requirements for purchases.

APPROVAL REQUIREMENTS FOR PURCHASES

Dollar Figure	Supervisor Or Director Designee	Department Director	Purchasing Agent	City Manager	City Council
Less than $3,000	✓				
$3,000 to less than $8,000 (Quotation Form and Purchase Order)	✓	✓	✓		
$8,000 to less than $50,000 (Purchase Order)	✓	✓	✓	✓	
$50,000 or more		✓	✓	✓	✓

✓ Denotes signature approval

E. CONTRACTS. The City Manager, or Mayor as authorized by Council, shall be the signature authority on contracts above $8,000 pursuant to the approval requirement for purchases as outlines after review by the City Attorney and Finance Director.

F. PROMPT PAYMENT. All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt, in accordance with the provisions of state law. Proper procedures shall be established that enables the City to take advantage of all purchase discounts, except in the instance where payments can be reasonably and legally delayed in order to maximize the City's investable cash.

VII. CAPITAL IMPROVEMENTS PROGRAM AND THE CAPITAL BUDGET.

A. PROGRAM PLANNING. The City shall develop and maintain a multi-year plan for capital improvements and make capital improvements in accordance with the approved plan. The Capital Improvements Program will be updated annually. The Capital Improvements Program (CIP) is a planning document and does not authorize or fund projects. The planning time frame for the capital improvements program will normally be five to ten years.

B. BUDGET PREPARATION. The capital budget shall evolve from the Capital Improvements Program. Capital project expenditures must be appropriated in the capital budget. A funding source and resource availability shall be presented to the City Council at the time a project is presented for funding. The City's Capital Budget is to be prepared annually in conjunction with the operating budget on a fiscal year basis to ensure that capital and operating needs are balanced against each other. Projects approved for funding from the Capital Improvements Program will be included in the Capital Budget.

C. PROJECT LENGTH BUDGET. A budget for a capital project shall be a project length budget. At the end of the fiscal year, the unspent budget of an approved capital project shall automatically carry forward to the subsequent fiscal year until the project is completed. At project end, funds shall be available for project reallocation or returned to the originating fund.

D. BUDGET AMENDMENT. All budget amendments shall be in accordance with State law. City Manager authority to amend the budget is identified in Section VI - D.

E. FINANCING PROGRAMS. Alternative financing sources will be explored. The term of the debt issue may not exceed the expected useful life of the asset.

F. REPORTING. Periodic financial reports shall be prepared to enable the Department Heads to manage their capital budgets and to enable the Finance Department to monitor, report, and provide information about the capital budget.

G. EVALUATION CRITERIA. Capital investments shall foster goals of economic vitality, neighborhood vitality, infrastructure preservation, provide service to areas lacking service and improve services in areas with deficient services. Evaluation criteria for selecting which capital assets and projects to include for funding shall include the following:

- mandatory projects
- efficiency improvement
- policy area projects
- project's expected useful life
- availability of state/federal grants
- prior commitments
- maintenance projects
- project provides a new service
- extent of usage
- effect of project on operation and maintenance costs
- elimination of hazards

VIII. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

A. ACCOUNTING. The Finance Director is responsible for establishing the Chart of Accounts and for recording financial transactions.

B. AUDITING.

1. **Qualifications of the Auditor**. Section 11.16 of the City's Charter requires the City to be audited annually by independent accountants ("auditor"). The CPA firm must demonstrate that it has staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be licensed by the State of Texas.

2. **Responsibility of Auditor to City Council and Finance Committee.** The auditor is retained by and is accountable to the City Council. The auditor shall communicate directly with the Finance Committee as necessary to fulfill its legal and professional responsibilities. The auditor's report on the City's financial statements shall be completed within 120 days of the City's fiscal year end.

3. **Selection of Auditor.** The City shall request proposals for audit services at least once every three years. The City shall select the auditor by May 31, of each year. As required in Section 11.16 of the City Charter, the Auditor is appointed by the Mayor, with approval of the Council. The Certified Public Accountant shall have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers.
4. **Contract with Auditor.** The agreement between the independent auditor and the City shall be in form of a written contract. A time schedule for completion of the audit shall be included.

5. **Scope of Audit.** All general purpose statements, combining statements and individual fund and account group statements and schedules shall be subject to a full scope audit.

6. **Publication of Results of Audit.** As required by Section 11.16 of the City Charter, notice of the completion of the audit shall be published in a newspaper and copies placed in the office of the Director of Finance and the Huntsville Public Library. A copy will also be available in the office of the City Secretary.

C. FINANCIAL REPORTING.

1. **External Reporting.** As a part of the audit, the auditor shall assist with preparation of a written Annual Comprehensive Financial Report (ACFR) to be presented to the City Council. The ACFR shall be prepared in accordance with generally accepted accounting principles (GAAP) and shall be presented annually to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.

2. **Availability of Reports.** The annual comprehensive financial report shall be made available to the elected officials, bond rating agencies, creditors and citizens.

3. **Internal Reporting.** The Finance Department shall prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs.

IX. INVESTMENTS AND CASH MANAGEMENT

A. DEPOSITORY BANK. A Depository Bank shall be selected by the City Council for a two-year period, and may be renewed in accordance with the Public Funds Investment Act. A request for proposal shall be used as the means of selecting a Depository Bank. The Depository Bank shall specifically outline safekeeping requirements.

B. DEPOSITING OF FUNDS. The Finance Director shall promptly deposit all City funds with the Depository Bank in accordance with the provisions of the current Bank Depository Agreement and the City Council approved Investment Policies. Investments and reporting shall strictly adhere to the City Council approved Investment Policies.

C. INVESTMENT POLICY. All funds shall be invested in accordance with the approved investment policy. Investment of City funds emphasizes preservation of principal. Objectives are, in order, safety, liquidity and yield. A procedures manual shall be approved by the Finance Committee.

D. MONTHLY REPORT. A monthly cash and investment report shall be prepared.

X. ASSET MANAGEMENT

A. FIXED ASSETS AND INVENTORY. A fixed asset of the City is defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, infrastructure addition, or addition to existing land, buildings, etc. A fixed asset's cost or value is $5,000 or more, with an expected useful life greater than one year. Improvements and infrastructure values are $25,000 or more in cost with a useful life or extension of five years.

B. MAINTENANCE OF PHYSICAL ASSETS. The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of fixed assets.

C. OPERATIONAL PROCEDURES MANUAL. Records shall be purged that do not meet the capitalization criteria and operational procedures shall be in accordance with a fixed asset records procedure manual.

D. SAFEGUARDING OF ASSETS. The City's fixed assets will be reasonably safeguarded and properly accounted for. Responsibility for the safeguarding of the City's fixed assets lies with the Department Head in whose department the fixed asset is assigned.

F. MAINTENANCE OF RECORDS. The Finance Department shall maintain the records of the City's fixed assets including description, cost, department of responsibility, date of acquisition and depreciation where applicable. Records of land and rights-of-way shall be maintained in the Planning & Development Department.

G. ANNUAL INVENTORY. An annual inventory of assets shall be performed and accounted for by each department using guidelines established by the Finance Department. Such inventory shall be performed by the Department Head or the designated agent. The Department Head shall use a detailed listing and shall be responsible for a complete review of assigned fixed assets. A signed inventory list shall be returned to the Finance Department.

G. INFRASTRUCTURE MAINTENANCE. The City recognizes that deferred maintenance increases future capital costs. Funds shall be included in the budget each year to maintain the quality of the City's infrastructure. Replacement schedules should be developed in order to anticipate this inevitable ongoing and obsolescence of infrastructure.

H. SCHEDULED REPLACEMENT OF ASSETS. As part of the ongoing replacement of assets, the City has established Equipment Replacement Funds. These funds charge the user funds, based on the estimated replacement cost and estimated life of the equipment. The City maintains fleet and computer replacement funds.

XI. DEBT MANAGEMENT

A. DEBT ISSUANCE. The City shall issue debt when the use of debt is appropriate and specifically approved by the City Council and expenditure of such monies shall be in strict accordance with the designated purpose.

B. ISSUANCE OF LONG-TERM DEBT. The issuance of long-term debt is limited to use for capital improvements or projects that cannot be financed from current revenues or resources and future citizens will receive a benefit from the improvement. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, street improvements, or construction projects to provide for the general good. For purposes of this policy, current resources are defined as that portion of fund balance in excess of the required reserves. The payback period of the debt will be limited to the estimated useful life of the capital projects or improvements.

C. The City shall strive to schedule debt issues to take advantage of the small issuer status designation in regard to Federal Arbitrage laws.

D. PAYMENT OF DEBT. When the City utilizes long-term debt financing it will ensure that the debt is financed soundly by realistically projecting the revenue sources that will be used to pay the debt; and financing the improvement over a period not greater than the useful life of the improvement.

E. TYPES OF DEBT.

1. **General Obligation Bonds (G.O.'s).** General obligation bonds shall be used only to fund capital assets of the general government, and not used to fund operating needs of the City. General obligation bonds are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a bond issue shall not exceed the useful life of the asset(s) funded by the bond issue. General obligation bonds must be authorized by a vote of the citizens of the City of Huntsville.

2. **Revenue Bonds (R.B.'s).** Revenue bonds shall be issued as determined by City Council to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of a service which produces revenue and

for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the bond issue.

3. **Certificates of Obligation (C.O.'s).** Certificates of obligation may be used in order to fund capital assets. Debt service for C.O.'s may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. C.O.'s may be used to fund capital assets where full bond issues are not warranted as a result of the cost of the asset(s) to be funded through the instrument. Infrastructure and building needs may also be financed with Certificates of Obligation, after evaluation of financing alternatives by the City's Financial Advisor. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the proceeds of the debt issue.

4. **Tax Anticipation Notes.** Tax Anticipation Notes may be used to fund capital assets of the general government or to fund operating needs of the City. Tax Anticipation Notes are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a note issue shall not exceed the useful life of the asset(s) funded by the debt issued or seven years whichever is less.

5. **Capital Lease.** Capital leases may be used to fund capital assets with shorter lives (generally less than 10 years) for vehicles, equipment and software. The term shall not exceed the useful life of the assets.

F. METHOD OF SALE. The City shall use a competitive bidding process in the sale of bonds and certificates of obligation unless some other method is specifically agreed to by City Council.

G. FINANCIAL ADVISOR. The Finance Committee will recommend to the City Council a financial advisor to oversee all aspects of any bond issue.

H. ANALYSIS OF FINANCING ALTERNATIVES. Staff will explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives will include, but not be limited to, 1) grants in aid, 2) use of reserves, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.

I. DISCLOSURE. Full disclosure of operations shall be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, shall prepare the necessary materials for presentation to the rating agencies, and shall aid in the production of Offering Statements.

J. DEBT STRUCTURING. The City will generally issue debt for a term not to exceed 20 years. The City will exceed a 20-year term only upon recommendation of the City's Financial Advisor and in no case shall the term of the debt issue exceed the life of the asset acquired. The repayment schedule shall approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream. Consideration of market factors, including tax-exempt qualification, and minimum tax alternatives will be given during the structuring of long-term debt instruments.

K. FEDERAL REQUIREMENTS. The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

L. BIDDING PARAMETERS. The notice of the sale of bonds will be carefully constructed so as to ensure the best possible bid for the City, in light of the existing market conditions and other prevailing factors. Parameters to be examined include:

- Limits between lowest and highest coupons
- Coupon requirements relative to the yield curve
- Method of underwriter compensation, discount or premium coupons
- Use of bond insurance
- Call provisions

XII. INTERNAL CONTROLS

A. WRITTEN PROCEDURES. Wherever possible, written procedures shall be established and maintained by the Finance Department for all functions involving cash handling and/or accounting throughout the City. These procedures shall embrace the general concepts of fiscal responsibility set forth in this policy statement.

B. DEPARTMENT HEAD RESPONSIBILITIES. Each Department Head is responsible to ensure that good internal controls are followed throughout the Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

C. COMPUTER SYSTEM/DATA SECURITY. The City shall provide security of its computer system and data files through physical security and appropriate backup procedures. A disaster recovery plan shall be developed by the Information Services Department. Computer systems shall be accessible only to authorized personnel.

XIII. RISK MANAGEMENT

A. RESPONSIBILITY. A risk manager is responsible for the general risk liability insurance risk management function of the City. Recommendations for deductibles, limits of coverage, etc. shall be presented to the Finance Committee for review.

B. EMPLOYEE SAFETY. The City will aggressively pursue opportunities to provide for employee safety. The goal will be to minimize the risk of loss, with an emphasis on regularly scheduled safety programs.

C. SELF INSURED HEALTH INSURANCE. A detailed annual report shall be given to the Finance Committee that includes available funds, expected payouts in the plan, reinsurance costs and a rate recommendation. The presentation shall include a proposed budget for a period coinciding with the City's fiscal year.

XIV. ROLE OF THE FINANCE COMMITTEE OF CITY COUNCIL

The finance committee appointed by City Council upon recommendation of the Mayor shall have responsibilities including:

A. Monitoring and recommending changes to the Investment Policy;
B. Managing the audit;
C. Review of liability insurance coverage's.
D. Oversight of budget and finances

INVESTMENT & BANKING POLICIES

10/1/2022

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CITY OF HUNTSVILLE
INVESTMENT AND BANKING POLICIES

PART I - INVESTMENT POLICY

I. PURPOSE OF POLICY

The Public Funds Investment Act (PFIA), Chapter 2256, Texas Government Code prescribes that each city is to adopt rules governing its investment practices and to define the authority of the Investment Officer. This policy is adopted by the City Council to direct and limit the financial affairs of the City of Huntsville. It is the policy of the City of Huntsville to invest public funds in a manner which will provide the maximum security of principal invested at a reasonable market rate of return, with consideration of the City's risk constraints and cash flow needs. Receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The City will comply with all state and local statutes, including the Texas Public Funds Investment Act.

II. SCOPE OF POLICY

This policy applies to all funds or financial resources available for investment by the City accounted for in the *City of Huntsville, Texas Annual Comprehensive Financial Report* and include the General Fund, General Obligation Debt Service Fund, Special Revenue Funds, Enterprise Funds, Permanent Funds, Internal Service Funds, the City's self-funded Health Insurance Fund, and will include any new fund created by the City Council unless specifically exempted by City Council. All monies may be pooled into one investment account, except for those monies accounted for in accounts as deemed necessary, or as stipulated by applicable laws, bond covenants or contracts. These policies do not, however, govern funds that are managed under separate investment programs such as retirement funds, pension funds, deferred compensation funds and certain private donations, that are maintained as required by federal and state law, other local policies, or donor stipulations.

III. DESIGNATION OF INVESTMENT OFFICERS

The authority to manage the City of Huntsville investment program is derived from State Statute, the City Charter, and these investment policies. Management responsibility for the investment program is hereby delegated to the Finance Director, designated as Investment Officer for the City of Huntsville, who shall establish written procedures for the operation of the investment program consistent with this investment policy and shall be responsible for the operation of the investment program consistent with this investment policy. The Director of Finance, under general supervision of the City Manager, shall direct the cash management program of the City. (See City Charter Art. XI). The City Manager and/or Director of Finance may deposit, withdraw, invest, transfer, and manage City funds. The Investment Officer shall report to the Finance Committee of City Council. The Finance Committee, appointed by the Mayor, shall be responsible for monitoring, reviewing and making recommendations regarding the City's investment program to the City Council.

The Director of Finance may authorize persons to engage in investment transactions and approve wire transfers used in the process of investing.

IV. INVESTMENT TRAINING

Not less than once in a two-year period that begins on the City's first day of the fiscal year the Finance Director shall receive not less than 10 hours of instruction relating to investment responsibilities. The Finance Director shall attend investment training that includes education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and general compliance with state law. Training must be received from an independent source, approved by the entity's governing body or investment committee, and taken within twelve months after taking office or assuming duties.

V. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment function shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Finance Committee of the City Council any material financial interest in financial institutions that conduct business with the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Huntsville, particularly with regard to the time of purchases and sales. Investment officers shall comply with Texas Government Code section 2256.005(I) relating to personal business relationships with a business organization offering to engage in an investment transaction with the City of Huntsville.

VI. OBJECTIVES

The objectives of the City's investment policies are, in order of priority: preservation and safety of principal, liquidity and yield/return on investments. The policy must be written, address investment diversification and the quality and capability of investment management. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

A. *Preservation and safety of principal* shall be the foremost objective of the City's investment program. Preservation and safety of principal shall be obtained through protection of principal and safekeeping.

1. The City shall control risk of loss due to the failure of a security issuer or guarantor. Such risk shall be controlled by investing in the safest types of securities, by qualifying the financial institution with whom the City will transact, and by portfolio diversification.

2. The City shall also control risks of loss by requiring collateral for depository bank funds to be held by a financial institution separate from the depository bank.

B. *Liquidity* shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to otherwise adjust the City's portfolio.

C. *Yield/Return on Investments*. The City of Huntsville investment portfolio is designed with the objective of attaining a rate of return throughout budgetary and economic cycles commensurate with the City of Huntsville investment risk constraints and the cash flow characteristics of the portfolio. Investments, other than the overnight cash concentration account, shall be made in permitted obligations at yields equal to or greater than the bond equivalent yield on United States Treasury obligations of comparable maturity.

VII. MARKET YIELD (BENCHMARK)

The market yield benchmark shall be a yield equal to the bond equivalent yield on United States Treasury obligations of comparable maturity.

If selling a security prior to a fixed date maturity at a gain or loss, the investment officers shall notify the Finance Committee of City Council at its next meeting. The City shall monitor the market price of investments as of the end of each month through reports provided by brokers and/or the use of a purchased service or available software.

VIII. INVESTMENT STRATEGIES

The City of Huntsville shall generally invest funds with the intent to hold to maturity. Investment selection shall be based on legality, appropriateness, liquidity, and risk/return considerations. Monies designed for immediate expenditure should be passively invested to allow for liquidity to pay upcoming disbursements, (payroll, debt service payments, payables, etc.), and allow for structuring the investment portfolio on a "laddered" basis. The City of Huntsville maintains portfolios that utilize four specific investment strategies designed to address the unique characteristics of the fund groups represented in the portfolios:

A. *Operating Funds* have as their primary objective the assurance that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. The weighted average days to maturity of these funds shall be less than 365 days and shall be calculated using the stated final maturity date for each security.

B. *Debt Service Funds* shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations on the required payment date. Securities purchased shall not have a stated final maturity date that exceeds the debt service payment date.

C. *Debt Service Reserve Funds* shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. In addition to the bond ordinance specific to an individual bond issue, which sets out investment parameters, securities shall have a maturity of less than five years. Investments shall be limited to obligations of the United States or its agencies and instrumentalities or in approved investment pools.

D. *Special Projects* or *Special Purpose Fund* portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.

These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date. 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.

IX. PRUDENCE/STANDARD OF CARE

Investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. In determining whether the City's investment officers have exercised prudence with respect to an investment decision, the determination shall be made taking into consideration, the investment of all funds, or funds under the City's control, over which they have responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision is consistent with this investment policy.

X. DIVERSIFICATION

The City of Huntsville will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution. Diversification will also include terms of maturity as well as instrument type and issue. Investments shall not exceed more than 20% of the capitalization of the financial institution other than the main depository. Bond proceeds may be invested in a single security or investment which exceeds the City's diversification limits if the Investment Officer, with concurrence of the Finance Committee, determine that such an investment is necessary to comply with Federal arbitrage restriction or to facilitate arbitrage record keeping and calculation.

XI. MAXIMUM MATURITIES

In order to stabilize yield for budgeting purposes, the City shall maintain a portion of its investments in obligations with maturities greater than one year. No investment shall be made with a maturity greater than five years without express authority of the Finance Committee of the City Council. In determining the amount of investment longer than one year, cash flow and unallocated reserve funds will be evaluated. The maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio shall not exceed 2 years.

XII. PURCHASE PROCEDURES

The City may, without further bidding, utilize any program established through the Texas Inter-local Cooperation Act that invests in funds authorized by the Public Funds Investment Act; or purchase certificates of deposit or other approved securities through its primary depository bank.

When possible, other investments should be made after 3 competitive bids are solicited (excluding transactions with money market mutual funds, local government investment pools and when issued securities, which are deemed to be made at prevailing market rates.) Competitive bids may be solicited orally, in writing, electronically, or in any combination of these methods. An offer worksheet shall be kept for each bid transaction showing the name of dealer/bank contacted, amount of principal to be invested, yield quoted, type of investment, fund designation, maturity date, issue date, length of time invested, and cusip number. Purchase of a security shall not be made at a price that exceeds the existing market value of the security.

The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank. The deposit shall be held in the name of the City of Huntsville and shall be evidenced by a trust receipt of the bank with which the securities are deposited.

XIII. COLLATERALIZATION

The Public Funds Collateral Act requires the City to have complete collateralization of all investments and deposits at the depository banking institution. It will be required for all uninsured collected balances, plus accrued interest, if any, in excess of FDIC coverage. To anticipate market changes and provide a level of security for all funds, the collateralization level will be at least 102% of the market value of principal and accrued interest. The City chooses to limit collateral to obligations of the United States or its agencies and instrumentalities, and direct obligations of the State of Texas or its agencies and instrumentalities. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement.

XIV. SAFEKEEPING AND CUSTODY

All security transactions entered into by the City of Huntsville shall be conducted on a delivery vs. payment (DVP) basis, with the exception of investment pool funds and mutual funds, and delivered by either book entry or physical delivery. A Federal Reserve Member financial institution designated as the City's safekeeping and custodian bank shall hold these securities in a third-party safekeeping account. The City may designate more than one custodian bank. The City's custodial or safekeeping institution cannot be a counterpart (broker or dealer) to the purchase or sale of these securities.

The City shall execute a written Safekeeping Agreement with each bank prior to utilizing the custodian's safekeeping services. The Safekeeping Agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities on its books and promptly issue and deliver a signed safekeeping receipt showing the receipt and the identification of the security as well as the City's interest.

