



**DOUBLE OAK**

Town of Double Oak  
Town Council –Public Meeting

Double Oak Town Hall  
320 Waketon Road, Double Oak  
TX 75077

Monday, December 19, 2022  
7:00 p.m.

*OUT OF RESPECT FOR ALL THOSE IN ATTENDANCE, PLEASE REFRAIN FROM TALKING TO OTHER MEMBERS OF THE AUDIENCE DURING THE MEETING*

- I. Opening:** Call to Order  
Roll Call  
Invocation  
Pledge of Allegiance – American Flag  
Pledge of Allegiance – Texas Flag

*“Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”*

**II. Citizen Comments-Non-Agenda Subjects**

- III. Consent Agenda** - All consent agenda items listed are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda. Information concerning consent agenda items is available for public review.

1. Consideration, and action on minutes of December 5, 2022. \*

**IV. Mayor, Council Members and Staff reports:**

2. Mayor and Council
3. Public Works - Code Enforcement – Animal Control
4. Administration
5. Public Safety
6. Road and Drainage Committee

**V. New business agenda (consideration and action):**

7. Discussion, consideration, and action on presentation by Cross Timbers Water Supply Corporation on back-flow prevention devices required by CTWSC.

Presentation: Deputy Mayor Pro Tem Connie Schoenrade/CTWSC

8. Discussion, consideration, and action on sprinkler repairs on town property.

Presentation: Public Services Randall Anglin

9. Discussion, consideration, and action on amending check writing - spending authorization resolution.

Presentation: Town Attorney David Berman

10. Discussion, consideration, and action amending and adopting the Investment Policy.

Presentation:

11. Discussion and action on the Town Organization Chart.

Presentation: Deputy Mayor Pro Tem Connie Schoenrade

12. Discussion, consideration, and action on amending and adopting an ordinance related to reserve/part-time police officers.

Presentation: Police Chief Ruben Rivas

**VI. Old business agenda (consideration and action):**

13. Council – staff announcements and comments:

- Town Hall Christmas and New Year’s holiday hours:

*Thursday, December 22— Close at noon (9-12)*

*Friday, December 23— Closed*

*Monday, December 26— Closed*

*Town Hall will open at 9:00 a.m. Tuesday, December 27*

*Thursday, December 29— Close at noon (9-12)*

*Friday, December 30— Closed*

*Monday, January 2— Closed*

*Town Hall will open at 9:00 a.m. Tuesday, January 3*

14. Adjournment

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the Town Attorney, or on any other item covered under the code, on any agenda item listed herein.

The Town of Double Oak reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

I certify that the above notice of meeting was posted by Friday, December 16, 2022, by 5:00 p.m. on:

- 1) Bulletin board located to the right of the front door at Town Hall, 320 Waketon Road, Double Oak, Texas

2) On the Town's website (<https://www.doubleoak.texas.gov>)

*Eileen Kennedy*

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Town Secretary

**PUBLIC PARTICIPATION** If you wish to address the Council, please sign the "CITIZENS WHO WISH TO SPEAK TO THE TOWN COUNCIL" sheet before the meeting begins. Pursuant to Section 551.007 of the Texas Government Code, citizens wishing to address the Council for items listed as public hearings will be recognized when the public hearing is opened. For citizens wishing to speak on a non-public hearing item, they may either address the Council during the Citizen Comments portion of the meeting or when the item is considered by the Town Council.

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the Town Secretary's office at 972.539.9464, fax 972.539.9613 or email to [eileen.kennedy@doubleoak.texas.gov](mailto:eileen.kennedy@doubleoak.texas.gov) for additional information.

\* Backup attached

UNAPPROVED-NOT FOR  
PUBLICATION

STATE OF TEXAS  
COUNTY OF DENTON  
TOWN OF DOUBLE OAK

The Double Oak Town Council met in special session at 7:00 p.m. December 5, 2022, at the Double Oak Town Hall, located at 320 Waketon Road with the following members present to-wit:

Mike Donnelly	Mayor
Patrick Johnson	Mayor Pro-Tem
Connie Schoenrade	Deputy Mayor Pro-Tem
Scott Whisenhunt	Council Member
Casey Parsons	Council Member
Jean Hillyer	Council Member

Also in attendance were Town Secretary Eileen Kennedy, Assistant Town Secretary Lynn Jones, Police Chief Ruben Rivas, Town Attorney David Berman, and Town Auditor Carl Deaton.

Mayor Donnelly called the meeting to order at 7:01 p.m.

Council Member Scott Whisenhunt gave the invocation and Mayor Pro-Tem Patrick Johnson lead the pledge of allegiance to the American and Texas flags.

**II. Citizen Comments – Non-Agenda Subjects**

Phyllis Meyerson, 133 East View Court, asked for help on the letter received from Cross Timbers Water Supply Corporation regarding backflow testing.

**III. Consent Agenda** - All consent agenda items listed are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda. Information concerning consent agenda items is available for public review.

1. Consideration, and action on minutes of November 7, 2022.

Motion Hillyer, seconded by Parsons to approve the minutes of November 7, 2022, as presented.

AYE: Hillyer, Johnson, Schoenrade, Parsons, Whisenhunt  
NAY: None  
ABSTAIN: None

Motion Carried

2. Consideration, and action on minutes of November 17, 2022.

Motion Hillyer, seconded by Johnson to approve the minutes of November 17, 2022, as written.