A) The Investment Officer or his designee shall maintain a list of designated custodian banks and a copy of the Safekeeping Agreement executed with each custodian bank.

B) The Investment Officer must approve release of securities, in writing, prior to their removal from the custodian account. An electronic copy shall be sufficient if the custodian orally confirms receipt of the transmission and an exact copy of the document is retained at the City.

C) All securities shall be confirmed in the name of the City of Huntsville and delivered to an approved custodial bank or carried at a Federal Reserve Bank in the name of the City of Huntsville. The custodian shall not otherwise deposit purchased or pledged securities. In addition, the custodian bank will furnish to the City a copy of the delivery advice received by the custodian bank from the Federal Reserve Bank.

D) The correspondent or safekeeping bank shall issue a safekeeping receipt to the City evidencing securities are held in the City's name.

E) The original safekeeping receipt for each transaction shall be forwarded to the Investment Officer or his designee.

F) At least quarterly, the Investment Officer or their designee, shall verify that all securities owned by the City or pledged to the City are held in safekeeping in the City's custodial bank with proper documentation. At least annually, the City's Investment Program, including the records of custodians and depositories, shall be subject to a compliance audit of management controls on investments and adherence to these investment policies reviewed by an independent Certified Public Accountant selected by the City Council.

XV. INTERNAL CONTROL/COMPLIANCE AUDIT

A system of internal controls shall be established. As part of the City's annual audit, an independent auditor shall review internal controls, investment practices, investment performance, quarterly reports prepared by the investment officers and the result of the review shall be reported to the Finance Committee of the City Council. A compliance audit of management control on investments and adherence to investment policies is to be included.

XVI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City Council shall approve at least three broker/dealers upon recommendation of the Finance Committee for use by the designated investment officers. The broker/dealers may include primary dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

The selection process shall include a proposal process with potential broker/dealers providing a completed broker/dealer questionnaire, certification of having read the City of Huntsville investment policy, proof of National Association of Security Dealers certification and proof of state registration. The selected broker/dealers must acknowledge in writing that the business organization has implemented reasonable procedures and control in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards. An investment officer may not buy any securities from a firm that has not filed this instrument.

An annual review of the financial condition and registrations of qualified bidders is to be conducted by the City Manager or Finance Director and a current audited financial statement is required to be on file for each broker/dealer that conducts transactions with the City. The Finance Committee shall review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

XVII. AUTHORIZED INVESTMENTS

The City of Huntsville may invest only in the safest type of securities and in accordance with Texas state law (Appendix I). There are two general categories of authorized investments for the City of Huntsville: (1) investments which the designated investment officers may invest without prior approval from the Finance Committee; and, (2) investments that require prior Finance Committee approval.

A. Authorized investments that do **not** require prior approval of Finance Committee:

1. Obligations of, or Guaranteed by, Governmental Entities:

a. obligations of the United States or its agencies and instrumentalities;
b. direct obligations of the State of Texas or its agencies and instrumentalities;
c. other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and [its] instrumentalities;
d. obligations of states, agencies, counties, cities, and other political

subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

e. bonds issued, assumed, or guaranteed by the State of Israel; and

f. interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

The following are **not** authorized investments under this section:

a. obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

b. obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

c. *collateralized mortgage obligations* that have a stated final maturity date greater than 10 years; and

d. *collateralized mortgage obligations* the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Certificates of Deposit:

Certificates of deposit issued by state and national banks, a savings bank or credit union that are:

a. guaranteed or insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, comparable insurance entities or their successors; or

b. secured in any other manner and amount provided by law for deposits of the City.

c. secured through an authorized broker in accordance with the Public Funds Investment Act (PFIA).

B. Authorized investments requiring prior approval of the Finance Committee:

1. Banker's Acceptances

A *bankers acceptance* is an authorized investment if the *banker's acceptance*: (a) has a stated maturity of 270 days or fewer from the date of its issuance; (b) will be, in accordance with its terms, liquidated in full at maturity; (c) is eligible for collateral for borrowing from a Federal Reserve Bank; and (d) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

2. Commercial Paper

Commercial paper is an authorized investment if the *commercial paper* has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. Mutual Funds

A. A *no-load money market mutual fund* is an authorized investment if:
1) the *mutual fund* is registered with and regulated by the Securities and Exchange Commission;
2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and
3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.)

B. In addition to a *no-load money market mutual fund* permitted as an authorized investment in Subsection (a), a *no-load mutual fund* is an authorized investment under this subchapter if the *mutual fund*:
1) is registered with the Securities and Exchange Commission;
2) has an average weighted maturity of less than two years; and
3) either:
(a) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or
(b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

C. The City is **not** authorized by this section to:
1) invest in the aggregate more than 80 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in *money market mutual funds* described in Subsection (a) or *mutual funds* described in Subsection (b), either separately or collectively;
2) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in *mutual funds* described in Subsection (b);
3) invest any portion of bond proceeds, reserves and funds held for debt service, in *mutual funds* described in Subsection (b); or
4) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one *mutual fund* described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

C. Effect of Loss of Required Rating

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. The City shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

XVIII. INVESTMENT POOLS

A. The City may invest in eligible *investment pools* as defined by the Public Funds Investment Act, which meet criteria outlined in chapter Texas Government Code section 2256.016 and section 2256.019. The Council shall authorize participation in the pool by resolution or ordinance.

B. The City must receive from the pool an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

1. a description of eligible investment securities;
2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
3. the maximum stated maturity date any investment security within the portfolio has;
4. a written statement of investment policy and objectives;
5. the size of the pool;
6. the names of the members of the advisory board of the pool and the dates their terms expire;
7. the custodian bank that will safe keep the pool's assets; a description of how the securities are safeguarded (including the settlement process) and how often the securities are priced;
8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
9. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
10. the name and address of the independent auditor of the pool and how often the program is audited;
11. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool including how often and what size deposits and withdrawals are allowed, and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool~~; and;~~
12. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios;
13. a description of interest calculations and how it is distributed and how gains and losses are treated;
14. a schedule for receiving statements and portfolio listings;
15. an explanation of whether reserves, retained earnings, etc. are utilized by the pool;
16. a fee schedule, including when and how it is assessed;

17. an explanation of whether the pool is eligible and/or will it accept bond proceeds.

C. To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an *investment pool* must furnish to the investment officer or other authorized representatives of the entity:

1. investment transaction confirmations; and

2. a monthly report that contains, at a minimum, the following information:
   a. the types and percentage breakdown of securities in which the pool is invested;
   b. the current dollar-weighted average maturity, based on the stated maturity date, of the pool;
   c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
   d. the book value versus the market value of the pool's portfolio, using amortized cost valuation;
   e. the size of the pool;
   f. the number of participants in the pool;
   g. the custodian bank that is safekeeping the assets of the pool;
   h. a listing of daily transaction activity of the entity participating in the pool;
   i. the yield and expense ratio of the pool;
   j. the portfolio managers of the pool; and
   k. any changes or addenda to the offering circular.

D. The City by contract may delegate to an *investment pool* the authority to hold legal title as custodian of investments purchased with its local funds.

E. "Yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

XIX. REPORTING

Within 30 days of the end of each quarter the Finance Director shall prepare and submit to the City Council a written report of investment transactions for the preceding reporting period. The report must:

1) Describe in detail the investment position of the entity on the date of the report;

2) Be prepared and signed jointly by all investments officers of the entity;

3) Contain a summary statement of each pooled fund group that states the beginning and ending market values and fully accrued interest for the reporting period;

4) State the book and market values of each separately invested asset at the 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 local government for which each individual investment was acquired; and

7) State the compliance of the investment portfolio of the local government as is relates to:

   a. The investment strategy expressed in the agency's or local government's investment policy; and
   b. Relevant provisions of PFIA Sec. 2256.023

8) If the City invests in investments other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, the reports prepared by the Investment Officer shall be reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor; and;

9) Compare to the benchmark bond equivalent yield or United States Treasury obligation of comparable maturity.

XX. POLICY ADOPTION

The City of Huntsville investment policy shall be adopted by ordinance of the City Council. The policy shall be reviewed annually by the Finance Committee, and any modifications made thereto must be approved by the City Council. Annually, City Council shall adopt a resolution or include in the budget ordinance information stating that it has reviewed the investment policy and investment strategies. The resolution/ordinance shall record any changes made to the investment policy or investment strategies.

PART II - BANKING SERVICES POLICY

I. ESTABLISHMENT OF BANKING DEPOSITORY

A. The City Council shall select a bank, credit union or savings association as its primary depository for normal banking transactions. In addition, the City may designate one or more other depositories for investment transactions.

B. The City's primary banking depository shall have a branch located in the City.

C. Not more than four weeks and not less than one week before the City Council considers applications for its depository, the City shall publish at least once in the City's official newspaper a notice of the meeting at which applications are to be received.

D. A bank, credit union or savings association desiring to be selected as the city depository must deliver its application to the City Secretary on or before the time stated in the notice. The application shall be accompanied by an affidavit disclosing conflicts of interest, if any, that apply to the selection of the depository. The City's Finance Committee may, as directed by City Council, review the applications and prepare a recommendation regarding the selection of depositories for Council.

E. The City Council may, after considering the application and the recommendation, if any, of its staff and/or Finance Committee:

   1. select as city depositories one or more banks, credit unions or savings associations that offer the most favorable terms and conditions for the handling of the municipal funds; or

   2. reject any or all of the applications.

F. The City shall retain the right to withdraw any municipal funds deposited in a depository that are not immediately required to pay obligations of the City and invest those funds as outlined in these **Investment and Banking Policies**.

G. The Director of Finance shall immediately deposit in the depository to the credit of the City any money received.

H. Except as provided for wire transfers to other depositories or ACH transfers, the funds of the City may be paid out of a depository only on the checks of the City.

I. Checks must be signed by the Mayor and either the City Manager or Finance Director. A facsimile signature may be used by the Mayor and/or City Manager.

J. Checks must be authorized by the Mayor, City Manager, or Finance Director.

K. No check shall be drawn on a *special fund* created to pay bonded indebtedness other than to pay principal or interest on the indebtedness, or to invest the fund as provided by these polices or law.

L. All checks shall be payable by the depository at its place of business.

M. The Director of Finance may, with approval of Council, pay a bond, coupon, or other indebtedness of the City at a place other than the depository if by its terms the indebtedness is payable on maturity at the other location.

II. COLLATERALIZATION REQUIREMENTS/SAFEKEEPING AND CUSTODY

A. All public funds held in a *checking* account or *time deposit* at a bank or other depository shall be secured by eligible security. An eligible security means:

1. a surety bond;

2. investment securities (obligations of the United States or its agencies and instrumentalities); or

3. ownership or beneficial interest (but not merely an option contract to purchase or sell) any authorized investment.

B. The market value of the *investment securities* used as collateral shall be at least 102% of the value equal to the deposits of public funds increased by the amount of any accrued interest and reduced by the extent of insurance through an agency of the United States.

C. Safekeeping

1. A depository for the City may deposit investment securities pledged to secure deposits of public funds with a custodian that the City has approved as a custodian and that is either:
a. A state or national bank domiciled in the State of Texas and which has a capital stock and permanent surplus of not less than $5 million.
b. The Texas Treasury Safekeeping Trust Company; or
c. A Federal Reserve Bank or its branches.

2. The securities shall be held in trust by the custodian to secure the deposit of

public funds of the City in the depository pledging the securities.

3. On receipt of the *investment securities*, the custodian shall immediately, by book entry or otherwise, identify on its books and records the pledge of the securities to the City and shall promptly issue and deliver to the Director of Finance of the City trust receipts for the securities pledged. The security evidenced by the trust receipts is subject to inspection by the City or its agents at any time.

4. A custodian holding in trust *investment securities* of a depository may deposit the pledged securities with a permitted institution. These securities shall be held by the permitted institution to secure funds deposited by the City in the depository pledging the securities. On receipt of the securities, the permitted institution shall immediately issue to the custodian an advice of transaction or other document evidencing the deposit of the securities. When the pledged securities held by a custodian are deposited, the permitted institution may apply book entry procedures to the securities. The records of the permitted institution shall at all times reflect the name of the custodian depositing the pledged securities. The trust receipts the custodian issues to the City shall indicate that the custodian has deposited with the permitted institution the pledged securities held in trust for the depository pledging the securities.

5. The custodian shall maintain separate, accurate, and complete records relating to the pledged investment securities and all transactions relating to the pledged investment securities.

D. The Director of Finance shall inform its depositories of significant changes in the amount or activity of public funds reasonably in advance of such changes.

Part III —Investment Policy - City of Huntsville

Post-Employment Benefit Plan

(aka "City of Huntsville PEB Trust")

Section 1 — INTRODUCTION

The City of Huntsville Post Employment Benefit Plan (the "Plan"), a retirement plan qualified under Internal Revenue Code Section 115, provides retirement benefits to eligible employees of City of Huntsville.

The assets of the Plan are held in a tax-exempt trust for the benefit of the Plans' participants and beneficiaries. The objective of the Plan is to provide employees with a source of retirement income from accumulated contributions and investment returns.

The Pension Plan Finance Committee (the "Finance Committee") is responsible for overseeing and monitoring the investment of the Plans' assets. It will generally be responsible for:

A. Promulgating the Plans' Investment Policy Statement.

B. Selecting the investment funds in which the Plans' assets will be invested and/or the investment managers who will be responsible for investing the Plans' assets.

C. Reviewing and making changes in the investment funds and/or investment managers for compliance with the Investment Policy Statement.

D. Making revisions to the Investment Policy Statement to reflect changing conditions within the Plans or the investment environment or to make it more effective.

The Finance Committee is authorized to retain professional investment advisory services to provide advice with respect to the investment and monitoring of the Plans' assets under the guidance of the Finance Committee.

This Investment Policy Statement is intended to set forth the general policies that the Finance Committee will apply in selecting, monitoring and modifying the investments and/or investment managers for the Plans. While the Finance Committee intends for this Investment Policy Statement to assist the Finance Committee in satisfying its fiduciary duties and in making prudent investment decisions, no investment results or performance is, or can be, guaranteed; and no such guarantee is intended.

Section 2 — PURPOSE

This Investment Policy Statement contains guidelines regarding the investment of the assets held in trust for the Plan to assist the members of the Finance Committee in effectively selecting, monitoring and evaluating the investments and/or investment managers for the Plan.

The purposes of this Investment Policy Statement are to:

A. Set forth the investment objectives, policies and guidelines, which the Finance Committee judges to be appropriate and prudent, in consideration of the needs of the Plan.

B. Establish the criteria against which the investments and/or the investment management organizations selected by the Finance Committee are to be measured.

C. Set forth the target asset mix for the investment of the Plans' assets.

D. Serve as a review document to guide the Finance Committee's ongoing oversight of the investment of the Plans' assets.

Section 3 — INVESTMENT OBJECTIVES

It is the intention of the Finance Committee to build and maintain the Plans' trust through employer contributions that satisfy legal requirements and investment returns. The Finance Committee expects that the amount of investment income plus capital appreciation from the Plans' trust combined with contributions to the trust will exceed the amount of pension payments. Over shorter periods, the Finance Committee understands that at times investment income plus capital appreciation plus contributions to the trust may, in total, be less than the amount of pension payments.

Because of the long-term nature of the Plans' obligations, the Finance Committee's intent is to consider the following goals in managing the trust:

A. Long-term (*i.e.*, five years and more) performance objectives;

B. Maintenance of cash reserves sufficient to pay benefits under the Plan; and

C. Achievement of the highest long-term rate of return practicable without taking excessive risk that could jeopardize the Plans' funding policy or subject the Plans' sponsors to undue funding volatility.

The specific investment performance objective is for the trust to achieve a rate of investment return over any five-year period that both:

A. Meets or exceeds the Plans' actuarial interest rate assumption,

B. Exceeds by 2% the rate of inflation (as measured by the Consumer Price Index for all Urban Consumers),

C. Exceeds the return of the following custom market index: 0% cash, 38% S&P 500, 8% Russell 2000 index, 8% Russell Midcap index, 21% EAFE index, and 25% Barclays Capital Aggregate Bond index.

In carrying out the foregoing policy and objectives, the trust will be invested in accordance with the guidelines set forth in Section 4.

Section 4 — INVESTMENT GUIDELINES FOR ASSET MANAGEMENT

The assets of the Plans will be invested in a manner consistent with generally accepted standards of fiduciary responsibility. The Finance Committee will act with the care, skill, prudence and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Finance Committee will discharge its duties with respect to the investment of the trust solely in the interest of the participants and beneficiaries of the Plan.

The Finance Committee will select appropriate investment alternatives using the following criteria:

A. The Finance Committee may select investment managers from one or more of the following:

1) Mutual fund management companies;
2) Banks;
3) Registered investment advisory firms; and
4) Insurance companies.

B. Each investment manager must clearly articulate for the Finance Committee the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

C. Each investment manager must be able to provide for the Finance Committee historical quarterly performance numbers calculated on a time-weighted basis and reported net of all fees.

D. Each investment manager must provide for the Finance Committee volatility measurements so that an appropriate risk/return profile can be evaluated.

E. Each investment manager must be able to provide for the Finance Committee information on its history, key personnel, fee schedules and expenses, and current investment exposure.

F. A City of Huntsville designated Investment Officer may change the Target Allocation and ranges and shall report any change to the Finance Committee

The Finance Committee recognizes that the trust's long-term investment performance will be greatly affected by the mix of the asset classes in which it is invested; accordingly, because of the policy and objectives stated in Section 3, the trust's asset allocation will favor equity investments.

Specifically, the Finance Committee has identified the following asset classes to be appropriate for investment by the trust. In addition, the Finance Committee has defined the following ranges to be used as parameters of investment percentages the Plans' assets:

	Range		
	Minimum	***Maximum***	***Target***
Fixed Income Assets:	**20%**	**30%**	**25%**
Large cap	**33%**	**43%**	**38%**
Mid cap	**3%**	**13%**	**8%**
Small cap	**3%**	**13%**	**8%**
International	**16%**	**26%**	**21%**
Cash/Money Market Assets	**0%**	**5%**	**0%**
Total			**100%**

Managers that manage a separate account for the trust shall have full discretion over portfolio investment decisions, subject to the following guidelines and restrictions. To the extent that commingled or mutual fund vehicles are utilized, the investment policies of those vehicles are the operative documents established herein:

A. Investment managers will be delegated full discretion to exercise all voting rights including, but not limited to, voting proxies.

B. For purposes of the foregoing, real estate, and securities convertible to common stock shall be classified as equity assets; money held by an insurance company in its general account shall be classified as fixed income assets

C. Each investment manager will diversify each asset class appropriately and will seek to moderate volatility and risk as is appropriate for the asset class. The investment manager will not invest in commodities, private placements, or letter stock. The investment manager will not engage in non-covered short sales or margin trading. Transactions consisting of the purchase or sale of futures or options contracts may be permitted to the extent that they are used to diversify or equitize the portfolio and not used as speculative investments. Speculative investment in these derivatives is not permitted without the previous written approval of the Finance Committee.

D. The investment manager must ensure, to the extent practicable, that all equity transactions (whether agency or principal) are executed at competitive rates and all fixed income transactions are competitively bid and must explain in writing to the Finance Committee the reasons for any unusually high transaction costs.

E. The investment manager, when practicable, will disclose to the Finance Committee any significant change in the investment manager's personnel, organization, ownership, or asset management policy or method.

Section 5 — PERFORMANCE EVALUATION

The investment performance of the individual investments and/or investment managers will be monitored quarterly and reviewed at least annually relative to the objectives and guidelines described herein. The investment performance evaluations may include performance analyses and comparisons with the appropriate indices and investment fund universes.

The Finance Committee does not expect to respond to short-term investment developments, recognizing that the accumulation of value for eventual retirement benefit payout is generally a long-term objective and that investment competence must be measured over a complete market cycle. The Finance Committee, nevertheless, may act on interim qualitative judgments. Qualitative factors which will be reviewed on an ongoing basis include any fundamental changes in a manager's investment philosophy, organizational structure, financial condition (including any significant changes in total assets under management), personnel and fee structure.

The Finance Committee has established as one of its investment fund and/or investment manager selection criteria that, as a general proposition, over a complete market cycle, each of the Plans' investment funds and/or investment managers should typically rank in the upper half of the universe of all active investment funds and/or active managers in the same asset class with similar investment objectives.

Performance Review

The investment options will be reviewed at least annually. Among other things, the performance review of the investment options may include the following:

A. The measurement of investment returns.

B. A comparison of investment returns to their appropriate benchmarks.

C. A ranking of investment returns within their appropriate universes.

D. The measurement of risk.

E. An assessment of each investment's adherence to the stated policies and objectives.

Termination of Investment Options

Reasons for considering replacing an investment and/or investment manager may include, but are not limited to:

A. Significant under-performance relative to the appropriate benchmark.

B. Significant under-performance relative to the appropriate universe average.

C. Significant change in risk (increase or decrease).

D. Change or loss of key personnel, relative to the significance of the particular investment.

E. Significant increase or decrease in assets under management.

F. A change in business practices.

G. A change in investment style or discipline.

H. Failure to alert the Finance Committee to pertinent changes, lawsuits or regulatory violations.

I. Investing in non-approved securities.

J. Identification by the Finance Committee of a more suitable investment option.

Other Review

The Investment Policy Statement will be reviewed at least annually to determine the continued appropriateness of the Investment Policy Statement in achieving the stated purpose. However, it is not expected that the Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets will not require adjustments to the Investment Policy Statement.

A review of the program concerning the diversity of options, the use of options, the growth of the program and any strategic planning concerning demographics will also be conducted periodically. The Finance Committee will receive a report on investment performance quarterly. Investment performance and results will be presented annually to the Council.

Section 6 — INVESTMENT MANAGER SELECTION

The assets of the Plan are invested under the supervision of the Finance Committee. The Finance Committee has chosen to select investment managers from the following asset classes. In addition, the Finance Committee has established an investment objective for each asset class and established appropriate benchmarks and universes to be used to evaluate the investment options.