AYE: Hillyer, Johnson, Whisenhunt Schoenrade  
NAY: None  
ABSTAIN: Parsons

Motion Carried

**IV. Mayor, Council Members and Staff reports:**

3. Mayor and Council - Council Member Parsons thanked everyone for the work done on the Christmas Tree lighting. Mayor Donnelly asked Double Oak Women's Club President Bonnie Morrow to come to the dais. Mayor Donnelly thanked the women's club for their work on the fundraiser for our fallen officers' families.
4. Public Works - Code Enforcement – Animal Control – Mayor Donnelly reported the Waketon Road Reconstruction project is nearing completion.
5. Administration – Town Secretary Eileen Kennedy announced the upcoming annual audit with Hankins, Eastup, Deaton, Tonn & Seay on December 14, 2022. Assistant Town Secretary Lynn Jones mentioned the Notice of Deadline to File an Application for Place on the Ballot for the May 6, 2023, election has been posted on the website and on the bulletin board outside Town Hall.
6. Public Safety – Police Chief Ruben Rivas introduced our newest police officer, Joe Scalco, and announced officer Summer Housmans will start on December 6, 2022. Double Oak Volunteer Fire Chief, Scott Whisenhunt, announced Santa Around Town will be Sunday, December 11 beginning at noon.
7. Road and Drainage Committee - None

**V. New Business Agenda (Consideration And Action):**

8. Discussion, consideration, and action on State and Local Fiscal Recovery Funds (SLFRF); Overview of Final Rule and all related matters.

Town Auditor Carl Deaton clarified the SLFRF funds and stated the town has always been in compliance with U.S. Treasury Department.

Dr. Gary Goodman, 131 Trailing Oaks Drive, and chair of the Roads & Drainage Committee asked if some of the SLFRF funds could be used for roads and what the committee would need to provide for reporting.

Katy Grote, 165 Double Oaks Drive, voiced her disappointment on the use of SLFRF funds for premium pay.

Donna Gilliam, 221 Waketon Extension, commented the SLFRF was given to the entire country from the federal government and is in favor of giving premium pay to the town's essential workers.

9. Discussion, consideration, and action on disbursement of SLFRF Premium Pay.

Mayor Donnelly explained why this item is on the agenda. When Premium Pay was given to essential workers, one police officer that only been with the town a short time and had passed away due to COVID, did not receive the Premium Pay. It is the Mayor's desire to pay the officers family for hours worked prior to his death.

The following citizens voiced their agreement that the officer's family receive the Premium Pay:

Donna Gilliam, 221 Waketon Extension  
Pat Wellen, 144 Park  
Bonnie Morrow, 105 North Forest

The general consensus of the council was also in agreement to pay the Premium Pay.

Motion Parsons, second Hillyer to pay to the Mestas family for hours worked at \$13.00 per hour for a total of \$3,724.50.

AYE: Johnson, Whisenhunt, Schoenrade, Hillyer, Parsons  
NAY: None  
ABSTAIN: None

Motion Carried

Mayor Donnelly thanked the town for their generosity to our fallen officers' families.

Police Chief Rivas explained how our part-time/reserve officers came about receiving pay.

Mayor Donnelly recommended our part-time officers receive \$1,000 of Premium Pay.

Mary Johnson, 160 Forest Park, asked the council to consider the multiple ways to use the remaining SLFRF funds.

After much discussion, Mayor Donnelly asked that the payment of Premium Pay to the part-time officers be tabled.

Motion Hillyer, seconded Schoenrade to postpone the paying the part-time officers Premium Pay to a future meeting.

AYE: Whisenhunt, Schoenrade, Hillyer, Parsons, Johnson  
NAY: None  
ABSTAIN: None

Motion Carried

10. Discussion, consideration, and action on amending check writing - spending authorization resolution

After much discussion, Town Attorney David Berman will draft an amended resolution to be presented at the next council meeting.

11. Discussion, consideration, and action on report from the Investment Committee and a resolution adopting the Investment Policy.

Town Treasure Billie Garrett went over the investment report that was included in the agenda packet. Town Auditor Carl Deaton reaffirmed that Independent Financial does collateralize our deposits over the \$250,000 FDIC. Town Treasurer Garrett asked direction from Council what the renewal term on the DATCU CD that matured December 4, 2022, should be.

Motion Parsons, seconded by Johnson to approve the Investment Committee's recommendation to renew the CD at DATCU for 12 months.

AYE: Parsons, Whisenhunt, Johnson, Schoenrade, Hillyer  
NAY: None  
ABSTAIN: None

Motion Carried

There was much discussion on revising the Investment Policy. Motion Hillyer, seconded Johnson to revise the current Investment Policy as requested and present at the next council meeting.

AYE: Whisenhunt, Johnson, Hillyer, Parsons, Schoenrade  
NAY: None  
ABSTAIN: None

Motion Carried

Motion Schoenrade, seconded Whisenhunt to accept the Investment Report as presented.

AYE: Schoenrade, Whisenhunt, Hillyer, Johnson  
NAY: None  
ABSTAIN: None

Motion Carried

Mayor Donnelly called for a recess at 10:18 p.m.  
Mayor Donnelly reconvened the meeting at 10:24 p.m.

12. Discussion, consideration, and action on review of Year-To-Date financial report.

Town Treasurer Billie Garrett went over the unaudited 2021-2022 financials. Treasurer Garrett would like direction from Council on where to move the surplus to the balance sheet. Treasurer Garrett will bring her recommendations to the next Council meeting.

Treasurer Garrett then went over the current fiscal year y-t-d that was included in the agenda packet.

Motion Hillyer, seconded Whisenhunt to accept the 2022-2023 financial report as presented.

AYE: Johnson, Whisenhunt, Schoenrade, Parsons, Hillyer  
NAY: None  
ABSTAIN: None

Motion Carried

13. Discussion, consideration, and action on new job title for town employee Brian Shults.

Mayor Pro Tem Johnson recommended Brian Shults title be changed to Technology Administrator. Council Member Hillyer commented that Brian would still continue to help out with the Municipal Court functions.

Motion Johnson, seconded Whisenhunt to change Brian Shults job title to Technology Administrator.

AYE: Parsons, Whisenhunt, Johnson, Hillyer, Schoenrade  
NAY: None  
ABSTAIN: None

Motion Carried

14. Discussion and action for more financial transparency of town financial and investment records.

Deputy Mayor Pro Tem Schoenrade stated that she would like to take advantage of the technology we have to be more transparent with the town's financials. Technology Administrator Brian Shults suggested we look at what the state guidelines require and have the Technology Committee research, work with the Town Treasurer and Investment Committee's on state requirements.