The Finance Committee understands that the indexes selected have no fees associated with their returns and the universe average is net of the fees of the underlying funds. The investment options are not required to exceed their benchmarks and universes every quarter, but are used as a basis for judging the appropriateness of the investment option selected over a full market cycle.

The asset class, objective, benchmark and comparative universe are outlined in Attachment A.

Section 7 — DEFINITIONS

The following terms will have the following meanings:

Investment Manager
"Investment manager" means the asset manager or managers expressly authorized and empowered to cause its portion of the trust to be invested and reinvested in its sole discretion (but governed by the provisions of this Investment Policy Statement) within the asset class or classes for which it is employed to manage.

Investment Return
"Investment return" means investment income and realized and unrealized gains and losses, all net of investment fees and expenses.

Market Cycle
For purposes of this Investment Policy Statement a "market cycle" will be defined as a market peak-to-trough-to-peak (or a trough-to-peak-to-trough).

Rate of Return
"Rate of return" means the annual rate of investment return.

Investment Officer
"Investment Officer" refers to the council or charter designated officials with the responsibility of investing City funds. Investment officers are required to meet educational requirements under the Public funds Investment Act.

This Statement of Investment Policy approved by the City Council of the City of Huntsville.

Date: ______________________________ Approved by: ____

Attachment A

A. Fixed Income Options

Asset Class	Objective	Benchmark	Universe
Cash/Cash Equivalents	The investment objective of the Cash Option is to provide capital preservation.	The 3-Month Treasury Bill is the benchmark.	N/A
Intermediate Bond	The investment objective of the Bond Option is to provide income with a minor focus on capital growth.	The Bloomberg Barclays Capital Aggregate Bond Index is the benchmark.	The Bond Option selected will be compared to a universe of Intermediate-Term Bond mutual funds.

B. High Yield Bond Fund

Asset Class	Objective	Benchmark	Universe
High Yield Bond	The investment objective of the High Yield Bond Fund is to seek high current income, assuming greater risks including: Credit Risk, Default Risk, Interest Rate Risk, Liquidity Risk, Economic Risk, and Company Risk.	The Bloomberg Barclays Capital High Yield Bond Index is the benchmark.	The High Yield Bond Option will be compared to a universe of High Yield Bond mutual funds.

C. Equity Options - Domestic

Asset Class	Objective	Benchmark	Universe
Large Capitalization Blend	The investment objective of the Stock Index option is to track the performance and risk of the Standard & Poor's 500 index.	The S&P 500 Index is the benchmark. The investment options will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Large Capitalization Blend mutual funds.
Large Capitalization Value Style	The investment objective of the Large Capitalization Value Option is to provide long-term growth of capital primarily using domestic large capitalization securities with a value oriented style of management.	The Russell 1000 Value Index is the benchmark. The investment option selected will be compared to the return and the risk of the benchmark.	The Large Capitalization Value Option will be compared to a universe of Large Capitalization Value mutual funds.
Large Capitalization Growth Style	The investment objective of the Large Capitalization Growth Option is to provide long-term growth of capital primarily using domestic large capitalization securities with a growth oriented style of management.	The Russell 1000 Growth Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark, net of investment management fees.	The investment option selected will be compared to a universe of Large Capitalization Growth mutual funds, net of investment management fees.
Mid Capitalization Value Style	The investment objective of the Mid Capitalization Value Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a value-oriented style of management.	The Russell Mid-cap Value Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Mid-capitalization Value mutual funds.
Mid Capitalization Blend Style	The investment objective of the Mid Capitalization Blend Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a blend of value and growth oriented styles of management.	The Russell Mid-cap Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Mid Capitalization Blend mutual funds.
Mid Capitalization Growth Style	The investment objective of the Mid Capitalization Growth Option is to provide long-term growth of capital primarily using domestic mid capitalization securities with a growth-oriented style of management.	The Russell Mid-cap Growth Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Mid Capitalization Growth mutual funds.
Small Capitalization Value Style	The investment objective of the Small Capitalization Value Option is to provide long-term growth of capital primarily using domestic small-cap securities with a value oriented style of management.	The Russell 2000 Value Stock Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Small Capitalization Value mutual funds.
Small Capitalization Blend Style	The investment objective of the Small Capitalization Blend Option is to provide long-term growth of capital primarily using domestic small-cap securities with a blend of value and growth oriented styles of management.	The Russell 2000 Stock Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Small Capitalization Blend mutual funds.
Small Capitalization Growth Style	The investment objective of the Small Capitalization Growth Option is to provide long-term growth of capital primarily using domestic small-cap securities with a growth oriented style of management.	The Russell 2000 Growth Stock Index is the benchmark. The investment option selected will be compared to the return and the risk of the benchmark.	The investment option will be compared to a universe of Small Capitalization Growth mutual funds.

D. Equity Options – Non U.S.

Asset Class	Objective	Benchmark	Universe
International Stock	The investment objective of the International Stock Option is to provide long-term growth of capital primarily using securities of companies located outside of the United States.	The Morgan Stanley/Capital International (MSCI) Europe, Australia and Far East (EAFE) Stock Index or the MSCI All Country World Index ex. US (ACWI ex US) will be the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of International Stock mutual funds.
Emerging Markets Stock	The investment objective of the Emerging Markets Stock Option is to provide long-term growth of capital primarily using securities of companies located in emerging countries.	The Morgan Stanley/Capital International (MSCI) Emerging Markets Stock Index is the benchmark. The investment option will be compared to the return and the risk of the benchmark.	The investment option selected will be compared to a universe of Emerging Market Stock mutual funds.

GLOSSARY

ACH: Automated Clearing House.

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BOND PROCEEDS: Proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

BOOK VALUE: The original acquisition cost of an investment plus or minus the accrued amortization or accretion.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMOs): Debt obligations collateralized by pools of mortgages. The collateral can consist of conventional whole loans or agency-backed securities such as GNMAs, FNMAs or FHLMCs. The monthly cash flow generated from the pool is transformed into a series of securities with differing average lives and maturities. CMOs are issued by investment banks, commercial banks, the FNMA and the FHLMC. The issuer takes a higher yielding security and carves it up into different classes with lower interest rates and shorter maturities.

COMMERCIAL PAPER: Commercial Paper consists of short-term note issues by large corporations. Maturity is 270 days or less. There is no explicit coupon rate and interest is figured on a discount basis in the same manner as for Treasury Bills.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Huntsville. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CUSIP NUMBER: A unique nine-digit identification number permanently assigned by the Committee on Uniform Securities Identification Procedures to each publicly traded security at the time of issuance. If the security is in physical form, the CUSIP number is printed on its face.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

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

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

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

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

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANKS (FFCB): The Federal Farm Credit Banks Consolidated Systemwide Bonds are obligations of the 37 Farm Credit Banks. The Farm Credit Administration which is an independent agency of the U.S. Government supervises the Farm Credit System.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

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

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): The Federal Home Loan Mortgage Corporation, also known as Freddie Mac, is an agency of the Federal Government. The Participation Certificates (PC) issued by Freddie Mac are full faith and credit obligations of an agency of the U.S. Government. In that all loans purchased by Freddie Mac are either FHA/VA mortgages originated by members of the Federal Home Loan Bank System or other HUD-approved mortgages.

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

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FINANCIAL INSTITUTIONS: As used in these policies also refers to Security Broker/Dealers doing business with the City.

FUNDS: Public funds in the custody of a local government that the investing entity has authority to invest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.
INVESTMENT POOL: An entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (a) preservation and safety of principal; (b) liquidity; and (c) yield.

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

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party=s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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

MONEY MARKET: The market in which securities are traded that have one year or less until their maturity.

MONEY MARKET MUTUAL FUNDS: A mutual fund with investments that mature within one year.

MUTUAL FUNDS: A type of investment company that pools investments from participants to purchase a portfolio and give to investors fractional ownership of the created portfolio. A mutual fund redeems investors= shares at the net asset value of the shares.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A trade association that helps regulate the performance of the over-the-counter securities market.

NET ASSET VALUE (PER SHARE): The value of the securities underlying one share in the investment company.

NO-LOAD MONEY MARKET MUTUAL FUND: A mutual fund that imposes no initial sales charges or fees.
OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve=s most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

QUALIFIED REPRESENTATIVE: A person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following: (A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers; (B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or (C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

RATING AGENCY: A nationally recognized investment rating firm including Moody’s and Standard & Poor’s that assigns a rating to a debt issue.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the "seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves. State Statute defines repurchase agreement as a simultaneous agreement to buy, hold for a specific time, and sell back at a future date obligations described in State Statute Section 2256.009 a (1) (obligations of the United States or its agencies and instrumentalities) at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse repurchase agreement.

REVERSE REPURCHASE AGREEMENT: See Repurchase Agreement.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank=s vaults for protection.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEPARATELY INVESTED ASSET: An account or fund of a state agency or local government that is not invested in a pooled fund group.

STATE AGENCY: An office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called *net capital rule* and *net capital ratio*. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

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

Broker/Dealer List – October 2022

Cantor Fitzgerald & Company
1700 Post Oak Boulevard
2 BLVD Place, Suite 250
Houston, TX 77056

FTN
920 Memorial City Way, 11th Floor
Houston, TXX 77024

Wells Fargo Securities, LLC
1445 Ross Ave., Suite 210
Dallas, TX 75202

UBS Financial Services, Inc.
10001 Woodloch Forest Drive, Suite 100
The Woodlands, TX 77380

Stifel
100 Motor Parkway, 2nd Floor
Happauge, NY 11788

Duncan Williams
11458 W. Travelers Way Circle
Houston, TX 77065

Cullen Asher, LLC
325 N St. Paul St., 31st Floor
Dallas, TX 75201

Multi-Bank Securities, Inc.
2400 E. Commercial, Suite 812
Ft. Lauderdale, FL 33308

Vining Sparks, IBG, LP
2107 Elliot Ave, Ste. 208
Seattle, WA 98121

Schedule of Fees and Charges

All Municipal Services	
Processing Fee on all debit/credit card transactions	2.5%
Airport	
Airport Ground Lease	15¢ per square foot, per year
City Secretary 	
Alcohol Beverages Licenses and Permits (City Fee Only)	Variable: Refer to Texas Administrative Code
Copies of Public Information	Variable dependent on document or material type, as set by the Texas Administrative Code, plus an additional 25%.
Development Services 	
Certificate of Compliances	
City Limits	$45
ETJ	$45
Flood Plain	$65
Minor Plats (includes amending & replats)	$250
Preliminary Plat	$350
Final Plats (includes amending & replats)	$350
Filing Fees	Actual Cost
District Map Amendment	$350
Request for Compliance/Zoning Verification Letters	$50 each plus any copy expenses
Environmental Assessment Report	$125
Variance/Appeal request	$350
Conditional Use Permit	$350
Subdivision Modification/Waiver	$350
Street Name Change	$350
Right Of Way Abandonment Administrative Fee	$450

Schedule of Fees and Charges

Building Permits (Residential)	
New Residential/Addition	0 - 500 Sq. Ft / $0.75 per Sq. Ft (Minimum $50.00)
	501 - 1000 Sq. Ft / $0.70 per Sq. Ft
	1001 - 2000 Sq. Ft / $0.65 per Sq. Ft
	Over 2000 Sq. Ft / $0.55 per Sq. Ft
Residential Renovation & Accessory	$65 for the first 250 sq. ft. / lineal ft. + $0.35 per each additional sq. ft./ lineal ft. over 250 sq. ft./ lineal ft.
Residential All Other	$35.00 Per Required Inspection
Plan Checking Fee	
Less than $35,000 valuation	No Fee
$35,000 valuation or more	One-half of building permit fee
<u>Note</u> : For commercial projects over $250,000, Plan Check Fee payable upon application submittal for Plan review/check	
Building Permits (Commercial)	
Based on Valuation	
Less than $1,000	$35 inspection fee
$1,001 to $50,000	$35 for first $1,000 + $5 per each additional $1,000
$50,001 to $100,000	$280 for the first $50,000 + $4 per each additional $1,000
$100,001 to $500,000	$480 for the first $100,000 + $3 per each additional $1,000
Over $500,001	$1,680 for the first $500,000 + $2 per each additional $1,000
Electrical Permits	
Commercial project fee	$60
Fee for issuing each permit	Residential dwelling & accessory permit fees: (This includes but may not be limited to single family attached, single family detached, duplex's, manufactured housing, additions and accessory structures. Based on the square footage of construction.)
Finished Square Feet	
Less than 1,000 square feet	$70
1,000 square feet or greater.	$70.00 for the first 1,000 square feet + $4.00 per 100 square feet or fraction thereof in excess of 1,000 square feet.
All other fees:	
	(Fees shall be computed on the "total valuation of work", the dollar value of labor and materials (total cost to the customer).
Valuation Of Work	
Not more than $2,000.00	$50
Over $2,000.00 to $50,000.00	$50.00 for the first $2,000.00 plus $5.00 for each additional $1,000.00, or fraction thereof
Over $50,000.00 to $500,000.00	$290.00 for the first $50,000.00 plus $4.00 for each additional $1,000.00, or fraction thereof
Over $500,000.00	$2,090.00 for the first $500,000.00 plus $3.00 for each additional $1,000.00, or fraction thereof
Fire Standpipe/Line & Sprinkler Permits	
Fee for issuing each permit	$50
1 to 5 sprinkler heads	$2
Over 5 sprinkler heads	$.50 each
Fire Line/Standpipe	$100 each

Schedule of Fees and Charges

Fire Alarm Permits	Based on Valuation
Less than $1,000	$35 Inspection fee
$1,001 to $50,000	$35 for the first $1,000 + $5 per each additional $1,000
$50,001 to $100,000	$280 for the first $50,000 + $4 per each additional $1,000
$100,001 to $500,000	$480 for the first $100,000 + $3 per each additional $1,000
$500,001 and over	$1,680 for the first $500,000 + $2 per each additional $1,000
Fire Suppression System Permits	
Less than $1,000	$35 Inspection fee
$1,001 to $50,000	$35 for the first $1,000 + $5 per each additional $1,000
$50,001 to $100,000	$280 for the first $50,000 + $4 per each additional $1,000
$100,001 to $500,000	$480 for the first $100,000 + $3 per each additional $1,000
$500,001 and over	$1,680 for the first $500,000 + $2 per each additional $1,000
Fuel Dispensing/Storage Permits	
Less than $1,000	$35 fee
$1,001 to $50,000	$35 for the first $1,000 + $5 per each additional $1,000
$50,001 to $100,000	$280 for the first $50,000 + $4 per each additional $1,000
$100,001 to $500,000	$480 for the first $100,000 + $3 per each additional $1,000
$500,001 and over	$1,680 for the first $500,000 + $2 per each additional $1,000
Grading and Excavation Plan Checking Fee	
Less than 5,000 cubic yards	No Fee
5,000 to 10,000 cubic yards	$20
10,001 to 100,000 cubic yards	$20 for first 10,000 CY + $10 per each additional 10,000 CY
100,001 to 200,000 cubic yards	$110 for first 100,000 CY + $6 per each additional 10,000 CY
Over 200,001 cubic yards	$170 for first 200,000 CY + $3 per each additional 10,000 CY
Grading and Excavation Permits	
Less than 50 cubic yards	$10
51 to 100 cubic yards	$15
101 to 1,000 cubic yards	$15 for first 100 CY + $7 per each additional 100 CY
1,001 to 10,000 cubic yards	$78 for first 1,000 CY + $6 per each additional 1,000 CY
10,001 to 100,000 cubic yards	$132 for first 1,000 CY + $27 per each additional 1,000 CY
Over 100,001 cubic yards	$375 for first 10,000 CY + $15 per each additional 1,000 CY
Irrigation Permits	
Fee for issuing each permit	$50
Commercial project fee	$60
1 to 5 sprinkler heads	$2
Over 5 sprinkler heads	$.20 each
Backflow Prevention Devices	
1 to 5	$2.50
Over 5	$1.50 each
Manufactured/Mobile Home Permits	
Electrical	$40
Placement	$75
Plumbing	$40
Plumbing Connection with Gas	$42
Mechanical	$45
Plumbing Permits	
Commercial project fee	$60
Residential dwelling & accessory permit fees:	(This includes but may not be limited to single family attached, single family detached, duplex's, manufactured housing, additions and accessory structures. Based on the square footage of construction.)

Schedule of Fees and Charges

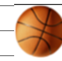
Finished Square Feet	
Less than 1,000 square feet	$70
1,000 square feet or greater.	$70.00 for the first 1,000 square feet + $6.00 per 100 square feet or fraction thereof in excess of 1,000 square feet.
Valuation Of Work	
Not more than $2,000.00	$50
Over $2,000.00 to $50,000.00	$50.00 for the first $2,000.00 plus $5.00 for each additional $1,000.00, or fraction thereof
Over $50,000.00 to $500,000.00	$290.00 for the first $50,000.00 plus $4.00 for each additional $1,000.00, or fraction thereof
Over $500,000.00	$2,090.00 for the first $500,000.00 plus $3.00 for each additional $1,000.00, or fraction thereof
Mechanical Permits	
Commercial project fee	$60
Residential dwelling & accessory permit fees:	(This includes but may not be limited to single family attached, single family detached, duplex's, manufactured housing, additions and accessory structures. Based on the square footage of construction.)
Finished Square Feet	
Less than 1,000 square feet	$70
1,000 square feet or greater.	$70.00 for the first 1,000 square feet + $4.00 per 100 square feet or fraction thereof in excess of 1,000 square feet.
All other fees:	
(Fees shall be computed on the "total valuation of work", the dollar value of labor and materials (total cost to the customer).	
Valuation Of Work	
Not more than $2,000.00	$50
Over $2,000.00 to $50,000.00	$50.00 for the first $2,000.00 plus $5.00 for each additional $1,000.00, or fraction thereof
Over $50,000.00 to $500,000.00	$290.00 for the first $50,000.00 plus $4.00 for each additional $1,000.00, or fraction thereof
Over $500,000.00	$2,090.00 for the first $500,000.00 plus $3.00 for each additional $1,000.00, or fraction thereof
After Hours Inspection Fee - 4 hr. Minimum	$50/hr. ($200 Minimum)
Re-Inspection Fee	$75
Work performed without a permit	Equal to twice the cost of the permit
Sign Permits	25¢/sq. ft. (minimum $5) + $10/linear ft. of sign height + $25/permit
Temporary Sign Permits -Non Profits Only	$25
PID Application Fee	**$50,000**
Extra Teritorial Jurisdiction Dis-Annexation Application	
Application Fee	$500
Utility Permits	
Water Tap	See Other Utility-Related Fee Section
Sewer Tap	See Other Utility-Related Fee Section
Fire Line Tap	See Other Utility-Related Fee Section
Other Permits	
On Site Sewage Facility	$200
Moving	$100
Demolition	$35
Driveway Approach	$35
Vendor/Peddler Permits	$50 - valid **90 days** in 1 location (separate permit required for each location)

Schedule of Fees and Charges

Contractor Registration Fees	
General Contractor - Residential & Commercial	$60
Plumbing - All License Types	No Fee
Electrical - All License Types	No Fee
Fire-Suppression System Installers	$60
Irrigator	$60
Backflow Tester	$60
Residential Appliance Installers	$12
Swimming Pool/Spa Annual Permits	$100
Food Service Establishment Annual Health Permits	Based on # of employees
1-3 Employees	$150
4+ employees	$250
Late Permit Fee	1/2 of permit fee
Food Service Establishments Pre-Opening Fee	$60
Food Service Establishments Re-Inspection Fee	$300
Itinerant Restaurant Permits (1-3 days)	$25 per Event
Non-Profit Organizations, Annual Health Permits	$60
Mobile Food Units Annual Health Permits	$250
Late Permit Fee	1/2 of permit fee
Daycare Facilities Annual Health Permits	$150
Late Permit Fee	1/2 of permit fee
Culverts/Driveways Installations by City	Actual Cost
Mobile Food Vendor Permit - Annual	$200 (Separate permit required for each location)
Mobile Food Vendor Permit - Temporary	$50 (Valid 90 days - separate permit required for each location)
Shared Mobility Device Permits	$200 Application Fee + $3.00 per Shareable Mobility Device
Engineering Services	
Public Improvement and Private Development Project Review Fees	
Application Fee	$420.00
Per Sheet Review Fee	$485.00 per sheet / page
Drainage Plan Review Fee	$5,225.00
Traffic Plan Review Fee	$5,225.00
Utility Capacity Assessment Fee	$4,500.00
GIS/MicroStation Map	
Letter size (8.5" x 11")	$1.20
Legal size (8.5" x 14")	$1.20
Tabloid size (11" x 17")	$2.40
Small (18" x 23")	$6.00
Medium (24" up to 35")	$9.60
Large (greater than 35")	$12.00
Map/Plat/Plan Copy/Deed, etc. Fees (copies of existing documents)	
Letter size (8.5" x 11")	$0.12
Legal size (8.5" x 14")	$0.12
Tabloid size (11" x 17")	$0.25
Small (18" up to 23")	$4
Medium (24" up to 35")	$5
Large (36" & greater)	$6