Motion Schoenrade, second Parsons to have the Council take an oath for more transparency of town financial and investment records.

AYE: Parsons, Whisenhunt, Johnson, Hillyer, Schoenrade  
NAY: None  
ABSTAIN: None

Motion Carried

**VI. Old business agenda (consideration and action):**



15. Council – staff announcements and comments:

Council Member Hillyer commented there has been a lot of conversations regarding the use of the remaining SLFRF funds for roads and what benefits the entire community.

Deputy Mayor Pro Tem Schoenrade asked if there would be a meeting on December 19 and if so, she will be available. Mayor Donnelly said unless there are urgent business, probably not. The Mayor then indicated the first meeting in January will probably be cancelled.

**VII. Adjourn**

16. Adjournment

With no further business to come before the Council, motion Whisenhunt, second Hillyer, the meeting was adjourned at 10:53 p.m.

Approved:

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Mike Donnelly, Mayor

Attest:

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Eileen Kennedy, Town Secretary



## MONTHLY REPORT SEPTEMBER 2022

- 09/05: Patrol from 10:00 until 12:00.  
Animal in trap 175 Foxtrot Lane. Impounded.
- 09/07: Patrol from 14:10 until 17:10. No activity.
- 09/09: Patrol from 16:15 until 17:15.  
Animal bite reported 8351 Justin Road. Report.
- 09/12: Patrol from 17:00 until 18:00.  
Stray dog reported at 145 N. Woodland Trail. Impounded.
- 09/15: Patrol from 13:00 until 15:00. No activity.
- 09/16: Patrol from 08:30 until 10:30.  
Visit with resident at 240 Lake Trail Court regarding family pet euthanasia. CSO.
- 09/19: Patrol from 11:00 until 13:00.  
Nuisance wildlife reported at 115 Tanglewood Lane. Relocated.  
Pet surrender from 301 Waketon Road. Impounded.
- 09/21: Patrol from 11:30 until 13:30.  
Animal in trap 175 Foxtrot Lane. Relocated.
- 09/22: Patrol from 12:00 until 14:00.  
Nuisance wildlife reported at 231 Oakview Drive. Trap set.
- 09/24: Patrol from 08:00 until 10:00.  
Dead wildlife initiated Kings Road @ S Forest Drive. Disposed.  
Dead wildlife initiated 400 block Cross Timbers Drive. Disposed.
- 09/26: Patrol from 10:00 until 12:00.  
Nuisance wildlife reported at 301 Simmons Road. Trap set.  
Animal in trap 175 Foxtrot Lane. Relocated.
- 09/28: Patrol from 15:00 until 16:00.  
Noise nuisance reported at 140 Twin Lakes Drive. W/W Letter.  
Pet surrender from 240 Lake Trail Court. Impounded.
- 09/30: Patrol from 11:00 until 13:00.  
Animal in trap 175 Foxtrot Lane. Relocated.

## SUMMARY

Total calls received: 15      By Double Oak residents: 13      Initiated by NTACA: 2  
Animals impounded: Dogs: 3      Puppies: 0      Cats: 0      Kittens: 0      Other: 1      Deceased: 2  
Verbal Warnings issued: 0      Written Warnings issued: 1      Citations: 0

## MONTHLY REPORT OCTOBER 2022

10/02: Animal bite reported at 210 Timber View Drive. Report taken.

10/03: Patrol from 13:40 until 15:40. No activity.

10/05: Patrol from 10:10 until 13:10.  
Animal bite reported at 108 Royal Oaks. Report taken.

10/06: Patrol from 11:50 until 13:50. No activity.

10/10: Patrol from 08:40 until 10:40. No activity.

10/11: Nuisance wildlife reported at 230 Double Oaks Dr. Trap set.

10/13: Patrol from 12:30 until 14:30. No activity.

10/14: Patrol from 12:00 until 14:00.  
Dead wildlife reported Tanglewood @ Justin Road. Disposed.

10/15: Animal in trap at 230 Double Oaks Drive. Relocated.

10/17: Patrol from 12:15 until 14:15. No activity.

10/19: Nuisance wildlife reported at 110 Shady Oaks Lane. Trap set.

10/21: Patrol from 09:00 until 11:00. No activity.

10/24: Patrol from 09:30 until 11:30. No activity.

10/28: Patrol from 14:30 until 16:30.  
Animal in trap at #4 Victory Lane. Relocated.  
Animal in trap at 230 Double Oaks Drive. Relocated.

10/29: Patrol from 10:30 until 12:30. No activity.

### SUMMARY

Total calls received: 8      By Double Oak residents: 8      Initiated by NTACA: 0  
Animals impounded: Dogs: 0      Puppies: 0      Cats: 0      Kittens: 0      Other: 0      Deceased: 1  
Verbal Warnings issued: 0      Written Warnings issued: 0      Citations: 0

## MONTHLY REPORT NOVEMBER 2022

11/01: Patrol from 12:10 until 14:10. No activity.  
11/02: Patrol from 17:30 until 19:30. No activity.  
11/04: Patrol from 08:30 until 10:30. No activity.  
11/07: Patrol from 09:00 until 11:00. No activity.  
11/09: Patrol from 15:30 until 17:30. No activity.  
11/11: Patrol from 15:00 until 17:00. No activity.  
11/14: Patrol from 08:30 until 10:30. No activity.  
11/17: Patrol from 13:30 until 15:30.  
Nuisance wildlife reported 160 Timberleaf Court. Trap issued.  
11/18: Patrol from 14:25 until 16:25.  
Nuisance wildlife reported 230 Double Oaks Drive. Trap issued.  
11/20: Skunk in trap at 230 Double Oaks Drive. Relocated.  
11/22: Patrol from 12:00 until 14:00. No activity.  
11/26: Patrol from 09:50 until 11:50. No activity.  
11/29: Patrol from 08:15 until 10:15. No activity.