Schedule of Fees and Charges

Recreation Services



Softball/Baseball Field	
Youth Leagues	$5 per person
Adult Leagues	$10 per person
Day Rental, Private Use (Josey Park field included)	$25 per hour
Field Prep	$25 - one time at start
Security Deposit	$50
Lights	$25 per hour of field usage
Tournaments	City Residents: $100 plus hourly Rate
	Walker County Residents: $125 plus hourly rate
	Non-Residents: $150 plus hourly rate
Soccer/Football Fields	
Youth Leagues	$5 per person
Adult Leagues	$10 per person
Field Rental, Private Use	$25 per hour
Field prep	$ 50 - one time at start
Security Deposit	$50
Lights	$25 per night
Tournaments	City Residents: $100 plus hourly Rate
	Walker County Residents: $125 plus hourly rate
	Non-Residents: $150 plus hourly rate
Basketball Court	
Day Rental, Private Use	$25 per hour
Youth Leagues	$5 per person
Adult Leagues	$10 per person
Tournaments	City Residents: $100 plus hourly Rate
	Walker County Residents: $125 plus hourly rate
	Non-Residents: $150 plus hourly rate
Martin Luther King, Jr Center	
Rental Fee	City Residents: $100 first hour / $25 each additional hour
	Walker County Residents: $125 first hour / $25 each additional hour
	Non-Residents: $150 first hour / $50 each additional hour
Security Deposit	$200
Audio/Visual Deposit	$50
Audio/Visual Fee	$25
Park Rental	
Pavilion Permit -Emancipation Park	$50 per hour
Stage at Rather Park	$50 per hour
Gazebo Permit - Kate Barr Ross Park	$25 per hour
Pavilion/Stage at Rather Park/Gazebo Deposit	$100
Cancellation (6-15 Business Days Prior)	1/2 of Deposit returned
Cancellation (Within 5 Business Days)	No Deposit returned
Event Permit	City Residents: $100 first hour / $50 each additional hour
	Walker County Residents: $125 first hour / $50 each additional hour
	Non-Residents: $150 first hour / $50 each additional hour
Event Permit Security Deposit	$200
Zumba Admission	
Per Class per Person	$2
Program Fees	Additional Line Item: Costs Vary

Schedule of Fees and Charges

Aquatic Center 	
Admission	
Adults Age 12 and Up	$4.00
Children Age 3 to 11	$2.50
Children Age 2 or less	No Charge
Day Care Fees	$2.50 per child
Season Pass	
Adults Age 12 and Up	$50
Children Age 3 to 11	$40
Family	$100 for first four members + $20 per each additional member
Swimming Lessons	$45 per course
Water Aerobics	$75 annually/$25 quarterly
Lap Swimming Fees	
Session 1 - September, October and November	$25
Session 2 - December, January and February	$25
Session 3 - March, April and May	$25
Sessions 1, 2 and 3	$60
Pool Rental- Private	$100.00 per hour (maximum 2 hours)
Program Fees	Varies
Cemetery Operations 	
Cemetery Space	
Plot	$1,000
Filing Fee	Actual Cost
Landscape Repair Fee after Exhumations	$250

Schedule of Fees and Charges

Library Services

Fines - Daily	
Fines - Over due	
Books	10¢
Magazines	10¢
DVDs	$1
Audiobook	$1
Music	10¢
Maximums	$10
Interlibrary Loans (daily fine)	$1
Interlibrary Loans Maximums	$30
Board Games	$1
Copies & Prints	
Black and white	15¢ per page
Color	75¢ per page
Sales (donated items)	
Audio Book	$1
Music CD	$1
Video	$1
Hardback Book	$1
Paperback Book	25¢ each
Children's Hardback Book	50¢ each
Children's Paperback Book	25¢ each
Walker Co. stories CDs	$5
Lost or Damaged Materials	
Library Card	$1
Lost Materials	Replacement cost plus $10 processing fee
Barcode	$1
Security Patch	$1
Book Jacket	$1
Spine Label	$1
DVD Case	$1
Audio Book Case	$5
Board Games (Replaceable Part)	$1
Board Games (Non replaceable part)	Greater of $10 or half of the cost of the item
Board Game (total replacement)	Replacement cost plus $10 processing fee
Room Rentals - Payment due at booking	
Deposit for all groups -Refundable if the room is left in good order	$150
After-hours surcharge (all groups hourly)	$30 Additional expense for holding an event outside business hours.
Audio/Visual equipment (per event)	$20
Community Room or Board Room	
For-profit groups outside Walker County	$150 for 1st hour, $50 each subsequent hour
For-profit groups within Walker County	$100 for 1st hour, $50 each subsequent hour
Other groups or individuals outside Walker County	$25 per hour
Other groups or individuals within Walker County	$25
Walker County non-profit	No Charge
Outside Walker County non-profits	$25
Outside Walker County - parties, receptions, etc.	$50
After-hours Surcharge (applicable to all groups)	additional $30 per hour
Deposit	$150

Schedule of Fees and Charges

Tourism & Cultural Services

Tours	
Historical Driving Tour	$3 per person - $30.00 minimum
Rental of Wynne Home (includes Kitchen)	
Brown Wynne Gallery	
Non-Profit	$45 per hour - 2 hr. minimum
Private	$50 per hour - 2 hr. minimum
Meeting Room (includes Kitchen)	
Non-Profit	$35 per hour - 2 hr. minimum
Private	$40 per hour - 2 hr. minimum
Non-Profit	**$250 up to 4 hours/$40 for each subsequent hour (up to 8 total hours)**
Private	**$350 up to 4 hours/$50 for each subsequent hour (up to 8 total hours)**
Porch and Grounds	
Non-Profit	**$45 per hour - 2 hr. minimum**
Private	**$50 per hour - 2 hr. minimum**
Kitchen Rental - Outdoor events	
Non-Profit	$35 per hour - 2 hr. minimum
Private	$40 per hour - 2 hr. minimum
Security Deposits-due upon booking	**Add due upon booking - 25% of fee**
Security Fee (Refundable)	
40+ persons and outside regular business hours	$150
Rental of Audio Visual	
Projector and screen	$25
William Hodges Education Building	
Meeting Room	
Rental Fee	$100 for 1st hour + $50 each subsequent hour
Security Deposit - due upon booking	$150
Use of Audio/Visual Equipment	$20 per rental
Stand with Sam Brick Pavers	
4 x 8 paver	$100
5 x 8 paver	$250
6 x 12 paver	$500
12 x 12 paver	$1,000
16 x 16 paver	$5,000
Event Fees	Varies
Big Sam's Honor Club	$35
Film Friendly Texas	
Total or disruptive use (regular operating hours) of a City of Huntsville building, park, or public area that is not subject to set rental fees.	$500 per day
Partial, non-disruptive use of a City of Huntsville building, or park facility	$250 per day
Total closure or obstruction of public street or right-of-way, including parking lots and on-street parking. Applicants must submit an events permit request to the Huntsville Police Department	$50 per block or lot, per day
Partial closure or obstruction of public street or right-of-way, including parking lots and on-street parking	$25 per block, per day
Use of City parking lots, parking areas, and City streets (for the purpose of parking film trailers, buses, catering trucks, and other large vehicles)	$50 per block or lot, per day

Schedule of Fees and Charges

Public Safety

Sexually Oriented Business Permits	
Original Application	$400
Renewal Application	$200
Wrecker Permits	$50/yr. per holder + $60/yr. per tow truck
Taxi/Chauffer	$100/yr. per taxi
Accident Report	$6 $11 online ($5 provider fee)
Fingerprinting Fee	$10 per person
Posted Hourly Parking Fee -	$1.00 per hr. / Max $5.00
Residential Alarm Fees	
0-3 False Alarms	No Charge
4-5 False Alarms	$25 each
6-8 False Alarms	$50 each
Over 8 False Alarms	$100 each
Commercial Alarm Fees	
0-3 False Alarms	No Charge
4-5 False Alarms	$50 each
6-8 False Alarms	$75 each
Over 8 False Alarms	$100 each
Alarm Fees	
Initial permit	$10 residential/$30 commercial
Alarm Co. Failure to Provide Accurate Info	$25
Permittee Fail to Respond to Alarm Location w/in 30 mins at Request of Police	$50
Failure to Notify of Address Changes, etc.	$50
Reinstatement Fee	$100
Appeal Fee	$25
Animals and Fowl	
Annual Registration Fee for Dogs Deemed as Dangerous by Animal Control Authority	$50
Replacement of lost Dangerous Dog ID Tag	$10
Tow Truck Companies	**Fee Allowed to be Charged by Tow Truck Company **Not Collected by City****
All Police Directed Tows	$200
Debris Removal	$35
Waiting, per hour after the first hour	$25
Notification	$50
Preservation	$20
Copies of Open Records	Variable dependent on document or material type, as set by the Texas Administrative Code, plus an additional 25%.

Schedule of Fees and Charges

Huntsville Animal Control Facility	Fee Allowed to be Charged by Animal Shelter - ***Not Collected by City***
Adoption Fee	$85
Owner Surrender	$50
Quarantine Fee	$35
Boarding Fee (per night)	$15
Return to Owner Fees	
Impound Fee	$35
Boarding Fee (per night)	$15
Microchip	$25
Vaccines:	$10 Each
Dog:	
DAPPV	$10 Each
Bordetella	$10 Each
Cat:	
FVRCP	$10 Each
Cat/Dog:	
Rabies	$10 Each
Flea Prevention:	
Cat/Dog: Activyl	
0-50 lbs	$10
51-100 lbs	$15
101 and up	$20
Bravecto	$50
FIV/FELV Test	$25
Heartworm Test	$25
Nail Trim	$5
Dewornimg:	
Cat/Dog:	
Under 50 lbs	$5
Over 50 lbs	$10
Heartworm Prevention-Iverhart	
Heartworm Test (Mandatory)	$25
6-12 lbs	$7/dose of $25 box (6 doses)
12.1-25 lbs	$7/dose of $30 box (6 doses)
25.1-50 lbs	$7/dose of $35 box (6 doses)
50.1-100lbs	$7/dose of $40 box (6 doses)
Sterilization:	
Dog:	
Female (spay)	$100
With government assistance	$80
Male (neuter) under 50 lbs	$60
Over 50 lbs	$80
Pain Medicine - Pills	$5
Cat:	
Female (spay)	$60
Male (neuter)	$40
Pain Medicine - Shot	$10
E-Collar:	
Recommended for both Cat and Dog	$10
Extra fees that may occur are:	
In Heat	$35
Term spay	$45
Cryptorchidism	$45-$65 (determined by a Vet)
CapStar	$8

Schedule of Fees and Charges

Fire Department Cost Recovery - (Non-County Residents)	
Motor Vehicle Incidents	
Level 1- Basic Incident with hazardous materials assessment and scene stabilization	$494
Level 2- includes level 1 plus clean-up of fluids	$562
Level 3- Vehicle Fire	$687
Add-ons:	
Extrication	$1,483
Landing Zone	$454
Hazmat	
Level 1- Basic response:	
Engine response, first responder assignment, perimeter establishment, evacuations, set-up and command	$796
Level 2- Intermediate Response:	
Level 1 plus Hazmat team and equipment, Level A or B suit donning, breathing air, detection equipment, and decon	$2,842
Level 3- Advanced Response:	
Level 1 and 2 plus recovery and identification of materials, disposal and environmental clean-up.	$6,707
Special Rescues -High Angle, Water Rescues, other Specialized Rescue	
Itemized billing:	
Per hour per response vehicle +	$455
Per hour per rescue person	$57
For incidents that require extended time on scene response will be itemized	
Engine	$455 per hour
Truck	$568 per hour
Miscellaneous Equipment	$341 per hour
CPR class Fee (non City Employee)	$30

Schedule of Fees and Charges

Water Services

Single Family Residential	
First 3,000 gallons	
.75 inch meter	$16.87 per month
1 inch meter	$24.66 per month
1.5 inch meter	$32.45 per month
2 inch meter	$53.87 per month
3 inch meter	$211.57 per month
4 inch meter	$269.98 per month
6 inch meter	$406.27 per month
8 inch meter	$562.03 per month
10 inch meter	$781.40 per month
Between 3,000 and 7,000 gallons	$7.10 per thousand gallons
Between 7,001 and 13,000 gallons	$7.81 per thousand gallons
Over 13,000 gallons	$8.87 per thousand gallons
Jointly Metered Residential/Multi-Family	
First 3,000 gallons	
.75 inch meter	$16.87 per month
1 inch meter	$24.66 per month
1.5 inch meter	$32.45 per month
2 inch meter	$53.87 per month
3 inch meter	$211.57 per month
4 inch meter	$340.78 per month
6 inch meter	$406.27 per month
8 inch meter	$562.03 per month
10 inch meter	$781.40 per month
Jointly Metered Residential	
Between 3,000 and 7,000 gallons	$7.10 per thousand gallons
Over 7,001 gallons	$7.81 per thousand gallons
Multi-Family	
Over 3,000 gallons	$8.87 per thousand gallons
Commercial Metered	
First 3,000 gallons	
.75 inch meter	$19.47 per month
1 inch meter	$27.26 per month
1.5 inch meter	$35.05 per month
2 inch meter	$56.46 per month
3 inch meter	$214.17 per month
4 inch meter	$272.58 per month
6 inch meter	$408.87 per month
8 inch meter	$564.63 per month
10 inch meter	$781.40 per month
Over 3,000 gallons	$8.87 per thousand gallons

Schedule of Fees and Charges

Institutional Users	
First 3,000 gallons	
.75 inch meter	$19.47 per month
1 inch meter	$27.26 per month
1.5 inch meter	$35.05 per month
2 inch meter	$56.46 per month
3 inch meter	$214.17 per month
4 inch meter	$272.58 per month
6 inch meter	$408.87 per month
8 inch meter	$564.63 per month
10 inch meter	$781.40 per month
Over 3,000 gallons	$9.59 per thousand gallons
Irrigation	
First 3,000 gallons	
.75 inch meter	$19.47 per month
1 inch meter	$27.26 per month
1.5 inch meter	$35.05 per month
2 inch meter	$56.46 per month
3 inch meter	$214.17 per month
4 inch meter	$272.58 per month
6 inch meter	$408.87 per month
8 inch meter	$564.63 per month
Residential	
Between 3,000 and 7,000 gallons	$7.10 per thousand gallons
Between 7,001 and 13,000 gallons	$7.81 per thousand gallons
Over 13,000 gallons	$8.87 per thousand gallons
Jointly Metered Residential	
Between 3,000 and 7,000 gallons	$7.10 per thousand gallons
Over 7,001 gallons	$8.87 per thousand gallons
Multi-Family	
Over 3,000 gallons	$8.87 per thousand gallons
Commercial	
Over 3,000 gallons	$8.87 per thousand gallons
Institutional	
Over 3,000 gallons	$9.59 per thousand gallons
Fire Hydrant Meters	
First 3,000 gallons	$214.17 per month
Over 3,000 gallons	$9.59 per thousand gallons
Note: Water rates for customers outside the city limits are calculated in the same manner as rates for customers within the city limits; however, a multiplier of 1.50 shall be applied to the cost components listed above.	

Schedule of Fees and Charges

Wastewater Services

Single Family/Jointly Metered Residential	
First 2,000 gallons	$19.54 per month
Over 2,000 gallons	$7.30 per thousand gallons
Note: Each individually metered residential dwelling unit shall be charged a monthly wastewater service charge and a volume charge based upon the average amount of water consumed during the months of November, December, January and February of each year, rounded to the nearest 100 gallons. Customers moving onto an existing or newly constructed, single family residential unit shall billed for sewer at eighty percent (80%) of current monthly consumption up to a maximum monthly amount for 10,000 gallons until the winter month history is established. Residential customers not connected to the waterworks system of the city shall be billed monthly by the city for wastewater services at a calculated rate based on the average residential water consumption of sixty-eight hundred (6,800) gallons $54.58, or at a rate based on the average water consumed during the months of November, December, January and February of each fiscal year from the billing records of a special water district.	
Commercial/Institutional Users	
First 2,000 gallons	$22.55 per month
Over 2,000 gallons	$7.30 per thousand gallons
Commercial customers shall be billed at a rate that is consistent with the regular wastewater charge of similar type businesses, premises or users receiving service from the city. The utility office supervisor shall recommend for approval such service charge and conditions as deemed appropriate to the Finance Committee of the City Council and the Finance Committee shall approve the same.	
Septic Waste Disposal Fee	
Septic Waste Receiving Station	$0.09 per gallon
Septic Waste Hauler Permit	$100 per year
Sewer Service Call (normal business hours, problem found to be on customer side, to include residents, plumbers and contractors)	
0-3 False Alarms	No Charge
4-5 False Alarms	$25.00
6-7 False Alarms	$50.00
8+ False Alarms	$100.00
After hours Sewer Service Call (After Business hours, problem found to be on customer side, to include residents, plumbers and contractors)	
0-3 False Alarms (after hours)	No Charge
4-5 False Alarms (after hours)	$50.00
6-7 False Alarms (after hours)	$100.00
8+ False Alarms (afterhours)	$200.00

Schedule of Fees and Charges

Solid Waste Services

Per Month Fee	
Residential Collection	
Single Family Households-Inside City Limits	$25.76
Additional Collection Cart	$13.73
Business Minimum Inside City Limits Collection	$27.10
Additional Collection Cart	$13.73
Per Month Fee per Unit	
Multi-Family Residential Collection	
Individually Metered Units With Dumpster	$25.76
Individually Metered Units Without Dumpster	$25.76
Jointly Metered Units Without Dumpster	$25.76
Jointly Metered Units With Dumpster	By size of container and number of pickups (see below)
Commercial Collection-INSIDE City Limits-Dumpsters and Roll Offs	
Per Month Fee	
2 Yard Dumpster	
1 Collection per week	$84.39
2 Collections per week	$141.82
3 Collections per week	$199.24
4 Collections per week	$256.66
5 Collections per week	$314.10
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$39.15
Unscheduled/Extra Pickups - Start from Transfer Station	$52.21
After Hours/Extra Pickups	$84.39
Per Month Fee	
4 Yard Dumpster	
1 Collection per week	$107.31
2 Collections per week	$187.71
3 Collections per week	$268.06
4 Collections per week	$348.43
5 Collections per week	$428.79
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$54.80
Unscheduled/Extra Pickups - Start from Transfer Station	$73.07
After Hours/Extra Pickups	$107.21
Per Month Fee	
6 Yard Dumpster	
1 Collection per week	$130.26
2 Collections per week	$233.57
3 Collections per week	$336.87
4 Collections per week	$440.19
5 Collections per week	$543.48
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$70.44
Unscheduled/Extra Pickups - Start from Transfer Station	$93.92
After Hours/Extra Pickups	$130.26
Per Month Fee	
8 Yard Dumpster	
1 Collection per week	$153.20
2 Collections per week	$279.45
3 Collections per week	$405.69
4 Collections per week	$531.94
5 Collections per week	$658.19
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$86.07
Unscheduled/Extra Pickups - Start from Transfer Station	$114.78
After Hours/Extra Pickups	$153.20

Schedule of Fees and Charges

Excessive Wear and Tear of Dumpsters	
Dumpster Cleaning	$104.34
Dumpster Cleaning and Painting	$153.38
Dumpster Cleaning and Painting when Burned	$367.27
Dumpster Cleaning, Painting and Bottom Replacement when Burned	$708.27
Dumpster emptied due to placement of large item	No flat fee, charged as unscheduled pickup from transfer station according to dumpster size
Each Lid	
Replacement Lids and Bars - Stolen, Unauthorized Removal or Damage	$42.96
Per Month Fee Plus Tonnage Fee of $85.14 per ton	**Per Month Fee Plus Tonnage Fee of $85.14 per ton**
Open Top Roll-off - Inside City Limits	
1 Collection per week	$514.92
2 Collections per week	$869.82
3 Collections per week	$1,224.72
4 Collections per week	$1,579.62
5 Collections per week	$1,934.53
Trip Fee Plus Tonnage Fee of $85.14 per ton	**Per Month Fee Plus Tonnage Fee of $85.14 per ton**
Extra Pickups	$135.59
Call In	$291.17
Stand-by	$291.17
Trip Fee Plus Tonnage Fee of $85.14 per ton	**Per Month Fee Plus Tonnage Fee of $85.14 per ton**
Compacting Roll-off	
Scheduled	$196.91
Unscheduled	$246.16
Extra Pickups	$138.10
Roll-off Inactivity Fee	$291.17
Per Trip Based on Compactor Type	
Repositioning	$163.93
Set Fees and Deposits	
Roll-off Container Set Fee, New Commercial and Existing Commercial Contractors,	$162.23 / per Roll Off
Inside City Limits (To Drop Off Roll-Off) One Time Fee	
DEPOSIT - New Commercial Contractors, Inside City Limits	$1,500 / per account
Commercial Collections for OUTSIDE City Limits, TDCJ, SHSU - Dumpsters & Roll-offs	
Per Month Fee	
Commercial Collection	By size of container and number of pickups (see below)
2 Yard Dumpster	
1 Collection per week	$100.46
2 Collections per week	$168.83
3 Collections per week	$237.20
4 Collections per week	$305.56
5 Collections per week	$373.94
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$46.59
Unscheduled/Extra Pickups - Start from Transfer Station	$62.13
After Hours/Extra Pickup	$100.46
Per Month Fee	
4 Yard Dumpster	
1 Collection per week	$127.78
2 Collections per week	$223.45
3 Collections per week	$319.13
4 Collections per week	$414.80
5 Collections per week	$510.48
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$65.24
Unscheduled/Extra Pickups - Start from Transfer Station	$86.99
After Hours/Extra Pickup	$127.63

Schedule of Fees and Charges

Per Month Fee	
6 Yard Dumpster	
1 Collection per week	$155.08
2 Collections per week	$278.06
3 Collections per week	$401.04
4 Collections per week	$524.03
5 Collections per week	$647.00
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$83.85
Unscheduled/Extra Pickups - Start from Transfer Station	$111.81
After Hours/Extra Pickup	$155.08
Per Month Fee	
8 Yard Dumpster	
1 Collection per week	$182.38
2 Collections per week	$332.68
3 Collections per week	$482.97
4 Collections per week	$633.25
5 Collections per week	$783.55
Per Pickup Fee	
Unscheduled/Extra Pickups - ONSITE	$104.49
Unscheduled/Extra Pickups - Start from Transfer Station	$141.80
After Hours/Extra Pickup	$189.26
Per Month Fee Plus Tonnage Fee of $92.13 per ton	
Open Top Roll-off	
1 Collection per week	$695.76
2 Collections per week	$1,175.28
3 Collections per week	$1,654.84
4 Collections per week	$2,134.37
5 Collections per week	$2,376.28
Per Trip Fee Plus Tonnage Fee of $92.13 per ton	
Extra Pickups	$183.19
Call In	$393.28
Stand-by	$393.28
Set Fees and Deposits	
Roll-off Container Set Fee, New Commercial and Existing Commercial Contractors, Outside City Limits (To Drop Off Roll-Off) One Time Fee	$184.13 / per roll off
DEPOSIT - New Commercial Contractors, Outside City Limits	$1,500 / per account
Disposal Fees at Scale House	
Basic Fee - Inside City Limit	$75.73 per ton
Basic Fee - Outside City Limit, TDCJ, SHSU	$93.66 per ton
Minimum Fee - Inside City Limit	$11.35
Minimum Fee- - Outside City Limit, TDCJ and SHSU	$17.03
White Goods/Large Furniture - Inside City Limit	$75.73 per ton
White Goods/Large Furniture - Outside City Limit, TDCJ and SHSU	$93.66 per ton
Yard waste and limbs - Inside City Limit smaller than 4" diameter	Free with City Water Bill
Trees, stumps, limbs - Inside City Limit	$75.73 DIAMETER GREATER 4" / Free with City Water Bill
Trees, stumps, limbs - Outside City Limit, TDCJ and SHSU	$93.66 per ton
Tires, Small (i.e. car or pickup truck) - Inside City Limit	$4.54 Per Tire
Tires, Small (i.e. car or pickup truck) -Outside City Limit, TDCJ and SHSU	$5.68 Per Tire
Tires, Large (i.e. semi-truck) - Inside City Limit	$20.43 Per Tire
Tires, Large (i.e. semi-truck) - Outside City Limit, TDCJ and SHSU	$24.40 Per Tire
Small dead animal (i.e. dog, cat) - Inside City Limit	$5.68 each
Small dead animal (i.e. dog, cat) - Outside City Limit, TDCJ and SHSU	$7.09 each
Large dead animal (i.e. cow, horse) - Inside City Limit	$75.73 per ton
Large dead animal (i.e. cow, horse) - Outside City Limit, TDCJ and SHSU	$93.66 per ton

Schedule of Fees and Charges

Other Utility-Related Fees

Meter Accuracy Test	$75 per meter or actual cost if cost of making test exceeds $75
Replacement of Water Meter, Lock, or Head	$50 per occurrence
Tamper Fee (Water Meter)	$100.00 per Occurrence
Negligent damage to meter or any associated to electronic device	Replacement Cost
Customer request for meter on/off for repairs	$25
Tamper Fee (Fire Hydrant)	$500.00 per Occurrence
Portal Service	$1 per Meter
Water Tapping Charge	
Completed by City Crews	
.75 inch water tap - short side	$1,200
3/4" Water tap - long side	$1,500
1 inch water tap - short side	$1,500
1 inch water tap - long side	$2,000
2 inch water tap (same side) - short side	$2,500
2 inch water tap (road bore) - long side	$3,200
ETJ - E series meter additional charge	$525
TxDOT Tap Fee-	At-Cost Estimate
Taps involving excavation or boring in or under TxDOT Regulated streets or highways .	
Completed by Another Entity	
.75 inch water meter set only	$300
1 inch water meter set only	$400
2 inch water meter set only	$800
Meters Not Provided by City (Inspection Fee)	$250
Sewer Tapping Charge	
Location of Stub -	
Location of an existing Water/Sewer stub. If the existing tap cannot be located, or is unusable the customer will pay the cost for a new tap	$400 - Non-refundable
Sewer Tap Condition Video Assessment (at customer's request, City Side Only)	$400-Normal Business Hours
Connection Fee	$200
4 inch sewer tap - short side	$1,000
4 inch sewer tap - long side	$1,550
4 inch sewer tap manhole in street	$1,600
Taps Made by Other Entity (Inspection Fee)	$250
TxDOT Tap Fee-	At-Cost Estimate
Taps involving excavation or boring in or under TxDOT Regulated streets or highways will be at cost	
Fire Line Tapping Charge	
Taps Made by Other Entity (Inspection Fee)	$250
Customer request for fire line meter on/off for repairs	$50
Service Fee (new and transferred service)	$20
Service Fee (Restricted Access Fee)	$20
Service Fee (sprinkler on or off)	$20
Same Day Service Fee for Suspended Account	$50.00
Requests for same day service for suspended account may be taken between 9:00 a.m - 12:00 p.m the day as suspension. Same day service fee is in addition to the $25 Account suspension Fee. Same day service fee for suspended account is available only the day of suspension.	
After Hours - after 5pm	$75

Schedule of Fees and Charges

Residential Security Deposit	
Water	$40
Wastewater	$40
Solid Waste	$40
Solid Waste Per Cart	$60
Solid Waste Cart Replacement Fee	$60
New Construction (Residential & Commercial 3/4" to 2" meter X number of meters)	$100
New Construction (Commercial - 3" to 8" meter x number of meters	$500
Commercial Security Deposit	2 x the average estimated monthly utility service charge
Construction/Contractor Roll-offs (new accounts)	$1,500 / per account
Construction/Contractor Roll-offs Permit Fee (Commerical Hauler)	$100/year/roll-off
Solid Waste Disposal Deposit	$500
Fire Hydrant Meter Deposit	$500
Penalty for Late Payment	10% of amount of utility service charge
Account Suspension Fee	$40
Returned Check Fee	$35
Surcharges for Industrial Wastewater Discharges	$1.61 per thousand gallons of wastewater
Meter Box Lid Replacement	Small -$10 Large -$15
Meter Box Replacement	
Small box / lid combo	$25
Large box /lid combo	$40
Use of City Equipment	At Cost/ Current FEMA Rate
Use of City Labor	Actual Rate
Tanker Truck Fill (up to 8,000 gallons)	$75.00
Tanker Truck Fill over 8,000 gallons	$ 75 + $6.59 per thousand gallons over 8,000

CITY COUNCIL AGENDA

9/17/2024

Agenda Item Number: 2.b.

Agenda Item: Consider ratifying the increased property tax revenues of $1,409,670 reflected in the FY 2024-2025 Budget as adopted.

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Recommended Motion: Move to ratify the increased property tax revenues of $1,409,670 reflected in the FY 2024-2025 Budget as adopted.

Strategic Initiative: Strategic Priority #3 - Quality of Life: Establish an environment where citizens can thrive and enjoy the City in which they live. Provide services that enhance the quality of life for all, with a focus on the full life cycle (children, students, families, and retirees) by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.

Discussion: Section 102.007(c) of the Texas Local Government Code requires that the governing body, in a separate vote, ratify the property tax revenue increase reflected in the adopted budget. The requirement of the vote in this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate. The additional property tax revenue amount presumes a tax rate set at $0.3445/$100 of assessed valuation.

Previous Council Action: None

Financial Implications: There is no financial impact associated with this item.

Approvals:
Steve Ritter
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 2.c.

Agenda Item: Consider approval of Ordinance 2024-25 adopting the Tax Rate of $0.3445 per $100 valuation, approving both components; one component being M&O at $0.2760 and the other component being Debt Service at $0.0685 and levying taxes for the City of Huntsville for the FY 2024/2025. **Record/rollcall vote required**

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Recommended Motion: Move to adopt Ordinance 2024-25 adopting the Tax Rate of $0.3445 per $100 valuation, approving both components, one component being M&O at $0.2760 and the other component being Debt Service at $0.0685 and levying taxes for the City of Huntsville for the FY 2024/2025. This tax rate is effectively a 9.5% increase in the tax rate. (The last sentence in the motion is required under Sec. 26.05 of the Texas Tax Code). **Record/rollcall vote required**

Strategic Initiative: Strategic Priority #3 - Quality of Life: Establish an environment where citizens can thrive and enjoy the City in which they live. Provide services that enhance the quality of life for all, with a focus on the full life cycle (children, students, families, and retirees) by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.

Discussion: In the City Manager's Recommended Budget, a tax rate of $0.3445 per $100 valuation was used. The City provided notices concerning a proposed rate of $0.3585 as a maximum rate that could be adopted and a public hearing on the tax rate in compliance with State statutes. A public hearing was held earlier this evening at this City Council meeting. State law requires that 60% of the Council vote in favor of the tax rate for approval.

The attached documents include some additional information on the property tax calculations. In summary, the no-new revenue rate, which would generate the same amount of property tax revenue as last year, is $0.3145. The Voter-Approval-Rate, using the 8% rate calculation allowed for disaster declaration areas and all of the carryover allowed ($0.0102) under state law, is $.3585, based upon the final certified appraisal numbers from the appraisal district. The budget prepared for consideration used a tax rate of $0.3445 which is $0.0140 under the Voter-Approval-Rate .

The percentage calculation required by state law in the motion is calculated in strict accordance with the provisions of the tax code and is figured as the percentage increase between the proposed tax rate in the budget and the calculated No-New-Revenue rate. The actual percentage difference between the $0.3074 current (FY 23-24) rate and the proposed rate is 12%.

Previous Council Action: None

Financial Implications: There is no financial impact associated with this item. This agenda item has no financial impact but is related to the agenda item adopting the FY 24/25 Budget where $8,422,900 of Current Property Tax Revenue was budgeted for in the General Fund and $2,037,091 of Current Property Tax Revenue was budgeted for in the Debt Service Fund.

Approvals:
Steve Ritter
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:
1. Agenda Ordinance to adopt the Tax Rate for FY 24-25

ORDINANCE NO. 2024-25

AN ORDINANCE ADOPTING THE TAX RATE AND LEVYING TAXES FOR THE CITY OF HUNTSVILLE FOR THE 2024-2025 FISCAL YEAR UPON ALL TAXABLE PROPERTY LOCATED WITHIN AND SUBJECT TO TAXATION IN THE CITY; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, THAT:

SECTION 1: There is levied and assessed and shall be collected for the 2024-2025 fiscal year ending September 30, 2025, an ad valorem tax of NO AND 34.45/100 ($0.3445) DOLLARS for each ONE HUNDRED ($100.00) DOLLARS of assessed value of property located within the city limits of Huntsville, Texas on January 1, 2024, made taxable by law, which when collected, shall be apportioned among funds and departments of the city government of the City of Huntsville for these purposes:

General Fund Operations	$0.2760
Debt Service for Payment of General Obligations Indebtedness	$0.0685
	$0.3445

SECTION 2: All property upon which tax is levied shall be assessed on the basis of 100 percent of its appraised value [Property Tax Code § 26.02].

SECTION 3: This ordinance shall take effect from and after its passage by City Council.

PASSED AND APPROVED on this 17th day of September 2024.

THE CITY OF HUNTSVILLE, TEXAS

____
Russell Humphrey, Mayor

ATTEST:

____
Kristy Doll, City Secretary

APPROVED AS TO FORM:

____
Leonard Schneider, City Attorney

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 2.d.

Agenda Item: Second Reading - Consider adoption of Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed; providing for drainage service, billing, and providing for an effective date.

Initiating Department/Presenter: Engineering

Presenter:
Kathlie Jeng-Bulloch, City Engineer

Recommended Motion:
2nd Reading.

Move to approve Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed: providing for drainage service, billing, and providing for an effective date.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:
To create a Municipal Drainage Utility System will be advantageous and beneficial to the citizens of the City to promote the public health, safety and welfare of the citizens by effectively managing stormwater runoff. At the September 3, 2024 Council meeting, the Council adopted the Stormwater Utility System program which included all of the necessary requirements for setting up such a fund with the exception of adopting the proposed fees associated with it. State Law requires that the adoption of the fees be considered separately.

The fees as proposed in the included ordinance have been discussed with the Council and Finance committee at several previous meetings. The monthly fees as proposed are as follows: $5.00 for residential properties as defined in the program; regular non-residential property $.00152/SF of impervious area; reduced non-residential property (that owned by other local governments and religious institutions) of $.00076/sf of impervious area, equivalent to 50% of the rate for the other non-residential properties.

The Texas Local Government Code, (the "Act"), Provisions of Subchapter C of Chapter 552 – the Municipal Drainage Utility Systems Act, creates and establishes a "Stormwater Utility System" to serve the City.

Section 552.042 – Legislative Finding. (a) The Legislature finds that authority is needed to:

1. Permit municipalities to establish a municipal drainage utility system within the established service area;
2. Provide rules for the use, operation, and financing of the system;
3. Protect the public health and safety in municipalities from loss of life and property caused by surface water overflows, surface water stagnation, and pollution arising from nonpoint source runoff within the boundaries of the established service area;
4. Delegate to municipalities the power to declare, after a public hearing, a drainage system created under this subchapter to be a public utility;
5. Prescribe bases on which a municipal drainage utility system may be funded and fees in support of the system may be assessed, levied, and collected;
6. Provide exemptions of certain persons from this subchapter; and
7. Prescribe other rules related to the subject of municipal drainage.

The City Council adopted the City of Huntsville Strategic Plan on February 7, 2023, which includes 7 Goals. Goal #4, Infrastructure includes "Continue Implementation of the Preliminary Drainage Master Plan by Completing the Drainage Fee Study and Considering Identified Projects."

On May 7, 2024, the Drainage Utility Fee Program was presented to the Finance Committee; the supplement information pertaining to the proposed charges, including examples were provided to the Finance Committee on May 21, 2024 (See attachment I - Drainage Utility Fee Program Presentation). During the council Meeting of July 16, 2024, a Workshop was held to discuss the details of the Drainage Utility Fee Program and Fees (See attachment II – Huntsville Stormwater Utility).

According to Section 552.045. Adoption of System; Rules.

> (c) Before adopting the ordinance, the governing body must publish a notice in a newspaper of general circulation in the municipality stating the time and place of a public hearing to consider the proposed ordinance. The proposed ordinance must be published in full in the notice.
>
> The proposed ordinance must be published in full in the notice and shall publish the notice three times before the date of the hearing. The first publication must occur on or before the 30th day before the date of the hearing.

The first Public Hearing Notice was published in "The Huntsville Item" on August 15, 2024, with the Full Ordinance No. 2024 – 22 (See attachment III Ordinance No. 2024-22).

The second Public Hearing Notice was published on August 29, 2024, and the third Public Hearing Notice was published on September 12, 2024. The Public Hearing is scheduled for September 17, 2024.

Previous Council Action: September 3, 2024, First Reading

Financial Implications: In the amount of Projected Annual Revenue FY 24-25 $1,315,957 should the fees be adopted at the proposed rates.

Approvals:
Kathlie Jeng-Bulloch
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. Drainage Utility 5 21 2024 presentation final pptx 8 10 2024
2. 7 16 ksjb Huntsville Stormwater Utility_v5
3. ksjb rev Ordinance No. 2024-22 with Exhibit A Ch 46 Art IV Division 3 Sec 46 501 Fees 8 22 2024

Drainage Utility Fee Program

May 21, 2024

by

Dr. Kathlie S. Jeng-Bulloch, P.E., BC.WRE, CFM
City Engineer

Drainage Utility Fee Program Performance

- Phase 1 Services
  - Task 1 - Development of Impervious Dataset
- Phase 2 Services –
  - Task 2 - Account Review, Final Fee Structure and Evaluate Billing Mechanism.
  - Task 3 – Recommendations for Ordinance and Project Documentation

Drainage Utility Fee Program

- The Purpose of the Fee is to Pay for Stormwater Related Activities, Such As Providing Drainage Related Services, Costs of Staff, Equipment, Maintenance and Rehabilitation of Aging Infrastructure, Stormwater Conveyance and Meeting Regulatory Requirements.
- Possible Exemptions:
    - State Property
    - County Property?
    - University
    - Schools and School District Properties?

Drainage Utility Fee Program

- Calculation of Impervious Area - Which doesn’t Absorb Rainfall.
  - Asphalt, Concrete, Brick, Stone, Pools. Rooftops, Patios, Decks, Detention Pond.

Drainage Utility Fee Program Performance

- There are 137 Cities in Texas that Collect Storm Utility Fees, For Example:
  - Year Created – 1991 (Copperas Coves), 2023 (Sugar Land).
  - Population Sugar Land (108,000), Copperas Coves (38,500)
  - Fee Charge - $3.0/ERU to $6.0/ERU per month.

ERU – Equivalent Residential Unit, the average square footage of Impervious Area for a Residential Property.

Drainage Utility Fee Program Performance

Small Cities in Texas			
City	**Monthly Fee**	**Year Created**	**Population**
Bedford	$4.50	2002	48,043
Duncanville	$3.50	2011	39,364
Hurst	$4.00	2009	36,273
Keller	$7.00		37,700
Kyle	$5.00	2016	39,060
New Braunfels	$4.59	2000	36,494

Data from US Stormwater Utility Survey Database, Western Kentucky University, School of Engineering and Applied Sciences, June 2022.

Drainage Utility Fee Program Performance

Small Cities in Texas			
City	**Monthly Fee**	**Year Created**	**Population**
Seguin	$3.00	2022	31,000
Brenham	$3.75	2019	18,000
Waco	$6.30	2021	140,000
Copperas Cove	$9.00	1991	37,000
Converse	$2.43	2010	29,000
San Marcos	$14.90	1999	68,500

Huntsville Property Classification

Property Classification	Impervious Area (SF)	Number of Parcels	Total ERUs	Average ERU per property type
Single Family	27,243,329	6,928	6,928	1
Non-Single Family Non-Exempt Properties	47,413,734	1,394	14,368	10.3
School ISDs (Discretionary Exempt)	3,777,321	19	1,145	60.3
Religious Institutions (Discretionary Exempt)	2,485,546	92	753	8.2
County Owned Properties (Exempt)	894,334	15	271	18.1
City-Owned Properties (No Charges)	3,908,153	50	1,184	23.7
Total	**85,722,418**	**8,498**	**24,649**	

The average Impervious Area of Single–Family Properties in the City is 3,900 s.f..

The Median Impervious Area of Single-Family Properties in City is 3,300 s.f.. – Recommended to use.

County/State-Owned Properties are Exempted.

Drainage Utility Fee Program
Proposed Charges

Monthly Rate	Approximate Annual Revenue Projected	
	Year 1	Year 5
$3/ERU	$ 870,000	$ 940,000
$5/ERU	$ 1,400,000	$ 1,600,000
$7/ERU	$ 2,000,000	$ 2,200,000

The average Impervious Area of Single–Family Properties in the City is 3,900 s.f..
The Median Impervious Area of Single-Family Properties in City is 3,300 s.f.. – Recommended to use.

Drainage Utility Fee Program Proposed Charges Examples (Approximately)

- Average ERUs for Religious Properties is 8.2 ERUs, Average Bill is $41/Month.
- Commercial Estimates:
  - Small (Gas Station), 13,803 s.f. Impervious Area, (4.2 ERUs), Average Bill is $21/Month.
  - Small (Bank), 32,675 s.f. Impervious Area, (9.9 ERUs), Average Bill is $50/Month.
  - Medium (Apartments), 122,702 s.f. Impervious Area, (37.2 ERUs), Average Bill is $186/Month.
  - Large (Shopping Center), 288,591 s.f. Impervious Area, (87.5 ERUs), Average Bill is $437.5/Month.

* Assumed $5/ERU and use SFR Properties as 3,300 s.f.

Drainage Utility Fee Program Proposed Charges Examples (Approximately)

- Huntsville High School, 1,530,276 s,f. Impervious Area, (463.7 ERUs), Average Bill is $2,318.6/Month.
- Huntsville ISD Bus Depot (different property near Huntsville High School), 544,199 s.f. Impervious Area, (164.9 ERUs), Average Bill is $824.54/Month.

Assumed $5/ERU and use SFR Properties as 3,300 s.f.

Drainage Utility Fee Program
Option Charge Selected

Monthly Rate	Approximate Annual Revenue Projected	
	Year 1	Year 5
$5/ERU	$ 1,400,000	$ 1,600,000

* Projected Fees Based on No-Exemption on Both School ISDs and Religious Institutes.