### SUMMARY

Total calls received: 3      By Double Oak residents: 3      Initiated by NTACA: 0  
Animals impounded: Dogs: 0      Puppies: 0      Cats: 0      Kittens: 0      Other: 0      Deceased: 0  
Verbal Warnings issued: 0      Written Warnings issued: 0      Citations: 0

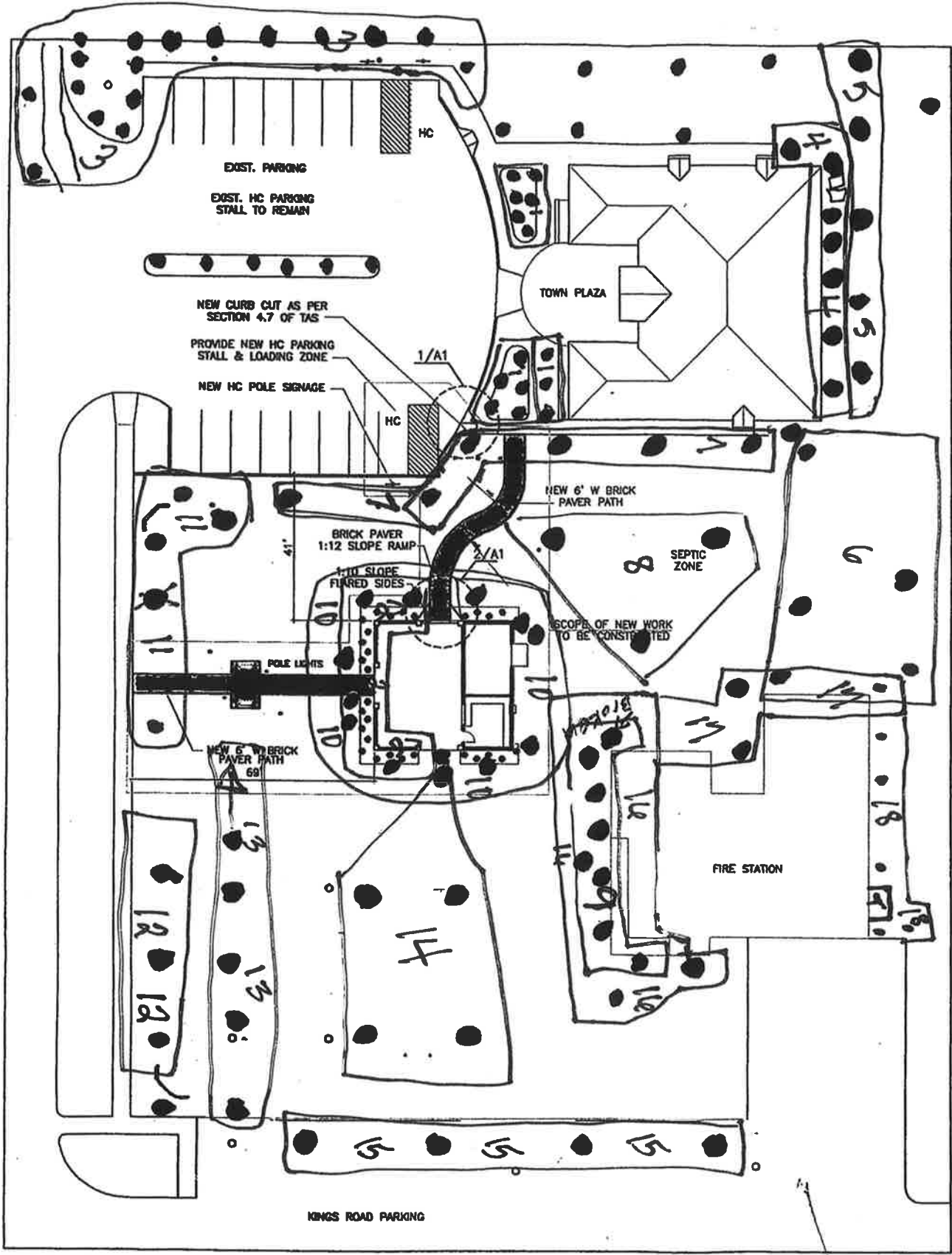
RECEIVED DEC 08 2022







WAKETON



SCALE: 1" = 40'

KINGS ROAD

ACILITY

SITE PLAN	
XXXXX	
XXXXX	
1" = 40'	
XX	XX
XX	XX
Feb. 17, 2004	

A1

XXXXX



**RESOLUTION \_\_\_\_\_**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DOUBLE OAK, TEXAS, ADOPTING EXPENDITURE GUIDELINES AND CHECK AUTHORIZATION LEVELS; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town Council has previously adopted rules regarding the discretionary spending authority of the mayor in order to enable and authorize the mayor to expend town funds on relatively smaller budgeted items without the necessity, delay and burden of obtaining formal council approval; and

**WHEREAS**, on or about November 7, 2011, the Town Council adopted Resolution No. 11-08, establishing a discretionary spending limit if \$2,000 for budgeted purchases; and

**WHEREAS**, the Town Council finds and determines that the provisions of Resolution No. 11-08 should be updated and revised with new guidelines as adopted herein. Now, Therefore

**BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DOUBLE OAK, TEXAS:**

**SECTION 1.** That the expenditure guidelines heretofore adopted by the Town Council on November 7, 2011 by Resolution No. 11-08 be and are hereby revised, and said Resolution is hereby repealed.

**SECTION 2.** That all budgeted purchases exceeding \$2,000.00 shall require prior approval from the Town Council, except as otherwise provided in the Expenditure Guidelines attached hereto and incorporated herein. The mayor is authorized to expend funds in strict compliance with the Town’s budget, except in an emergency, and need not obtain prior approval of the Town Council to pay for any budgeted expenditure of \$2,000.00 or less. Any expenditure of funds in excess of \$2,000.00 from funds held by the Town, whether in the Town’s general fund or in any fund comprised of revenues from any source, shall first be approved by the Town Council, unless otherwise provided in the Expenditure Guidelines. An expenditure in violation of the foregoing requirements shall be void.

**SECTION 3.** That should any word, sentence, paragraph, subdivision, clause, phrase or section of this Resolution be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this Resolution as a whole, or any part or provision hereof other than the part so decided to be invalid, illegal or unconstitutional.

**SECTION 4.** This Resolution shall take effect immediately from and after its passage as the law in such cases provides.

**DULY PASSED** by the Town Council of the Town of Double Oak, Texas, on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
TOWN SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
TOWN ATTORNEY

## Town of Double Oak Expenditure Guidelines

<b>EXPENSE CATEGORY</b>	<b>Check Signature Authorization Limits for Budgeted ITEMS<sup>1</sup></b>	<b>Commitment / Approval Authorization Limits for Budgeted ITEMS<sup>2</sup></b>
<b>Labor &amp; Related Benefits</b>	\$2,000	\$2,000
<b>Purchased Services</b>		
Legal Fees	\$4,500	\$4,500
Denton Appraisal District	Billed Amount	Billed Amount
Town Accountant	Billed Amount	Billed Amount
Building & Sanitation Insp.	\$2,000	\$2,000
Software/Hardware Maintenance Agreements	\$3,000	\$3,000
Oil & Gas Well Insp.	\$8,500	\$8,500
Pipeline Insp.	\$7,500	\$7,500
All Other	\$2,000	\$2,000
<b>Streets &amp; Drainage</b>		
Professional Engineering Services	\$4,500	\$4,500
All Other	\$2,000	\$2,000
<b>Maintenance &amp; Operations</b>		
Utilities (Gas, Elect, Water, Tele)	Billed Amount	Billed Amount
All Items	\$2,000	\$2,000
<b>Supplies &amp; Printing</b>		
All Items	\$2,000	\$2,000
<b>Due, Subscriptions &amp; Training</b>		
All Items	\$2,000	\$2,000
<b>Vehicles &amp; Maintenance</b>		
Fuel	Billed Amount	Billed Amount
All Items	\$2,000	\$2,000
<b>Council Approved Expenditures</b>		
All Items	Amt. Specified	Amt. Specified <sup>5</sup>
<b>Other</b>		
Auto - Lease and Loan Payments	per Apprvd. Lease	per Apprvd. Lease
Advertising	\$2,000	\$2,000
Insurance - General Public	amount budgeted	amount budgeted
UTRWD Services	Billed Amount	Billed Amount
DOVFD	amount budgeted	amount budgeted
Petty Cash	\$500	\$500
All Other	\$2,000	\$2,000
<b>All Budgeted Purchases Including Credit Cards:</b> <sup>3</sup>		
Training Expenses (seminars, workshops, etc.)		\$2,000
All Other		\$2,000
Town Financial Investments	Unlimited for Investment Official(s) per Town Ordinances <sup>4</sup>	

Excluding any utility bill more than twice the average monthly bill for the preceding 12-month period, any invoice where delaying payment would result in higher costs to the Town may be approved but will be distributed as part of the Consent Agenda at the next meeting.

All Other Budgeted Items are limited to \$2,000 for Commitment and Check Approval.

All Unbudgeted Items require Town Council Approval.

Emergency expenditures are limited to \$2,000 without Town Council Approval.

Two signatures required on all checks.

**Note 1 Approval Levels apply to the:**  
Mayor, Town and Assistant Town Secretaries and Town Treasurer

**Note 2 Approval Levels apply to the:**  
Mayor, Town Secretary, Police Chief or their designees

**Note 3 Approval Levels for:**  
Department Managers or their Designees.

**Note 4 Requires Co-signature of Assistant Town Secretary**

**Note 5 Unless otherwise stated in motion, check does not have to come back to council for a second approval However, contracts that are payable in installment payments with minimum payments or average payments of \$10,000 or more must.**

Resolution amendment approved on 11-07-11

Resolution-amendment approved on 09-15-08

Resolution-amendment approved on 04-21-08

Resolution-amendment approved on 01-22-07

**RESOLUTION NO. 22-**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DOUBLE OAK, TEXAS ADOPTING THE INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; DECLARING THAT THE TOWN COUNCIL HAS COMPLETED ITS REVIEW OF THE INVESTMENT POLICY AND INVESTMENT STRATEGIES OF THE TOWN AND THAT EXHIBIT "A" RECORDS ANY CHANGES TO EITHER THE INVESTMENT POLICY OR INVESTMENT STRATEGIES; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, in accordance with the Public Fund Investment Act, Chapter 2256, TEX. GOV'T CODE, the Town Council of the Town of Double Oak, Texas, by this Resolution, adopts an investment policy; and

WHEREAS the 1999 Texas Legislature adopted certain amendments to the Public Funds Investment Act; and

WHEREAS, Section 2256.005, TEX. GOV'T CODE requires the Town Council to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DOUBLE OAK, TEXAS:

SECTION 1. That the Town of Double Oak Investment Policy attached hereto as Exhibit "A" be the same is hereby adopted and shall govern the investment policies and investment strategies for the Town and shall define the authority of the investment official of the Town from and after the effective date of this resolution.

SECTION 2. That the Town Council of the Town of Double Oak, Texas has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit "A" hereto. The Town further authorizes the investment of funds in accordance with the terms of the investment policies and strategies in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool.

SECTION 3. That all provisions of the Resolutions of the Town of Double Oak, Texas, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict of this Resolution shall remain in full force and effect.

SECTION 4. That should any word, sentence, paragraph, subdivision, clause, phrase, or section of This resolution be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of this Resolution which shall remain in full force and effect.