Huntsville Property Classification Calculated Properties

Property Classification	Impervious Area (SF)	Number of Parcels	Total ERUs	Average ERU per property type
Single Family	27,243,329	6,928	6,928	1
Non-Single Family Non- Exempt Properties	47,413,734	1,394	14,368	10.3
School ISDs (Non- Exempt)	3,777,321	19	1,145	60.3
Religious Institutions (Non- Exempt)	2,485,546	92	753	8.2
County Owned Properties (Exempt)	894,334	15	271	18.1
City-Owned Properties (No Charges)	3,908,153	50	1,184	23.7
Total	**85,722,418**	**8,498**	**24,649**	

* School ISD and Religious Institutions are Non-Exempt Properties

Questions

Drainage Utility Fee Program
10-Year CIP Projects

	Kathlie dated 4/20/2024											
			2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034
	Personnel/ Supplies/Equipment/OP/Maintenance		294,000	308,700.00	324,135.00	340,341.75	357,358.84	375,226.78	393,988.12	413,687.52	434,371.90	456,090.50
Project #	Professional Services											
1	Dawson Lake Dam Survey		100,000.00	250,000.00								
1	Dawson Lake Dam Design			450,000.00								
2	Autumn Road Drainage Design		250,000.00									
3	Downstream Woods at the Elkin's Lake Drainage Study, Survey, permits		100,000.00	100,000.00								
3	Downstream Design Woods at the Elkin's Lake		450,000.00	100,000.00								
4	Elkin's Lake Master Drainage Plan Study			500,000.00	100,000.00							
4	Elkin's Lake Drainage Design				1,200,000.00							
5	Praire Branck Basin drainage Study			150,000.00	100,000.00							
5	Praire Branck Basin Drainage Design				450,000.00							
6	Spring Lake Master Drainage Plan				500,000.00	100,000.00						
6	Spring Lake Master Drainage Design				1,000,000.00	100,000.00						
7	Central Huntsville Area in the Harmon Creek Drainage Study					500,000.00	150,000.00					
7	Central Huntsville Area in the Harmon Creek Drainage Design						1,200,000.00	120,000.00				
8	Robinson Creek-West Fork San Jacinto River Drainage Study						200,000.00	100,000.00				
8	Robinson Creek-West Fork San Jacinto River Drainage Design						600,000.00	200,000.00				
9	Kevin William Airport Drainage Design						100,000.00					
10	McGary Creek Drainage Study and Design							550,000.00	200,000.00			
11	Crabb Creek-Nelson Creek Study and Design								500,000.00	100,000.00		
12	Little Schoold Branch-Nelson Creek Study and Design								350,000.00	100,000.00		
13	Gourd Creek								400,000.00	100,000.00		
	Bond Payments											
	Stormwater Project 1, construction	Dawson Lake Dam Construction	200,000.00	750,000.00	700,000.00							
	Stormwater Project 2, construction	Autumn Road Drainage	100,000.00	750,000.00	100,000.00	100,000.00						
	Stormwater Project 3, construction	Downstream/ Woods at the Elkin's Lake		2,500,000.00	2,000,000.00	1,000,000.00						
	Stormwater Project 4, construction	Elkin's Lake Drainage Projects				2,000,000.00	4,000,000.00	2,000,000.00	1,000,000.00			
	Stormwater Project 5, construction	Praire Branck Basin Drainage Projects				2,500,000.00	1,000,000.00	500,000.00				
	Stormwater Project 6, construction	Spring Lake Drainage Projects				2,500,000.00	2,000,000.00	1,000,000.00				
	Stormwater Project 7, construction	Central Huntsville Area in the Harmon Creek Drainage Projects						3,000,000.00	3,000,000.00	1,000,000.00	1,000,000.00	1,000,000
	Stormwater Project 8, construction	Robinson Creek-West Fork San Jacinto River Drainage Projects						1,000,000.00	2,000,000.00	1,000,000.00		
	Stormwater Project 9, construction	Kevin William Airport Drainage						600,000.00				
	Stormwater Project 10, construction	McGary Creek Drainage Projects							3,700,000.00	1,500,000.00		
	Stormwater Project 11, construction	Crabb Creek-Nelson Creek Drainage Projects								3,800,000.00	2,000,000.00	
	Stormwater Project 12, construction	Little Schoold Branch-Nelson Creek Drainage Projects								2,000,000.00	2,000,000.00	1,000,000.00
	Stormwater Project 13, construction	Gourd Creek Drainage Projects									3,000,000.00	2,000,000.00
		Summary Project Total Cost	$ 1,494,000.00	$ 5,858,700.00	$ 6,474,135.00	$ 9,140,341.75	$ 9,607,358.84	$ 9,445,226.78	$ 11,543,988.12	$ 10,013,687.52	$ 8,434,371.90	$ 4,456,090.50

Huntsville Stormwater Utility

City of Huntsville City Council

Kate Ploetzner, P.E., CFM

July 16, 2024

Stormwater Utilities: A Background

A Stormwater Utility is a user-fee-based funding program for a municipality's drainage management activities and drainage infrastructure needs

Authorized by Texas Local Government Code Chapter 552

Allows municipality to use General Fund for other services

Who will pay fees for the Stormwater Utility?

Properties within the respective municipality limits.

Mandatory exempt properties include:

- Property held and maintained in its natural state
- Property with a wholly sufficient and privately-owned stormwater system that does not discharge runoff
- A subdivision lot until a Certificate of Occupancy has been issued
- Property owned by a state agency or institutions of higher learning

Other exempt properties are included in the proposed annual Fee Schedule

Cost of Service: Examples

- Inspections, operations and maintenance
- Cost of acquisition of land, rights-of-way, easements, relating to structures, equipment, and facilities for drainage
- Repairing deficient systems
- Monitoring active construction projects for proper management of stormwater runoff and erosion
- Ensuring proper design of stormwater collection
- Preparing, planning and construction of future stormwater system upgrades and replacements and providing funding for those future needs

Identified Utility Expenses

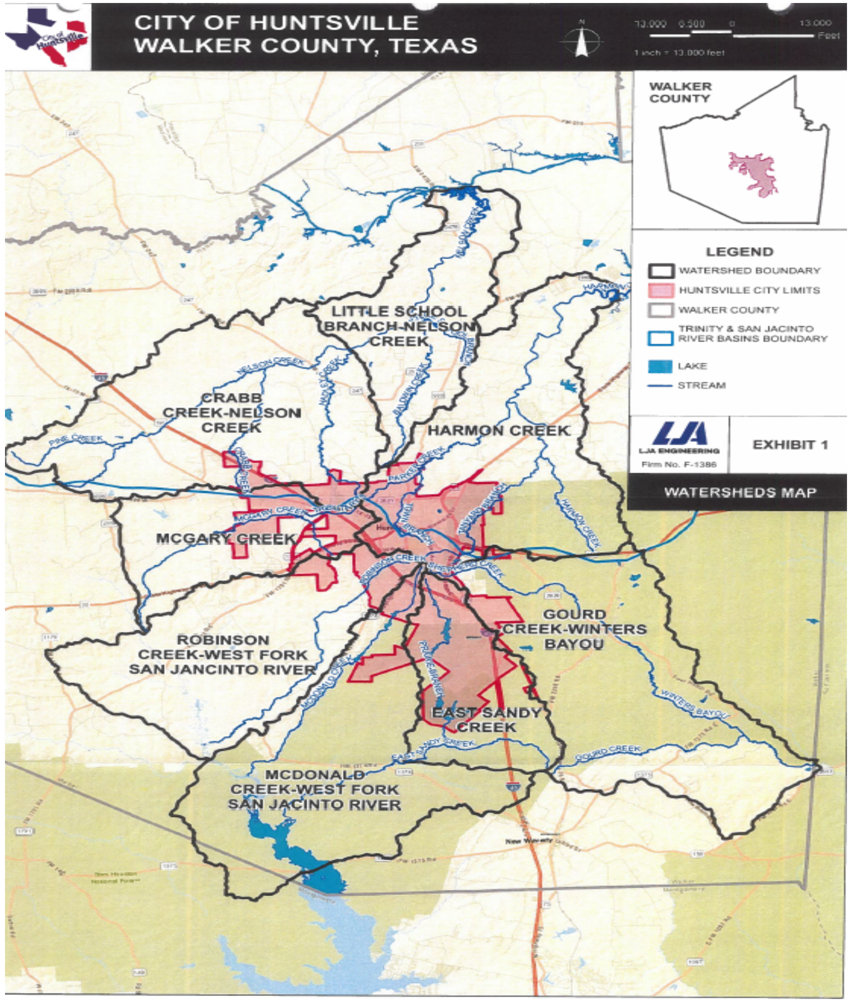
- Survey, Drainage Study, Design and Construction

Dawson Lake Dam and Downstream	Gourd Creek
Autumn Road Drainage	Central Huntsville Area in the Harmon Creek
Elkin’s Lake	Robinson Creek-West Fork San Jacinto River
Prairie Branch Basin	Kevin Williams Airport Drainage
Spring Lake	Crabb Creek-Nelson Creek
McGary Creek –West Fork San Jacinto River	Little School Branch-Nelson Creek

- Combine with a Bond Payments for Stormwater Construction Projects identified from above professional services

Kimley»Horn City of Huntsville

Identified Utility Expenses



Kimley»Horn

Stormwater Utility: Billing

How utility billing works

- Based on inventory of lots and tracts within the municipality
- Billing cannot be based on value of property

Billing basis must be directly related to drainage

- Equitable
- Nondiscriminatory
- Reasonable

Billing basis includes

- Inventory the municipality
- Split the cost amongst billable parcels

Basis of Typical Stormwater Utility Rate Structure in Texas

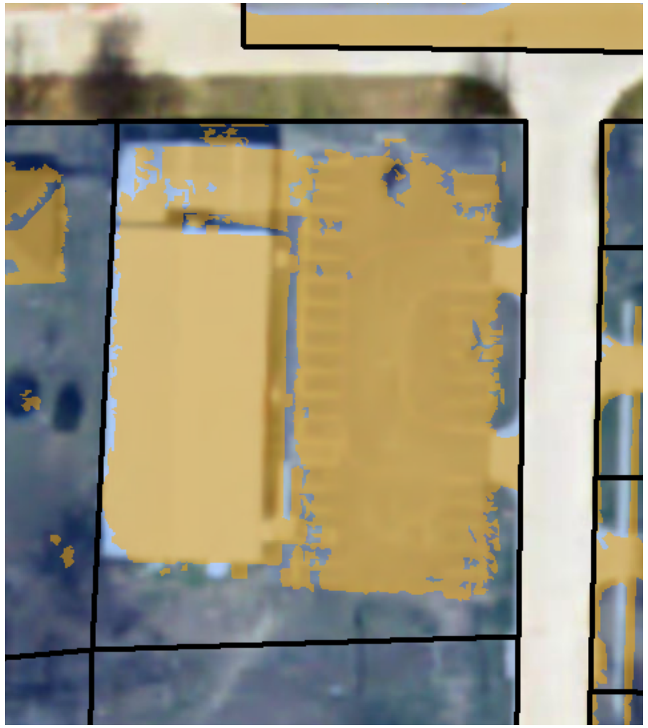
More imperviousness

=

Increased runoff volume and flowrate

=

More use of the stormwater utility system



Equivalent Residential Unit (ERU)

- Most widely used fee system is ERU-based
- ERU = median impervious area of a single-family property
- ERU is the base unit used to assess property fee

The higher the stormwater runoff a property generates

More impervious = larger number of ERUs

The larger portion of use of the stormwater utility

Billing Units by Property Type

ERUs (Billing Units)				
Fiscal Year	***Single Family[1]***	***Religious Institutions, School, and County[2]***	***All other properties[2,3]***	***Total***
FY 24-25	6,928	2,169	14,368	24,649
FY 25-26	7,067	2,212	14,655	25,142
FY 26-27	7,208	2,256	14,948	25,645
FY 27-28	7,352	2,302	15,247	26,158
FY 28-29	7,499	2,348	15,552	26,681

Notes:

1. Each single-family property = 1 ERU
2. Non-single-family property ERUs = $Impervious\ Area\ (s.f.) * \frac{1\ ERU}{3{,}300\ s.f.}$
3. Excludes 100% exempt properties
4. All Billing Unit estimates assume 2% annual growth rate

Kimley»Horn

City of Huntsville

Proposed Fee Schedule by Property Type

Proposed Fee Schedule ($/ERU/month)			
Fiscal Year	*Single Family*[1]	*Religious Institutions, and Non-exemptional Properties*[2]	*All other properties*[3]
FY 24-25	$5.00	$2.50	$5.00
FY 25-26	$5.00	$2.50	$5.00
FY 26-27	$5.00	$2.50	$5.00
FY 27-28	$5.00	$2.50	$5.00
FY 28-29	$5.00	$2.50	$5.00

Notes:

1. Each single-family property is equivalent to 1 ERU and each property will be billed $5.00 per month.
2. Properties owned by a County, school district, or religious organization will receive a 50% exemption ($2.50/ERU/month) at this time.
3. All other properties (excluding 100% exempt properties) will be billed $5.00/ERU/month.

Kimley»Horn City of Huntsville

Projected Annual Revenue

Projected Annual Revenue ($)				
Fiscal Year	Single Family[1]	Religious Institutions, and Non-exemptional Properties[2]	All other properties[2,3]	Total
FY 24-25	$407,366	$63,764	$844,827	***$1,315,957***
FY 25-26	$415,514	$65,039	$861,723	***$1,342,276***
FY 26-27	$423,824	$66,340	$878,958	***$1,369,122***
FY 27-28	$432,300	$67,667	$896,537	***$1,396,504***
FY 28-29	$440,946	$69,020	$914,467	***$1,424,434***

Notes:

1. Each single-family property = 1 ERU
2. Non-single-family property ERUs = $Impervious\ Area\ (s.f.) * \frac{1\ ERU}{3{,}300\ s.f.}$
3. Excludes 100% exempt properties
4. Billing Units assume 2% annual growth rate and 2% annual uncollected billings.

Proposed Charges Examples (Approximately)

- Average ERUs for Religious Properties (8.2 ERUs), Average Bill is $20.5/Month.
- Small Gas Station, 13,800 s.f. Impervious Area, (4.2 ERUs), Average Bill is $21/Month.
- Small Bank, 32,670 s.f. Impervious Area, (9.9 ERUs), Average Bill is $50/Month.
- Medium Apartments, 122,700 s.f. Impervious Area, (37.2 ERUs), Average Bill is $186/Month.
- Large Strip Center, 288,600 s.f. Impervious Area, (87.5 ERUs), Average Bill is $437.5/Month.

Next Steps

- Stormwater Utility Ordinance and Schedule of Charges Will be Published in Newspaper and City Website.
- Required Public Hearings LGC 552.
- Implement Stormwater Utility Fee Schedule of Charges in the FY 24-25 (October 2024) Schedule of Fee and Charges.

Questions?

ORDINANCE NO. 2024 - 22

AN ORDINANCE OF THE CITY OF HUNTSVILLE, TEXAS, AMENDING THE HUNTSVILLE MUNICIPAL CODE BY AMENDING CHAPTER 46 "UTILITIES," ARTICLE IV "STORMWATER UTILITY SYSTEM" TO ADD A DIVISION 3 "STORMWATER UTILITY FEES", ESTABLISHING A SCHEDULE OF RATES AND CHARGES TO BE ASSESSED; PROVIDING FOR DRAINAGE SERVICE, BILLING, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Huntsville, Texas, has investigated and determined that it would be advantageous and beneficial to the citizens of the City to promote the public health, safety and welfare of the citizens to adopt a Municipal Drainage Utility System; and

WHEREAS, the City Council further investigated and determined that it would be in the best interest of the citizens to adopt the Municipal Drainage Utility Systems Act as set forth in Chapter 552, Subchapter C, Texas Local Government Code, as amended ("Act"); and

WHEREAS, the City Council finds that the drainage of the City is a public utility within the meaning of the Act and the Service Area is the municipal boundaries, meaning the City Limits; and

WHEREAS, the City Council further finds that the City will establish a schedule of drainage charges against all real property in the proposed service area(s) which included the entire City subject to charges under this Ordinance; and,

WHEREAS, the City Council further finds that the City will provide drainage for all real property in the proposed service area(s) on payment of drainage charges, except real property exempted under the Act or pursuant to this Ordinance; and

WHEREAS, the City Council further finds that the City will offer drainage service on nondiscriminatory, reasonable and equitable terms; and

WHEREAS, the Drainage Utility fee structure shall provide the necessary revenue to support proposed drainage system improvements and best management practices identified in the City's Permit; and,

WHEREAS, the City Council finds notice of a public hearing was published in a newspaper the required number of times pursuant to Chapter 552 and after public notice, City Council held a public hearing on September 17, 2024; and

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

Section 1. All of the above premises are hereby found to be true and correct legislative and factual findings of the City of Huntsville, Texas, and are hereby approved and incorporated into the body of this ordinance as if copied in their entirety.

Section 2. Huntsville Code of Ordinances, Chapter 46, Article IV, is hereby amended to read as shown in the attached Exhibit "A".

Section 3: All ordinances or parts of ordinances in force when the provisions of this Ordinance becomes effective which are inconsistent or in conflict with the terms and provisions contained in this Ordinance are hereby repealed only to the extent of any such conflict.

Section 4: Should any paragraph, sentence, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Ordinance as a whole or any part or provision thereof, other than the part so declared to be invalid, illegal or unconstitutional.

Section 5: This Ordinance shall take effect upon adoption.

Section 6: It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED this_17_day of September 2024.

THE CITY OF HUNTSVILLE

____
Russell Humphrey, Mayor

ATTEST:

____
Kristy Doll, City Secretary

APPROVED AS TO FORM:

____
Leonard Schneider, City Attorney

EXHIBIT A

Chapter 46 Utilities

<u>Article IV. Stormwater Utility Fees</u>

Division 3. – Stormwater Utility Fees

Section 46-501. Fees

<u>(a)</u> **<u>Residential Property Fees</u>**. Residential properties shall be measured as one Equivalent Residential Unit (ERU) per month, regardless of the actual amount of impervious cover on such properties. Each benefitting residential property shall be assessed a fee of $5.00 per month.

<u>(b)</u> **<u>Non-residential Property Fees.</u>**

Stormwater utility fees for non-residential property, excluding property owned by a school district, religious organization, county or municipality, shall be calculated for each benefitted property using the impervious area in square feet (SF) at the following rate:

Fee = Allocated Impervious Area on the Parcel(s) in square feet (SF) X $0.00152/SF/month.

Stormwater utility fees for property owned by a school district, religious organization, and county shall be calculated for each benefitted property using the impervious area in square feet (SF) at the following rate:

Fee = Allocated Impervious Area on the Parcel(s) in square feet (SF) X $0.00076/SF/month.

<u>(c)</u> The city council may review the foregoing schedule of fees at any time and may, by ordinance increase or decrease or otherwise alter the fee structure upon a determination that such an increase or decrease is warranted.

Secs. 46-502---46-510- Reserved.

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 3.a.

Agenda Item: Consider the appointments to the City of Huntsville Boards and Commissions.

Initiating Department/Presenter: City Council

Presenter:
Russell Humphrey, Mayor

Recommended Motion: Move to appoint Board and Commission members as presented.

Strategic Initiative: Strategic Priority #3, Quality of Life – Establish an environment where citizens can thrive and enjoy the city in which they live. Provide services that enhance the quality of life for all, with focus on the full life cycle (children, students, families, and retirees) - by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment.Goal #5, Resource Development - Enhance the quality of life for citizens, businesses and visitors by leveraging the human and fiscal resources available to the community.

Discussion: Please see the attached list for appointments to the City of Huntsville Boards and Commissions. Positions on these Boards and Commissions are vacant or expired and need to be filled or reappointed.

Previous Council Action:

Financial Implications:

Approvals:
Kristy Doll

Associated Information:
1. Board Appointments 9-17-2024

CITY OF HUNTSVILLE

BOARD AND COMMISSION APPOINTMENTS/REAPPOINTMENTS

BOARD NAME	SEAT #	APPOINT/ REAPPOINT	BOARD MEMBER	TERM EXPIRE
CEMETERY				
	5	Appoint	Samuel Massey	8-31-2026
	8	Appoint	Carrol Barret	8-31-2026
MAIN STREET				
	2	Appoint	Bridget Maloney	8-31-2026
	7	Appoint	Madelyn Adler	8-31-2026
	6	Reapp.	Malissa Williams	8-31-2026
TOURISM				
	2	Appoint	Lisa Trow	8-31-2025
	5	Reapp.	Tammy Farkas	8-31-2027
	9	Reapp.	Caroline Crimm	8-31-2027
HOUSING				
	1	Reapp.	Sally Dowis	8-31-2026
	4	Reapp.	Cynthia Cooper	8-31-2026
ARTS				
	7	Appoint	Cheryl Spencer	8-31-2027
LIBRARY				
	2	Reapp.	Amanda Smithson	8-31-2027

-

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 3.b.

Agenda Item: The City Council of Huntsville will cast their vote by a majority vote for the Texas Municipal League Region 14 Director position.

Initiating Department/Presenter: City Secretary

Presenter:
Kristy Doll, City Secretary

Recommended Motion: I nominate ____ to serve as the Texas Municipal League Region 14 Director.

Strategic Initiative: Strategic Priority #5, Engagement - Build strong relationships within our organization and community with a focus on our culture of core values as expressed in Service, Trust, Accountability and Respect. Provide a welcoming and collaborative environment that fosters mutual partnership between city government, community organizations and our residents.

Discussion: The City Council of Huntsville will cast their vote by a majority vote for the Texas Municipal League Region 14 Director position. Please see attached, Official Ballot with Candidate names and Candidate Biographies.

Previous Council Action: NA

Financial Implications: None

Approvals:
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:
1. Texas Municipal League Director Election

TEXAS MUNICIPAL LEAGUE

OFFICIAL BALLOT

Texas Municipal League (TML) Region 14 Director Election

This is the official ballot for the election of the Region 14 director of the TML Board of Directors. You received this ballot because you are the city's primary contact person with TML. Each TML member city is entitled to one vote, which vote must be cast by a majority vote of the city's governing body. Please record your city's choice by placing an "X" in the square beside the candidate's name or writing in the name of an eligible person in the space provided. You can only vote for one candidate.

The officials listed on this ballot have been nominated to serve a two-year term on the TML Board of Directors. A brief biography for each candidate is included after the ballot.

Ballots must reach the TML office by 5:00 p.m. Central Time on October 3, 2024. Ballots received after this date cannot be counted. **The ballot must be properly signed and mailed to: Rachael Pitts, Texas Municipal League, 1821 Rutherford Lane, Suite 400, Austin, TX 78754, or scanned and emailed to rpitts@tml.org. If the ballot is not signed, it will not be counted.**

Region 14 Director (select one)

☐ **Frank W. Robinson, Councilmember, Shenandoah**

☐ **Joe Zimmerman, Mayor, Sugar Land (Incumbent)**

Certificate

I certify that the vote cast above has been cast in accordance with the will of the majority of the governing body of the city named below.

Witness my hand, this ________ day of __________________________, 2024.

______________________________	______________________________
Signature of Authorized Official	Title
______________________________	______________________________
Printed Name of Authorized Official	Printed Name of City

Region 14 Director Candidate Biographies

Frank W. Robinson, Councilmember, Shenandoah

Frank W. Robinson, BA, MPA, ICMA-CM (Retired) is an elected member of the City of Shenandoah City Council and an accomplished public administrator. He holds a bachelor's degree from the University of North Texas and a Master of Public Administration degree from Sam Houston State University. After 38 years of public service, 29 of those years as a chief administrative officer and city manager in Texas and California, Mr. Robinson retired in 2017. Mr. Robinson began his public service career as a police officer in Denton, eventually receiving an appointment as chief of police in the City of West University Place before transitioning to city management. He is best known for his role in the development of The Woodlands downtown. Mr. Robinson served 14 years as the president and township manager for The Woodlands Township (formerly known as the Town Center Improvement District of Montgomery County). Mr. Robinson led the organization through visioning and goal setting to define the Township's vision and mission as a local government focused on creating public benefit. In 2020, Frank came out of retirement to assist the City of Conroe in the position of downtown manager and implemented the newly adopted *Downtown Conroe Development Plan* that promotes the historical preservation and economic development of downtown Conroe. Mr. Robinson successfully attracted new entertainment and dining venues to the downtown's central business district, brought in an estimated $54 million in new development investment, and facilitated the recertification of Conroe as a Texas Main Street Community and receiving the coveted cultural district designation by the Texas Commission on the Arts. In January 2023, Mr. Robinson retired once again and was elected to the City of Shenandoah's City Council in May 2024. He remains an active member of the Texas City Managers Association.

Joe Zimmerman, Mayor, Sugar Land (Incumbent)

Mayor Zimmerman was elected the 10th mayor of Sugar Land on June 11, 2016, after serving four years as the at-large, position 2, city councilman. He is currently serving his fourth and final term as mayor. He serves on the Finance & Audit, Economic Development and Intergovernmental Relations Committees of the City of Sugar Land and is the City's representative on the HGAC Board and Transportation Policy Council. He is a past president of Texas Municipal League (TML) Region 14 and currently represents Region 14 on the TML Board of Directors. Mr. Zimmerman is a Senior Consultant for Halff Associates, Inc., a Texas-based civil engineering consulting firm founded in 1950. He has extensive business experience, having served in senior management positions in a number of different industries. Mr. Zimmerman earned his BSCE from the University of Houston, an MBA from Houston Baptist University, and is a licensed professional engineer in the State of Texas. He and his wife of 48 years, Nancy, have lived in Sugar Land since 1990 and are active members of Second Baptist Church Woodway. Their daughter, Allison, her husband Chris Wallace, granddaughter Emmy and grandson Campbell live in Houston.

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 3.c.

Agenda Item: Consider authorizing the City Manager to enter into a Fixed Based Operation (FBO), lease agreement with Huntsville Aviation to provide aeronautical services at the Bruce Brothers Huntsville Regional Airport.

Initiating Department/Presenter: City Manager

Presenter:
Aron Kulhavy, City Manager

Recommended Motion: Move to remand the lease back to the Airport Advisory Board for an additional 30-days to complete the process as requested from the Airport Advisory Board.

Strategic Initiative: Goal #4, Infrastructure - Ensure the quality of the City utilities, transportation and physical structures so that the City's core services can be provided in an effective and efficient manner.

Discussion: City staff has been working with the Airport Advisory Board and Huntsville Aviation to update the FBO lease agreement presented at the Council meeting on August 20, 2024. The agreement was postponed to address comments and concerns raised by the City Council, with a directive to return within 30 days.

Following the Council's direction, the Airport Advisory Board held a regular session and a special session to evaluate and propose alternative options for Huntsville Aviation.

The Airport Advisory's proposals have been agreed upon only in concept by Huntsville Aviation. The Airport Advisory Board took action requesting a 30-day extension to complete the process, which will include drafting the agreement, review and approval by Huntsville Aviation, and review by the City Attorney and final recommendation by the Airport Advisory Board. Once approved and reviewed by the board, the final agreement will be placed on the agenda for Council consideration.

Previous Council Action: On the August 20, 2024, council agenda, this item was presented. At that time, a vote was taken to postpone this item to address comments and concerns raised by the City Council with the Airport Advisory Board and return it in 30 days.

Financial Implications: The overall estimation of revenue that will be generated will be identified by the updated draft agreement.

Approvals:
Leonard Schneider
Sam Masiel

Aron Kulhavy
Kristy Doll

Associated Information:
1. FBO Lease Final - 2-29-24
2. FBO Lease Exhibit A Map Location

STATE OE TEXAS X

COUNTY OF WALKER X

CITY OF HUNTSV1LLE X

LEASE AGREEMENT FOR FIXED BASE OPERATING SERV1CE

THIS IS AN AGREEMENT (the "Agreement") entered into as of this ___ day of ______________ by and between the CITY OF HUNTSVILLE, TEXAS, a home-rule municipal corporation, hereinafter referred to asthe"CITY",and HUNTSVILLE AVIATION, INC., a Texas corporation, hereinafter referred to as the "OPERATOR", for the purpose of providing Fixed Base Operating Services at BRUCE BROTHERS HUNTSVILLE REGIONAL AIRPORT,herein referred to as the "AIRPORT". CITY and OPERATOR do hereby mutually agree as follows:

Article I

Lease of Premises

Section 1.1: By a certain lease dated, and attached hereto, CITY leased to OPERATOR a portion of the premises at the Airport. This Agreement serves as an amendment to the lease. In the event of any conflict between the provisions of the prior lease and this Agreement, the provisions of this Agreement shall control.

Section 1.2: In consideration of the mutual covenants and conditions herein contained, and under authority of the Texas Municipal Airport Act, in particular Article 46d-4(b), Revised Civil Statutes of Texas, CITY does hereby lease, let and demise unto the said OPERATOR, and OPERATOR. does lease and take from CITY, the following described public property owned by the City of Huntsville, Texas, as illustrated in Exhibit "A" and incorporated herein by reference (the "Leased Premises"):

Being all hangars (with the exception of the Texas Department of Criminal Justice ("TDCJ") hangar), buildings, shops, and other appurtenances presently located at the Airport and in the area described as follows:

BEING a 22.007-acre tract or parcel of land out of the Warren Birdsell League, Abstract 6, Walker County, Texas, and being also out of and a part of a called 630-acretract as described by deed from the Texas Prison Board to the City of Huntsville, Texas, dated 19 November, 1945 and recorded in Volume 112, Page 55, Walker County Deed Records, said 22.007-acre tract being more fully described by metes and bounds as follows:

BEGINNING at a concrete monument with aluminum cap marked "City of Huntsville" set for corner near a barbed wire fence marking the present east boundary of the property set aside for airport use and from which concrete monument (1.) a concrete monument (1.5 feet up, marked "Texas Prison Line") set by R. J. McMahon in 1933 as an angle point in the north boundary of the TDC Wynne Farm, same being also the original northeast corner of the "City of Huntsville" 630-acre tract, bears N 18 degrees 14 minutes 04 seconds E 2972.74 feet, (2.) a concrete monument (1.5 feet up, marked "Texas Prison Line") set by R. J. McMahon in 1933 as an "ell" corner in the northern boundary of the Wynne Unit bears N 29 degrees 38 minutes 23 seconds W 3057.71 feet, (3.) a concrete monument (same as (l) and (2.) for the northwest corner of the Wynne Unit and the City of Huntsville 630-acre tract bears N 65 degrees 00 minutes 51 seconds W 5,865.81 feet and (4) a 112 inch iron rod found in the north boundary of the City of Huntsville 630-acre tract for the southeast corner of a. called 35.81 acre tract described by deed from Dan S. Davis to the City of Huntsville dated 10 September, 1976 and recorded in. Volume 293, Page 302, Walker County Deed Records, bears N 03 degrees 20 minutes 00 seconds E 2,776.09 feet;

THENCE, with present boundary of the property set aside for airport use and generally following an existing fence line, S 03 degrees 20 minutes 21 seconds W 1,826.00 feet to a concrete monument with aluminum cap marked "City of Huntsville" set for corner;

THENCE, N 86 degrees 39 minutes 39 seconds W 525.00 feet to a concrete monument with aluminum cap marked "City of Huntsville" set for corner;

THENCE, parallel with and approximately 325 feet east of the centerline of the existing runway, N 03 degrees 20 minutes 21 seconds E 1,826.00 feet to a concrete monument with aluminum cap marked "City of Huntsville" set for corner;

THENCE, S 86 degrees 39 minutes 39 seconds E 525.00 feet to the POINT OF BEGINNING, the boundaries thus described enclosing an area of 22.007 acres.

ARTICLE 2

Term of Agreement and Lease

Section 2.1:The term of this Agreement and Lease is for a period of forty (40) years beginning the ____ day of ________________, and extending to the ____ day of ______________; provided, however, that said Agreement may be terminated as hereinafter provided.

ARTICLE 3

Obligation of the Parties

Section 3.1: Construction of Facilities. OPERATOR agrees to construct, at OPERATOR'S expense, , Terminal Building Improvements at an estimated value of $80,000, eight (8) T-Hangar Building at an estimated value of $565,000, Corporate / Aviation Service Business Hangar at an estimated value of $420,000, Multiple Unit Box Hangars at an estimated value of $750,000, Additional Corporate / Aviation Service Business Hangars at an estimated value of $1,260,000, Self Service Aviation Fueling Facility at an estimated value of $350,000 as noted within Article 9.1. OPERATOR agrees that all construction shall comply with all City regulations and any other lawful regulations. Prior to the commencement of construction, OPERATOR will furnish or cause to be furnished a performance bond in an amount equal to the cost of all construction for the Hangar in favor of CITY, in a form acceptable to CITY.

CITY shall construct suitable taxiway access, designed for the appropriate aircraft traffic from the taxiway to the hanger apron, and provide access to water and sewer to the building location, but shall not be obligated to do so prior to one hundred eighty (180) days from the date of this Agreement.

OPERATOR shall be responsible for any existing storm sewer lines located within the footprint of the proposed hangar and must be relocated at OPERATOR’S expense.

The parties recognize that the OPERATOR shall be entitled to use the Hangar and all other buildings within the Leased Premises until this Agreement is terminated.

OPERATOR shall be entitled to build or construct any new aircraft storage or repair facilities or any other type buildings or structure normally found on public use airports, at OPERATOR'S expense, provided that location of such facilities is in general agreement with the Huntsville Municipal Airport Master Plan, 2020, and all improvements are to be constructed in compliance with all City regulations and any other lawful regulations. All design plans must be first approved by the CITY prior to any construction. All buildings or improvements existing or constructed by OPERATOR on the Leased Premises shall become the property of CITY.

The OPERATOR agrees that no signs, billboards, or advertising material shall be placed or erected upon the Leased Premises without the prior written consent of the CITY. No changes to Airport structure shall be permitted without prior written consent of the CITY.

<u>Section 3.2: Required Services of the OPERA TOR.</u> The OPERA TOR shall provide aircraft line servicing which includes the sale and in-to-plane delivery of recognized brands of aviation fuels and other petroleum products. The OPERATOR shall provide and maintain an adequate supply at all times of two (2) grades of fuel as closely related to the popular demand of the general aviation users of the Airport as is feasible. The OPERATOR shall provide mobile fuel pumping equipment, as needed, which will meet all applicable safety requirements relative to grounding and fuel contamination as required by federal, state and local codes and regulations.

The OPERATOR shall provide servicing to aircraft, including ramp assistance, itinerant parking, storage, and tie-downs. The OPERA TOR shall provide such minor services to general aviation aircraft as can be provided effectively on the ramp or apron parking area.

The OPERATOR shall have the Leased Premises open for business, with all line services, for a minimum of nine (9) hours per day, seven (7) days per week, and shall provide twenty-four (24) hour emergency service on an "on-call" basis during the remaining hours.

The OPERA TOR shall hold aircraft out for hire and make available qualified personnel to perform this service.

The OPERATOR shall make available a minimum of two (2) late model aircraft for lease to qualified pilots.

The OPERATOR shall instruct student pilots. The OPERATOR shall provide dual and solo in-flight training and equipment. A sufficient number of qualified instructors and aircraft shall be made available to adequately meet the demand for these services.

CITY and OPERATOR recognize that it is vital to the economic growth of the City of Huntsville, Walker County, and the Airport to have a well-managed airport and a fixed based operation that is an asset to the Airport operations. Therefore, OPERATOR shall furnish high-quality, prompt and efficient service suitable to meet all reasonable demands for its services at the Airport and operate in a manner that promotes the interests of the community and the Airport. OPERATOR shall furnish service on a fair, reasonable and non-discriminatory basis to all users of the Airport. OPERATOR shall charge fair, reasonable, and non- discriminatory prices for each unit of sale or service; provided, however, that OPERATOR may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

Upon acceptance of a commuter airline service at the Airport by the CITY, the OPERATOR shall provide convenient access and floor space for commuter operators within the terminal building; such space not to exceed 300 square feet, unless otherwise agreed upon,

<u>Section 3.3: Maintenance of Premises.</u> OPERATOR shall be responsible for the maintenance and repair of the Leased Premises and shall keep and maintain the Leased Premises in good condition, order and repair, and shall surrender the same upon the expiration of this Agreement, in the condition in which they are required to be kept, reasonable wear and tear and damage by the elements not caused by OPERATOR'S negligence, excepted.

The OPERATOR agrees, at its own expense, to provide such janitorial and cleaning services as may be necessary for the sanitary and safe operation of all the leased facilities.

The OPERATOR agrees to keep all structures in good repair at its own expense. This does not include equipment or building structural component replacement to the airport terminal building,

The OPERATOR agrees to periodically inspect and maintain lighting and heating/air conditioning systems of the terminal building at its own expense. The OPERATOR will incur the cost of normal light bulb and air filter replacement.

CITY shall be responsible for the repair, maintenance, and construction of all runways, taxiways, and ramp parking areas and covenants and agrees that same shall be maintained in a condition acceptable to federal or state agencies in order that the Airport be classified as an airport facility.

CITY shall be responsible for the construction, maintenance and repair of the entrance road to said Airport facility.

OPERATOR shall at all times maintain airport fueling system, hangar and hangar site improvements in good and serviceable condition and repair. Acts of God and other unavoidable casualties excepted.

CITY shall be responsible for all replacement and repairs to existing air navigation facilities to be constructed as from time to time required in updating the overall navigation facilities of the Airport.

OPERATOR shall be responsible for the mowing of grass located on the Leased Premises,

CITY shall be responsible for maintenance of the surface area of the Airport premises, excluding those buildings which are the responsibility of the OPERATOR.

CITY shall be responsible for equipment or building component replacement and structural repairs of the Airport Terminal Building.

Since OPERATOR is located at the Airport, it shall promptly notify CITY of any situation that needs maintenance and/or repair which falls within the CITY'S responsibility for maintenance and/or repair.

Section 3.4: Utilities, OPERATOR shall pay and be chargeable with all expenses incurred in connection with electrical, gas, telephone, or other utility services used in connection with the operation of the Leased premises. with the exception of CITY water, sewer and garbage service, which shall be furnished by CITY. Provided, further, that OPERATOR agrees and understands Electrical services used in connection with the operation of lighting and navigational aids shall be the sole responsibility of CITY until such time as a second operation locates and provides Fixed Base Operator services at the Airport. At the initiation of such new service, the financial responsibilities for electrical power necessary to operate airfield lighting and navigational aids will be evenly divided among the operators and the CITY.

Section 3.5: Access of Premises. The CITY and its authorized agents and contractors shall have the right to enter the Leased Premises to make any repairs obligated to it by this Agreement, to inspect for the OPERATORS compliance to the terms set forth herein, or to conduct maintenance or other work obligated to the OPERATOR which has failed to be done after reasonable notice. In this latter situation, the OPERATOR will be billed for the reasonable value of work done by the CITY.

Section 3.6: Non-discriminatory Policy. OPERATOR, in exercising any of the rights or privileges herein granted, shall not on the grounds of race, color or national origin discriminate or permit discrimination against any person or group of persons in any manner prohibited by law or regulation of any state or federal agency or government and the CITY reserves the right to take any action which maybe directed or required by the state or federal governments to enforce this covenant of non-discrimination.

ARTICLE 4

Payment and Charges

Section 4.1: In consideration of the rights and privileges granted by this Agreement, OPERATOR agrees to pay to CITY during the term of this Agreement, a rental fee of $0.015 per square foot of area covered under this Agreement as defined in Section 1.2. Rental payments shall be payable to the CITY at 1212 Avenue M Huntsville, Texas 77340 on an annual basis beginning ________________ and on the same day of each succeeding year thereafter during the term of this Agreement. All payments shall be timely made by the OPERATOR and CITY shall have the right to assess a service charge for any late payments in accordance with the policies of the CITY.

Section 4.2: In addition to Section 4.1 above, OPERATOR agrees to pay to CITY during the term of this Agreement a fuel flowage fee $0.05 per gallon on all fuel sold. This flowage fee shall be payable to the CITY at 1212 Avenue M Huntsville, TX 77340 on a monthly basis with payment due by the last day of the month that follows the month being paid.

Section 4.3: At the CITY'S sole discretion, OPERATOR's rental rates and fuel flowage fees may be adjusted at annual intervals on the anniversary date of this Agreement. Adjustment shall be based on the change in Consumer Price Index (CPI) for the Houston Region,

ARTICLE 5

Promotion of the Airport

Section 5.1: The OPERATOR agrees to so conduct his business so that credit reflects to the CITY and the Airport. It agrees not to accept work requiring the absence of key personnel from the Airport unless said work is directly related to the interest and well-being of the Airport, and that there is adequate qualified personnel to carry on their duties while they are absent. It further agrees that qualified personnel shall be present at the Airport during the period of operation specified in Article 2, Section 2.1.

ARTICLE 6

Indemnity and Insurance

Section 6.1: OPERATOR SHALL DEFEND AND INDEMNIFY CITY, ITS RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (TOGETHER, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL LIABILITY, ACTIONS, CAUSES OF ACTION, LAWSUITS, JUDGMENTS, CLAIMS, DAMAGES, PENALTIES, FINES, COSTS OR FEES, INCLUDING REASONABLE ATTORNEY'S FEES AND COSTS OF DEFENSE, FOR ANY INJURY TO OR THE DEATH OF ANY PERSON OR DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR BREACH OF CONTRACT, OR ANY OTHER HARM FOR WHICH ANY TYPE OF RECOVERY (WHETHER AT LAW OR IN EQUITY) IS SOUGHT, CAUSED BY, RESULTING FROM OR BASED UPON, IN WHOLE OR IN PART, ANY ACT OR OMISSION OF OPERATOR, ITS OFFICERS, EMPLOYEES, SERVANTS, CONTRACTORS, SUBCONTRACTORS, CUSTOMERS,

INVITEES, SUBTENANTS, LICENSEES OR CONCESSIONAIRES UNDER OR IN CONNECTION WITH THIS AGREEMENT, AND REGARDLESS OF WHETHER OR NOT THE SAME IS CAUSED IN PART BY ANY OF THE INDEMNIFIED PERSONS. OPERATOR'S

OBLIGATIONS AND DUTIES UNDER THIS SECTION WILL SURVIVE THE TERM OF THIS AGREEMENT.

Section 6.2: During the term hereof, OPERATOR shall maintain at OPERATOR's sole cost and expense insurance relating to the Leased Premises as follows:

6.2(a): Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the Leased Premises, with limits of liability of not less than $1,000,000 for each occurrence, CSL/$1,000,000 general aggregate. Coverage shall include blanket contractual liability for liability assumed under the Agreement.

6.2(b): Statutory limits of workers compensation insurance and employer's liability with limits of liability of not less than $1,000,000.

6.2(c): Hangar keepers Legal Liability insurance, at limits of $1,000,000 per-occurrence is required if OPERATOR is engaged in maintenance, repair, or servicing of aircraft belonging to a third-party, or if OPERATOR is otherwise involved in any operation in which OPERATOR has care, custody, or control of an aircraft that belongs to a third-party.

6.2(d): Aircraft Liability Insurance for all OPERATOR-owned or operated aircraft with a minimum bodily injury and property damage per occurrence limit of $1,000,000 and $1,000,000 for personal and advertising injury.

Section 6.3: The above policies shall be endorsed to provide the following, as applicable: (i) in all liability policies, name as additional insured the CITY and its officials, officers, agents, and employees, (ii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insured, with respect to any claims arising out of activities conducted under the permit, and that insurance applies separately to each insured against whom claim is made or suit is brought; and (iii) waiver of subrogation in favor of CITY must be included in all liability and Workers Compensation policies.

Section 6.4: All insurance policies shall be issued by an insurance company authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance and shall be endorsed to provide for at least 30 days advance written notice to CITY of a material change in or cancellation of a policy. Certificates of insurance, satisfactory to CITY, evidencing all coverage above, shall be furnished to CITY prior to the Commencement Date, with complete copies of policies furnished to the CITY upon request. CITY reserves the right to review and revise from time to time the types of insurance and limits of liability required herein.

Section 6.5: The CITY shall be responsible for maintaining property owner's insurance for the buildings and structures on the Airport property.

Section 6.6:Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the term of this Agreement for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the Leased Premises, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Agreement with respect to any loss of, or damage to, property of the parties hereto. In as much as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

ARTICLE 7

Casualty or Damage

Section 7.1: In case of any damage to or destruction of the buildings, structures, fixtures and equipment on the Leased Premises, or any part thereof, OPERATOR shall promptly give written notice thereof to CITY, generally describing the nature and extent of such damage and/or destruction.

Section 7.2: If the Leased Premises (excluding OPERATOR's fixtures, furniture, equipment, personal property and leasehold improvements made by or on behalf of OPERATOR or any assignee, subtenant or other occupant of the Leased Premises) should be substantially, totally, or partially destroyed or damaged by fire, tornado, flood, hurricane or other casualty, this Agreement shall not terminate, but CITY shall, at CITY's sole cost, expense and risk, proceed forthwith and use reasonable diligence to rebuild or repair the Leased Premises (other than OPERATOR's fixtures, furniture, equipment, personal property and leasehold improvements made by or on behalf of OPERATOR or any permitted assignee, subtenant or other occupant or user of the Leased Premises) to substantially the condition in which it existed prior to such destruction or damage. While CITY is engaged in rebuilding or repairing the Leased Premises and the Hangar is untenantable, in whole or, in part following such destruction or damage and during such period of rebuilding or repair, the rent payable hereunder shall be equitably adjusted for that period which it is untenantable, however, that if the destruction was caused by the negligence, gross negligence, or willful or wanton act or omission of OPERATOR, its officers, employees, agents, subtenants, licensees, contractors, subcontractors, or invitees, rent shall not be abated and OPERATOR shall have the continuing obligation to pay rent during the period of such rebuilding or repair.

Section 7.3: CITY's obligation to pay for the cost of the repair or rebuilding of the Leased Premises or any part thereof shall not extend beyond or exceed the proceeds of any casualty or property damage insurance payable and actually collected in connection with such damage or destruction. All insurance proceeds, if any, payable on account of such damage or destruction shall be held and retained by CITY and used to repair, rebuild or otherwise return the damaged Leased Premises to substantially the condition in which it existed prior to such destruction or damage.