**SECTION 5.** This Resolution shall become effective immediately upon its passage.

**DULY PASSED AND APPROVED** by the Town Council of the Town of Double Oak,  
Texas, the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
TOWN ATTORNEY

**EXHIBIT A**  
**TOWN OF DOUBLE**

**INTRODUCTION**

The purpose of this document is to set forth specific investment policy and strategy guidelines for the Town in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The Town Council of the Town shall review and adopt, by resolution, its investment strategies and policy not less than annually. The resolution shall include a record of changes made to either the investment policy or strategy. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Article 342a-2 V.T.C.S. (the "Act") to define, adopt and review a formal investment strategy and policy.

**INVESTMENT STRATEGY**

The City maintains portfolios, which utilize four specific investment strategy considerations, designed to address the unique characteristics of the fund groups represented in the portfolios:

- A. Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure, which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short- to medium-term securities which will complement each other in a ladder or barbell maturity structure.
- B. Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date.
- C. Investment strategies for 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. Securities should be of high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities. Volatility shall be further controlled through the purchase of securities carrying the highest coupon available, within the desired maturity and quality range, without paying a premium, if at all possible.
- D. Investment strategies for 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.

**INVESTMENT POLICY**

**SCOPE**

This investment policy applies to all financial assets of the Town. These funds are accounted for in the Town's Comprehensive Annual Financial Report (CAFR) and include:

- \* General Fund
- \* Special Revenue Funds
- \* Debt Service Funds
- \* Capital Projects Funds
- \* Proprietary Funds
- \* All Other Funds

## **OBJECTIVES**

The Town shall manage and invest its cash with four objectives, listed in order of priority: Safety, Liquidity, Yield, and Public Trust. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Local law.

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

### **Safety**

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

### **Liquidity**

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

### **Yield**

The Town's cash management portfolio shall be designed to maximize returns consistent with risk limitations identified herein and prudent investment policies.

### **Public Trust**

Participants in the Town's investment process shall act responsibly as public trust custodians. Investment officials shall avoid transactions which might impair public confidence in the Town's ability to govern effectively.

## **RESPONSIBILITY AND CONTROL**

### **Investment Committee**

An Investment Committee, consisting of the Treasurer, the Deputy Treasurer, the Town Secretary, and others designated by Town Council shall meet at least annually before the annual audit to determine operational strategies and to monitor results. The Investment Committee shall include in its deliberation such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk to the Town's funds, authorized brokers and dealers, and the target rate of return on the investment portfolio.

### **Delegation of Authority and Training**

Authority to manage the Town's investment program is derived from a Town Council resolution. The Treasurer is designated the Investment Officer and is responsible for investment decisions and activities. The Treasurer shall establish written procedures for the operation of the investment program, consistent with the investment policy. Within 12 months after assuming duties, the investment officer shall attend at least one training session at least once every two years and receive 10 hours of training that relates to the officer's responsibility under the Act. Training from an independent source shall be approved or endorsed by the Government Finance Officers Association of Texas, the



Government Treasurers Organization of Texas, the Texas Municipal League, or the North Central Texas Council of Governments.

### **Internal Controls**

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

Accordingly, the Treasurer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The results of this review shall be reported to the Town Council. The internal controls shall address the following points:

- A. Control of collusion.
- B. Transaction authority separated from accounting and record keeping.
- C. Custodial safekeeping.
- D. Avoidance of physical delivery securities.
- E. Clear delegation of authority to subordinate staff members.
- F. Written confirmation for telephone (voice) transactions for investments and wire transfers.
- G. Development of a wire transfer agreement with the depository bank or third-party custodian.

### **Prudence**

The standard of prudence to be applied by the Treasurer shall be the "prudent investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- A. The investment of all funds, or funds under the Town's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment.
- B. Whether the investment decision was consistent with the written investment policy of the Town.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately, and that appropriate action is taken to control adverse developments.

### **Ethics and Conflicts of Interest**

Town staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. Town staff shall disclose to the Mayor any material financial interests in financial institutions that conduct business with the Town, and they shall further disclose positions that could be related to the performance of the Town's portfolio. Town staff shall subordinate their personal financial transactions to those of the Town, particularly with regard to timing of purchases and sales.

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

## **REPORTING**

### **Annual Report**

Within 60 days of the end of the fiscal year, the Treasurer shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Mayor and Town Council.

### **Quarterly Report**

The quarterly investment report shall be submitted by the Investment Officer within sixty days of the close of the quarter and shall include a succinct management summary that provides a clear picture of the current investment portfolio status and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the Town to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will be provided to the Mayor and Town Council. The report will include the following:

- A. A listing of individual securities held at the end of the reporting period.
- B. Beginning and ending market value will be included. Additions and changes to the market value during the period.
- C. Fully accrued interest for the reporting period.
- D. Investment listings by maturity date if one is applicable.
- E. The percentage of the total portfolio which each type of investment represents.
- F. Compliance statement of the Town's investment portfolio with State Law and the investment strategy and policy approved by the Town Council.

## **INVESTMENT PORTFOLIO**

### **Active Portfolio Management**

The Town shall pursue an active versus a passive portfolio management philosophy. Securities may be sold before they mature if market conditions present an opportunity for the Town to benefit from the trade. The investment officer will routinely monitor the portfolio contents, the available markets, and the relative value of competing instruments, and will adjust the portfolio accordingly.

### **Investments**

Assets of the Town may be invested in the following instruments; provided, however, that at no time shall assets of the Town be invested in any instrument or security not authorized for investment under the Act, as the Act may from time to time be amended. The Town is not required to liquidate investments that were authorized investments at the time of purchase.

I. Authorized

- A. Direct obligations of the United States of America, its agencies, and instrumentalities, which have a liquid market with a readily determinable market value.
- B. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by United States of America.
- C. Direct obligations of the State of Texas, its agencies thereof, Counties, Cities, and other political subdivisions having received a rating of not less than "AA" or its equivalent by at least one nationally recognized rating agency.
- D. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance, NACU or their successor or secured by obligations described in A through C above, which are intended to include all direct agency or instrumentality issued mortgage-backed securities rated AAA by a nationally recognized rating agency, or by Article 2529b-1, V.T.C.S., and that have a market value of not less than the principal amount of the certificates.
- E. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the Treasurer, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement.
- F. Texas local government investment pools which invest in instruments and follow practices as defined by the Public Funds Investment Act... A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating agency.

II. Not Authorized

The Town's authorized investments options are more restrictive than those allowed by State law. State law specifically prohibits investment in the following investment securities.

- 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. All collateralized mortgage obligations.
- D. Reverse repurchase agreements.

**Holding Period**

The Town intends to match the holding periods of investment funds with liquidity needs of the Town. In no case will the average maturity of investments of the Town's operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed five (5) years.

Investments in all funds shall be managed in such a way that the market price losses resulting from interest rate volatility would be offset by coupon income and current income received from the volume of the portfolio during a twelve-month period.

## **Risk and Diversification**

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

- A. Risk of issuer default is controlled by limiting investments to those instruments allowed by the Public Funds Investment Act, which are described herein.
- B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.
- C. Risk of illiquidity due to technical complications shall be controlled by the selection of securities dealers as described herein.

## **SELECTION OF BANKS AND DEALERS**

### **Depository**

At least every three years a Depository shall be selected through the Town's banking services procurement process, which shall include a formal request for proposal (RFP). In selecting a depository, the credit worthiness of institutions shall be considered, and the Investment Committee shall conduct a comprehensive review of prospective depositories credit characteristics and financial history.

### **Certificates of Deposit**

Banks seeking to establish eligibility for the Town's competitive certificate of deposit purchase program shall submit for review annual financial statements, evidence of federal insurance and other information as required by the Treasurer. At least three competitive bids or offers must be solicited for all transactions involving certificates of deposits.

### **Securities Dealers**

For government securities brokers and dealers, the Town shall select only dealers reporting to the Market Reports Division of the Federal Reserve Board of New York, also known as the "Primary Government Security Dealers", unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. Investment officials shall not knowingly conduct business with a firm with whom public entities have sustained losses on investments. All securities dealers shall provide the Town with references from public entities that they are currently serving. The Investment Committee shall adopt and annually review a list of qualified brokers authorized to engage in investment transactions with the entity.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- audited financial statements
- proof of National Association of Securities Dealers (NASD) certification
- proof of state registration
- completed broker/dealer questionnaire
- certification of having read the Town's investment policy signed by a qualified representative of the organization
- acknowledgment that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the Town and the organization

**Qualified representative** means 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 certification on behalf of the investment pool.

### **Investment Pools**

To be eligible to receive funds from and invest funds on the behalf of the Town, an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by the Tex. Gov't Code Sec. 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and approval by the Investment Committee which shall at least annually review, revise, and adopt the local government Investment pool(s).

## **SAFEKEEPING AND CUSTODY**

### **Insurance or Collateral**

All deposits and investments of Town funds other than direct purchases of U.S. Treasuries or Agencies shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC. Evidence of the pledged collateral shall be maintained by the Treasurer or a third-party financial institution. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Collateral shall be reviewed quarterly to assure that the market value of the pledged securities is adequate.

### **Safekeeping Agreement**

Collateral pledged to secure deposits of the Town shall be held by a safekeeping institution in accordance with a Safekeeping Agreement which clearly defines the procedural steps for gaining access to the collateral should the Town determine that the Town's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of authorized representatives of the Town, the firm pledging the collateral, and the Trustee.

### **Collateral Defined**

The Town shall accept only the following securities as collateral:

- A. FDIC or NACU insurance coverage.
- B. A bond, certificate of indebtedness, or Treasury Note of the United States or agencies, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States.
- C. Obligations, the principal, and interest on which, are unconditionally guaranteed or insured by the State of Texas.

## **Subject to Audit**

All collateral shall be subject to inspection and audit by the Town's independent auditors.

## **Delivery vs. Payment**

Treasury Bills, Notes, Bonds, Repurchase Agreements and Government Agencies' securities shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the Trustee. The security shall be held in the name of the Town or held on behalf of the Town. The Trustee's records shall assure the notation of the Town's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the Town.

## **INVESTMENT POLICY ADOPTION**

The Town of Double Oak investment policy shall be adopted by resolution of the Town Council. The policy shall be reviewed for effectiveness on an annual basis by the Investment Committee and any modifications will be recommended for approval to the Town Council. The Town Council shall review these investment policies and strategies not less than annually.

## **GLOSSARY of COMMON TREASURY TERMS**

**Agencies:** Federal agency securities.

**Asked:** The price at which securities are offered.

**Bid:** The price offered for securities.

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

**Broker:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

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

**Comprehensive Annual Financial Report (CAFR):** The official annual report for the Town includes five combined statements and basic financial 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.

**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 (DVP):** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (DVR) (also called free). Delivery versus payment means delivery of securities with an exchange of money for the securities. Delivery versus receipt means delivery of securities with an exchange of a signed receipt for the securities.

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

**Discount Securities:** Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, for example, 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, for example, S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

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

**Federal Funds Rate (the "Fed Rate"):** The rate of interest at which Federal 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 Banks in relation to member commercial banks.

**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, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and secondary loans in addition to fixed-rate mortgages. FNMA's securities are highly liquid and 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 a seven-member Board of Governors in Washington, D.C., twelve (12) regional banks, and about 5,700 commercial banks that are members of the system.

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

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable quantities can be purchased 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 price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase Agreement:** To protect investors, many public investors will request that repurchase agreements be preceded by a master repurchase agreement between the investor and the financial institution or dealer. The master agreement should define the nature of the transaction, identify the relationship between the

parties, establish normal practices regarding ownership and custody of the collateral securities during the term of the investment, provide remedies in the case of default by either party, and clarify issues of ownership. The master repurchase agreement protects the investor by eliminating the uncertainty of ownership and hence, allows investors to liquidate collateral if a bank or dealer defaults during the term of the agreement.

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

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

**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 primary dealer is made up of a group of government securities dealers that submits daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and is 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. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

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

**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 or the current income return.

**Repurchase Agreement (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use 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.

**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 (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.



**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Treasury Bills (T 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 ten years.

**Treasury Notes:** Intermediate-term, coupon-bearing U.S. Treasury securities having initial maturities from one to ten years.

**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 returns on an investment, expressed as a percentage.

- a) **Income Yield** is obtained by dividing the current dollar income by the current market price of the security.
- b) **Net Yield** or **Yield to Maturity** is the current income yield minus any premium above par.

## Eileen Kennedy

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**From:** Connie Schoenrade  
**Sent:** Wednesday, December 7, 2022 6:54 AM  
**To:** Billie Garrett; Eileen Kennedy  
**Cc:** Mike Donnelly; Connie Schoenrade  
**Subject:** Investment Policy and recommended edits

These are the comments and suggested edits from the Investment policy presented at the DOTC meeting on 12/5/22. I ask that you forward to the other investment committee members. I believe they were all present at the meeting.

Recommendations are in BOLD

- Add a date of issuance/revision to the document
- Title of Document : Exhibit A Town of Double **Oak**
- Investment Strategy A, last line: strike **or barbell** (this is a no risk/high risk investment strategy definition which avoids middle-of-road risk). Committee should be limited to conservative strategies with town funds.
- Investment Policy SCOPE: **Mr. Deaton said that our town does not do a CAFR (now called ACFR) report due to our size. The policy should not indicate this so this should be removed.**
- Responsibility and Control, Investment Committee: **add Mayor** to the committee member list.
- Reporting, Quarterly Report: I have not seen these included in agenda packets or minutes in the last 15 months. Since it is in the policy, it should be done. As recommended in the meeting, hopeful that in the near future they will be posted on the website for easy access and transparency after review by tech committee and other necessary measures.
- PUBLIC TRUST: Suggest to add language in the policy regarding the availability and transparency of investment report records (within Texas comptroller's guidelines and redacted as needed for financial security).

### Other questions that arose while making these notes:

Delegation of Authority and Training – **Is the investment officer(s) receiving the training session at least once every two years and receiving the 10 hrs of training specified? I do not recall seeing anything in meeting minutes since August 2021. If there is a financial cost to the training, where would it be in the budget?**

Ethics and Conflicts of Interest – **Do the committee members sign any document that states there is no relationship between committee member and investment entity that would create a conflict of interest? If this does not happen, I'd like to recommend that a document be created and signed by all members and kept in records.**

**Please add committee membership dates to the website (this is already started on some committees and I think it is helpful to see and transparent).**

Thank you!

Connie Schoenrade

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE TOWN OF DOUBLE OAK, TEXAS, AMENDING THE CODE OF ORDINANCES, TOWN OF DOUBLE OAK, TEXAS, BY AMENDING SUBSECTIONS (e) AND (g) OF SECTION 9.313 OF ARTICLE 9.300 (POLICE DEPARTMENT) OF CHAPTER 9 (PERSONNEL) TO CLARIFY THE DISTINCTION BETWEEN UNPAID RESERVE OFFICERS AND PAID POLICE OFFICERS RETAINED BY THE TOWN ON A PART TIME BASIS; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town’s Code of Ordinances contain provisions establishing a reserve force of the Double Oak Police Department and contain provisions that state, among other things, that reserve officers serve as unpaid volunteers; and

**WHEREAS**, the Town Council of the Town of Double Oak, Texas, finds and determines that a distinction should be established between unpaid volunteer reserve officers and paid police officers who are called to service on a part time basis as deemed necessary by the chief of police, regardless of membership in the reserve police force, such that if the chief of police were to call a reserve officer to service, the officer would be regarded as a compensated part time employee notwithstanding membership in the reserve force, and that certain provisions of the Code should be amended to clarify this distinction. Now, Therefore

**BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DOUBLE OAK, TEXAS:**

**SECTION 1.** That the Code of Ordinances, Town of Double Oak, Texas, be and is hereby amended by amending Subsection (e) and Subsection (g) of Section 9.313 of Article 9.300 (Police Department) of Chapter 9 (Personnel), without amendment, repeal or change to any other subpart or provision of Section 9.313, such that Subsections (e) and (g) shall read in their entirety as follows [underlining indicates additions, strike-through indicates deletions]:

**“CHAPTER 9  
PERSONNEL**

...

**ARTICLE 9.300 POLICE DEPARTMENT**

...

**Section 9.313 Reserve Force**

...

(e) Members of the Double Oak Police Reserve shall serve at the discretion of the chief of police and may be called into active service at any time the chief of police considers it necessary to have additional police officers to preserve the peace and enforce the law volunteer to serve as a reserve officer as the chief may allow. Members of the reserve force, and any other duly certified peace officer, may be called into active service at any time the chief of police considers it necessary to have additional police officers to preserve the peace and enforce the law and, in such event, the officer shall not serve in the capacity of an unpaid volunteer but shall, instead by regarded as a part-time employee of the Town's police department. Members of the reserve force shall not be disqualified from compensation while serving as a part time police officer solely because of their membership in the reserve force.

...

(g) No reserve law enforcement officer appointed pursuant to this article shall be entitled to compensation for service, unless called into active service as provided in subsection (e) of this section. A reserve law enforcement officer who sustains injury in the course of performing official duties may receive limited hospital and medical assistance, provided, however, that nothing in this article shall be construed to authorize or permit a member of the Double Oak Police Reserve to become eligible for participation in any pension fund created pursuant to state statute, to which regular officers may become a member by payroll deductions or otherwise.

...”

**SECTION 2.** That any provisions of the ordinances of the Town of Double Oak in conflict with the provisions of this ordinance be and same are hereby repealed and any provisions not so in conflict shall remain in force and effect.

**SECTION 3.** That should any sentence, paragraph, subdivision, 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 hereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Code of Ordinances as a whole.

**SECTION 4.** That this ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law in such cases provides.

**DULY ADOPTED** by the Town Council of the Town of Double Oak, Texas on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
TOWN SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
TOWN ATTORNEY