ARTICLE 8

Default by OPERATOR

Section 8.1: The following events shall be deemed to be events of default by OPERATOR under this Agreement:

8.1(a): Failure of OPERATOR to pay any installment of rent, or to pay or cause to be paid taxes (to the extent OPERATOR is obligated to pay or cause same to be paid), utilities, insurance premiums, or any other sum required to be payable to CITY by this Agreement on the date that same is due and such failure shall continue thereafter for a period of thirty (30) days and such failure shall not be cured within ten (10) days after written notice thereof to OPERATOR.

8.1(b): Failure of OPERATOR to comply with any term, condition or covenant of this Agreement, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to OPERATOR.

8.1(c): Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by OPERATOR or any guarantor of OEPRATOR's obligations.

8.I(d): Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by OPERATOR or any guarantor of OPERATOR's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against OPERATOR or such guarantor.

8.l(e): Appointment of a receiver or trustee for all or substantially all of the assets of OEPRA TOR or any guarantor of OPERATOR's obligations.

8.1(f): Abandonment by OPERATOR of any substantial portion of the Leased Premises or cessation of use of the Leased Premises for the purposes leased.

ARTICLE 9

Remedies of CITY

Section 9.1: Upon the occurrence of any of the events of default listed in Article 8, CITY shall have the option to pursue anyone or more of the following remedies without notice or demand whatsoever:

9.l(a): Terminate this Agreement, in which event OPERATOR shall immediately surrender the Leased Premises to CITY. If OPERATOR fails to surrender the Leased Premises, CITY may, without prejudice to any other remedy which CITY may have for possession of the Leased Premises or arrearages in rent and without further notice or demand, enter upon and take possession of the Leased Premises and expel or remove OPERATOR and any other person who may be occupying the Leased Premises or any part thereof, without being liable for prosecution or any claim for damages therefor. OPERATOR shall pay to CITY on demand the amount of all loss and damages which CITY may suffer by reason of such termination, whether through inability to relet the Leased Premises on satisfactory terms or otherwise,

9.1(b): Terminate this Agreement, in which event OPERATOR shall immediately surrender the Leased Premises to CITY. If OPERATOR fails to so surrender the Leased Premises, CITY may, without prejudice to any other remedy which CITY may have for possession of the Leased Premises or arrearages in rent and without further notice or demand, enter upon and take possession of the Leased Premises and expel or remove OPERATOR and any other person who may be occupying the Leased Premises or any part thereof, without being liable for prosecution or any claim for damages therefor. OPERATOR shall pay to CITY on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all rental and other amounts to be paid by OPERATOR to CITY hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Agreement over the then fair market rental value of the Leased Premises for such unexpired portion of the term of this Agreement.

9.l(c): Enter upon and take possession of the Leased Premises without terminating this Agreement and without being liable for prosecution or for any claim for damages therefor, and expel or remove Operator and any other person who may be occupying the Leased Premises or any part thereof. CITY may (but shall not be required to) relet the Leased

Premises and receive the rent therefor. OPERATOR agrees to pay to CITY monthly or on demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of reletting shall be subtracted from the amount of rent received under such reletting.

9.l(d): Enter upon the Leased Premises without terminating this Agreement and without being liable for prosecution or for any claim for damages therefor and do whatever OPERATOR is obligated to do under the terms of this Agreement. OPERATOR agrees to pay CITY on demand for expenses that CITY may incur in thus effecting compliance with OPERATOR's obligations under this Agreement, together with interest thereon at the rate of the lesser of the maximum lawful contractual rate of interest or eighteen percent (18) per annum from the date expended until paid. OPERATOR agrees to defend, indemnify and hold harmless CITY, its officials, officers, employees and agents, against and from all liability, costs, expense, claims and damages which it may at any time suffer or become liable for by reason of any accidents, damages or injuries to persons or property of OPERATOR or of any other parties, or to the Leased Premises, in any manner arising out of this Agreement, or the taking possession of the Leased Premises or reletting of same.

9.1(e): Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to CITY herein or of any damages accruing to CITY by reason of the violation of any of the terms, conditions and covenants herein contained. If any of OPERATOR's property ("OPERA TOR Property") remains upon the Leased Premises upon the expiration of the Agreement term or any earlier termination of this Agreement or any repossession of the Leased Premises by CITY because of OPERATOR's default under this Agreement, CITY shall have the right to remove such OPERATOR Property from the Leased Premises and store such OPERATOR Property, and OPERATOR shall be obligated to reimburse CITY for all of the costs incurred by CITY in removing and storing such OPERATOR Property. CITY shall not be required to release any OPERATOR Property to OPERATOR until OPERATOR has paid CITY all costs incurred by CITY in removing and storing such OPERATOR Property and all other amounts owed by OPERA TOR to CITY pursuant to this Agreement, including, without limitation, unpaid rental and costs incurred by CITY to repair the Leased Premises.

City shall have the option to terminate for breach of this Agreement prior to expiration of the primary term. The basis of the termination will be based off of the agreed upon improvements detailed in Section 9.1 (F) by the identified completion dates. Failure to comply with are grounds for default. In order to exercise the option for early termination of this Agreement, City shall give written notice of its intention to terminate one hundred eighty (180) days prior to the proposed termination date. Within 6 months of such termination the City shall pay to the Company the unamortized portion of the cost as established in Article 3 of the permanent structures and improvements constructed and installed there. That amortization is to be computed based on the number of months remaining on the lease from the date the Certificate of Occupancy is issued to the expiration date of the initial term of this agreement.9.1(f): REQUIRED SCHEDULE OF IMPROVEMENTS OF FBO FACILITIES: On or before the dates listed below, Lessee shall improve/repair, at its sole cost and expense, the current FBO Facilities. Improvements and repairs include but are not limited to:

(i) **Terminal Building** Operator shall complete the following no later than one year from the execution date of this agreement at an estimated cost of $80,000.

a. Replace flooring; 1291 sq. ft. with new modem and attractive carpet, wood, or tile.
b. Replace deteriorated wallpaper; 4400 sq. ft. with new wall treatment.
c. Replace baseboard; 502 ft. with new commercial office grade product.
d. Replace ceiling; 1291 sq. ft.
e. Construct new Reception/Front Sales Counter.
f. Replace furniture, fixtures and appointments in lobby and meeting rooms.
g. Coordination is required with City prior to work being done.
h. 24-hour Pilot accessibility to lounge area and restrooms.

Note: The above improvements will benefit the airport and the entire City by bringing the dated terminal building up to modem attractive standards that reflect the progressive welcoming attitude of the City of Huntsville.

(ii) **T-Hangar** Operator shall be completed at the time of the existing improvements above are constructed and the completion of the runway extension.

a. New 8 -unit T-Hangar Building of approximately 52 ft. in width and 278 ft. in length at an estimated cost of$565,000 in location #1 as depicted on the included drawing exhibit "A".
b. This hangar building will focus on the Single engine and light twin engine private and small business aircraft.

Note: This location will be outside the FBO lease agreement boundaries. This agreement secures a ground lease location.

(iii) **Corporate/Aviation Service Business Hangar**. Operator shall complete the following no later than two years from the execution date of this agreement.

a. A new 80 ft. wide by 80 ft. deep hangar building at an estimated cost of $420,000 in location #2 as depicted on the included drawing exhibit A. This hangar building will contain office/workshop space of at least 12 ft. by 12ft. as well as restroom facilities.
c. This hangar will focus on housing a corporate/business turboprop or jet aircraft and flight department.
d. This hangar could also be utilized to house multiple smaller aircraft or an aviation service company such as Aircraft Radio and Avionics Business, Aircraft Upholstery Shop, Aircraft Maintenance and Repair Facility or an additional Flight School.

(iv) **Multiple Unit Box Hangar Building** Operator shall complete the following no later than three years from the execution date of this agreement.

a. New hangar building45.5 ft. by 278 sq. ft. an estimated cost of $750,000 in location #3 as depicted on the included drawing exhibit A.
b. This hangar building will contain 5 separate individual hangar units measuring 55.5 ft. wide by 45.5 ft. deep.
c. This hangar will focus on larger single engine and multi engine aircraft. The individual units could also be used for multiple small aircraft.

(v) **Additional Corporate/Aviation Service Business Hangars**. Operator shall be completed at the time of the existing improvements above are constructed and the completion of the runway extension. Hangar 5 will be constructed upon occupancy of hangar 4 and hangar 6 will be constructed upon occupancy of hangar 5.

a. · New hangar buildings 100 ft. by 100 ft. each will be constructed in Locations #4,5 & 6 as depicted on the included drawing exhibit A. An estimated cost of $1,260,000.

b. The focus of these hangars will be corporate Jets and their associated flight departments. The demand for these hangars may increase with the longer runway that is planned for the Huntsville Airport as the current runway length is marginal for corporate jet aircraft. These hangars will also contain offices and full restroom facilities with showers.

(vi) **Self Service Aviation Fueling Facility** Operator shall complete the placement of a self-service aviation fueling station by the time the existing improvements above are constructed and the completion of the runway extension. The city will identify the location for this facility.

a. a complete aviation fueling facility that includes required paving, tanks, dispensing equipment and appurtenances.
b. shall install and maintain at OPERATOR'S expense, fuel storage areas and equipment for the purpose of providing self-service fuel to transient and local aircraft which includes the sale and in-to-plane delivery of recognized brands of aviation fuels and other petroleum products.
c. shall describe any program that will provide the Airport with a minimum of 1500-gallon 100LL fuel tank refueler. Included with the proposal include a detailed description of ongoing repair and maintenance programs.
d. Operator must be open to the opportunity of an additional fuel type as recommended by the Airport Advisory Board and Airport Manager as the need arises.
e. System shall include a nationally recognized credit card program, card reader and provide as needed support.

ARTICLE 10

Default by CITY

Section 10.1: No default by City hereunder shall constitute an eviction or disturbance of OPERATOR's use and possession of the Leased Premises or render CITY liable for damages or entitle OEPRATOR to be relieved from any of OPERATOR's obligations hereunder (including the obligation to pay rent) or grant OEPRATOR any right of deduction, abatement, set-off or recoupment or entitle OEPRATOR to take any action whatsoever with regard to the Leased Premises or CITY until thirty (30) days after OPERATOR has given CITY written notice specifically setting forth such default by CITY, and CITY has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as CITY has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default.

ARTICLE 11

Title to Improvements

Section 11.1: The CITY solely owns the Leased Premises. Any and all improvements made to the Leased Premises by OPERATOR shall become the property of CITY upon the expiration or termination of this Agreement; provided, however if OEPRATOR is not then in default hereunder, OPERATOR shall have the right to remove all personal property, equipment, or trade fixtures owned by OPERATOR from the Leased Premises, but OPERATOR shall be required to repair any damage to the Leased Premises caused by such removal in a good and workmanlike manner and at OPERATOR's sole cost and expense. If OPERATOR fails or refuses to remove any or all of OPERATOR's personal property, equipment, and trade fixtures from the Leased Premises on or before the date of the termination of this Agreement, the items which OEPRATOR has failed or refused to remove: (i) shall be considered abandoned by OPERATOR, (ii) shall become the property of CITY, and (iii) may be disposed of by CITY in any manner desired by CITY in CITY's unfettered discretion.

ARTICLE 12

Section 12.1 : OPERATOR agrees that no liens of any kind will be filed against the Leased Premises. OPERATOR agrees to defend, indemnify and hold CITY harmless of and from all liability arising out of the filing of any liens against the Leased Premises by reason of any act or omission of OPERATOR or anyone claiming under OPERATOR, and CITY, at CITY's option, may satisfy such liens and collect the amount expended from OPERATOR together with interest at a rate of 10 per annum as additional rent; provided, however, that CITY shall not so satisfy such liens until thirty (30) days after written notification to OPERATOR of CITY's intention to do so and OPERATOR's failure during such thirty (30) day period to bond such liens or escrow funds with appropriate parties to protect CITY's interest in the Leased Premises.

ARTICLE 13

Property Taxes and Assessments

Section 13.1 : OPERATOR agrees to pay any and all property taxes, if any, assessed against OPERATOR's personal property located on the Leased Premises or in Hangars during the term of this Agreement. The operator will not be liable for property taxes on real property or buildings owned by the CITY.

ARTICLE 14

Hold Over

Section 14.1: Should OPERATOR, or any of OPERATOR's successors in interest fail to surrender the Leased Premises, or any part thereof, on the expiration of the term of this Agreement, such holding over shall constitute a tenancy from month to month only terminable at any time by either CITY or OPERATOR after thirty (30) days prior written notice to the other, at a monthly rental equal to two hundred percent (200) of the rent paid for the last year of the term of this Agreement, divided by twelve (12).

ARTICLE 15

Waiver of Default

Section 15.1: No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Agreement shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein.

ARTICLE 16

Assignment of Lease

Section 16.1: The Agreement and lease herein granted shall not be assigned by OPERATOR to any person, firm or corporation without prior written approval by CITY and CITY may not unreasonably withhold such approval including any assignment described below in Section 16.2.

Section 16.2: ; For purposes of collateral in financing construction of improvements as authorized herein upon the part of OPERATOR, OPERATOR may assign said Agreement and lease to a bank or lending institution and, provided further, that OPERATOR'S financing assignee shall not further assign said Agreement and lease without prior notification to CITY of such subsequent assignment.

ARTICLE 17

Control of Airfield and Airspace

Section 17.1: The CITY reserves the right to develop or improve the landing area and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the desires or views of the OPERATOR without interference or hindrance.

Section 17.2: The CITY reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the OPERATOR from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the CITY, would limit the usefulness of the Airport or constitute a hazard to aircraft.

ARTICLE 18

NOTIFICATIONS

Section 18.1: Any notifications required by this Agreement shall be given in writing as follows:

TO THE CITY:	Director of Development Services City of Huntsville 448 State Highway 75 North Huntsville, Texas 77320 (936) 294-5700
With a copy to:	City Manager City of Huntsville 1212 Avenue M Huntsville, Texas 77340 (936) 291-5400
TO THE OPERATOR:	Huntsville Aviation, Inc. 1100 Airport Drive Huntsville, Texas 77340 (936) 295-8136 Attn: Wade Gillaspie, Jr., President

ARTICLE 19

Non-Exclusive Lease

Section 19.1: Notwithstanding anything herein contained that may be or appeared to the contrary, it is expressly understood and agreed that the rights granted under this Agreement are non-exclusive and the CITY herein reserves the right to grant similar privileges to another operator or operators on other parts of the Airport.

ARTICLE 20

Miscellaneous

Section 20.1: Independent Contractor: It is understood and agreed that in leasing and operating the Leased Premises, OPERATOR is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of CITY.

Section 20.2: Force Majeure: In the event performance by CITY or OPERATOR of any term, condition or covenant in this Agreement is delayed or prevented by an Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of CITY or OPERATOR, the period for performance of such term, condition or covenant shall be extended for a period equal to the period CITY or OPERATOR is so delayed or hindered.

Section 20.3: Exhibits: All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

Section 20.4: Captions: The captions or headings or paragraphs in this Agreement are inserted for convenience only, and shall not be considered in construing the provisions hereof if any question of intent should arise.

Section 20.5: Successors: The terms, conditions and covenants contained in this Agreement shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities and duties of CITY under this Agreement, including, but not limited to, any notices required or permitted to be delivered by CITY to OPERATOR hereunder, may, at CITY's option, be exercised or performed by CITY's agent or attorney.

Section 20.6: Severability: If any provision in this Agreement should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

Section 20.7: Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 20.8: Governing Law and Venue: This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement; and CITY and OPERATOR both irrevocably agree that venue for any dispute concerning this Agreement or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Walker County, Texas.

Section 20.9: Time of Essence: Time is of the essence in the payment and performance of the duties and obligations imposed upon CITY and OPERATOR by the terms and conditions of this Agreement.

Section 20.10: Survival: All duties and obligations imposed upon CITY and OPERATOR by the terms and conditions of this Agreement shall survive the termination or expiration of this Agreement until paid or performed.

Section 20.11: Corporate Execution: If OPERATOR is a corporation or if this Agreement shall be assigned by OPERATOR to a corporation or if OPERATOR sublets all or a portion of the Leased Premises to a corporation, such corporation hereby agrees to execute and deliver to CITY from time to time during the term of this Agreement such instruments as CITY may reasonably request to evidence: (i) the authority of such corporation to transact business in the State of Texas; and (ii) the authority of the officers of such corporation to execute this Agreement or other documents executed in connection with this Agreement.

Section 20.12: Attorney's Fees: If, on account of any breach or default by CITY or OPERATOR of their respective obligations under this Agreement, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

Section 20.13: Entire Agreement and Amendments: This Agreement embodies the entire agreement between CITY and OPERATOR and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge or effect an abandonment of this Agreement, in whole or in part, unless such agreement is in writing and signed by or in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

City of Huntsville, TX

By: ___________________________
Signature

Name: _________________________
Printed Name

Title: ___________________________

Date: __________________________

Attest: __________________________

Huntsville Aviation, Inc.

By: ___________________________
Signature

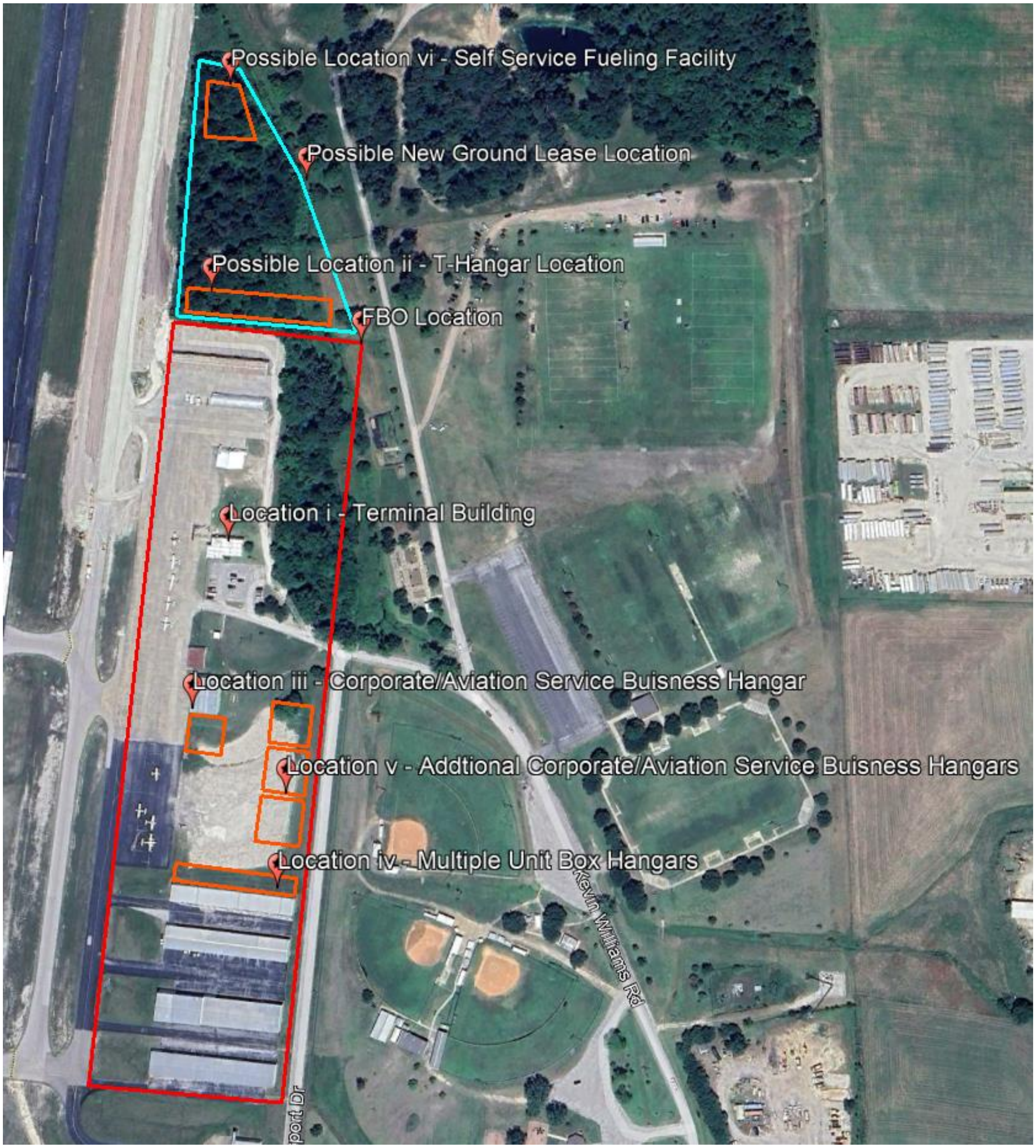
Name: _________________________
Printed Name

Title: ___________________________

Date: __________________________

Attest: __________________________

Exhibit "A"


Possible Location vi - Self Service Fueling Facility
Possible New Ground Lease Location
Possible Location ii - T-Hangar Location
FBO Location
Location i - Terminal Building
Location iii - Corporate/Aviation Service Buisness Hangar
Location v - Addtional Corporate/Aviation Service Buisness Hangars
Location iv - Multiple Unit Box Hangars
Kevin Williams Rd
port Dr

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 3.d.

Agenda Item: Consider selecting a recruitment firm for the City Manager search.

Initiating Department/Presenter: City Manager

Presenter:
Brian Beasley, HR Director

Recommended Motion: Move to enter into an agreement with ____ recruitment firm for the City Manager search

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Strategic Initiative:

Discussion:

Previous Council Action: The City Council voted to solicit a recruitment firm to provide full recruitment services for the position of City Manager and submit responses to the City Council for selection during the September 3, 2024, City Council meeting.

Financial Implications:

Approvals:
Kristy Doll

Associated Information:

CITY COUNCIL AGENDA
9/17/2024

Agenda Item Number: 6.a.

Agenda Item: City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee: City Manager Aron Kulhavy.

Initiating Department/Presenter: City Manager

Presenter:
Aron Kulhavy, City Manager

Recommended Motion: None

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:
Leonard Schneider
Aron Kulhavy
Kristy Doll

Associated Information: