

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Community Police Oversight Board**

The Community Police Oversight Board (CPOB) will hold its first meeting on Tuesday, October 8, 2019 at City Hall L1FN Auditorium at 5:30 p.m. The agenda is attached. The meeting is open to the public and will be recorded with minutes posted online [here](#).

The CPOB meeting includes appointing a temporary chair until one is appointed by Mayor Johnson. The Board will also conduct a briefing to discuss the overview of the board's functions, limitations, and powers.

As of Tuesday, October 1, the Office of Community Police Oversight was opened and available for residents to speak to staff in person and file a complaint. My office is also in the process of recruiting for the position of the Police Oversight Monitor.

You can also reach the Office of the Community Oversight by calling 214-617-8283 or via email at OfficeOfCommunityPolice@dallascityhall.com.

Please do not hesitate to reach out should you have any questions or concerns.

In the spirit of excellence!!

A handwritten signature in black ink, appearing to read 'T.C. Broadnax', enclosed in a large, stylized oval.

T.C. Broadnax
City Manager

- c:
- | | |
|---|---|
| T.C. Broadnax, City Manager | Joey Zapata, Assistant City Manager |
| Chris Caso, City Attorney (Interim) | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Mark Swann, City Auditor | Michael Mendoza, Chief of Economic Development and Neighborhood Services |
| Biliera Johnson, City Secretary | M. Elizabeth Reich, Chief Financial Officer |
| Preston Robinson, Administrative Judge | Laila Aleqresh, Chief Innovation Officer |
| Kimberly Bizzor Tolbert, Chief of Staff to the City Manager | M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion |
| Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |
| Jon Fortune, Assistant City Manager | |

RECEIVED

COMMUNITY POLICE OVERSIGHT BOARD
DALLAS CITY BOARDS AND COMMISSIONS AGENDA

2019 OCT -4 AM 8:49

CITY SECRETARY
DALLAS, TEXAS

TUESDAY, OCTOBER 8, 2019
CITY HALL
CONFERENCE ROOM L1FN, AUDITORIUM
1500 MARILLA STREET
DALLAS, TEXAS 75201
5:30 P.M.– 7:00 P.M.

CALL TO ORDER

1. Appoint Panel Chair

ACTION ITEMS

2. Approval of the August 13, 2019 Minutes
3. Establish Meeting Time

PUBLIC HEARINGS

4. Briefing Regarding Board Duties and Functions, including the Office of Community Police Oversight
Chief U. Renee Hall, Dallas Police Department
Pavala Armstrong, Assistant City Attorney
Major Reuben Ramirez, Dallas Police Department/IAD
Major Michael Igo, Dallas Police Department/City Manager's Office

UPCOMING MEETING

5. November 12, 2019

ADJOURN

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

HANDGUN PROHIBITION NOTICE FOR MEETING OF GOVERNMENTAL ENTITIES

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Annual Investment Policy Review**

The Public Funds Investment Act (Chapter 2256, Texas Government Code) requires the City Council to adopt a resolution annually stating that it has reviewed the City's Investment Policy and approved any amendments. On August 15, 2019, the Investment Committee, which is composed of the Chief Financial Officer, City Controller, and Treasury Manager, met to review the policy and proposed 2019 Investment Policy for City Council consideration on October 23, 2019.

House Bill 2706 from the most recent Texas State legislative session made changes to certain sections of the Public Funds Investment Act. None of these changes require amendments to City of Dallas Investment Policy.

Please find attached a redlined copy of the City's 2019 Investment Policy. We would appreciate your support of the 2019 Investment Policy when the City Council considers it on October 23, 2019. In the meantime, we are happy to meet individually with you to discuss any questions or concerns.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

cc: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief of Resilience
Michael Mendoza, Chief of Economic Development & Neighborhood Services
Laila Aleqresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

CITY OF DALLAS

INVESTMENT POLICY

As adopted by City Council

~~September 12, 2018~~ October 23, 2019

TABLE OF CONTENTS

	<u>Page</u>
1.0 Policy	3
2.0 Scope	3
3.0 Objective	4
4.0 Delegation of Authority	4
5.0 Prudence	5
6.0 Ethics and Conflicts of Interest	5
7.0 Training	5
8.0 Authorized and Suitable Investments	6
9.0 Authorized Broker/Dealers and Financial Institutions	7
10.0 Competitive Bidding	8
11.0 Collateralization of Deposits	8
12.0 Safekeeping and Custody	9
13.0 Diversification and Maximum Maturities	9
14.0 Sale of Securities	10
15.0 Investment Committee	10
16.0 Investment Advisor	10
17.0 Investment Strategies	10
18.0 Reporting	11
19.0 Annual Compliance Audit	12
20.0 Investment Policy Adoption	12
Glossary	13
Appendices	
A. Government Code – Chapter 2256 “Public Funds Investment Act”	
B. Council Resolution	

1.0 Policy

It is the policy of the City of Dallas to invest public funds in a manner which will provide security and optimize interest earnings to the maximum extent possible while meeting the daily cash flow demands of the City and conforming to all federal, state and local statutes, rules and regulations governing the investment of public funds. This Policy sets forth the investment program of the City of Dallas and the guidelines to be followed in achieving its objectives.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

This Policy is intended to satisfy the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA" or the "Act") that an investing entity such as the City of Dallas adopt and review an investment policy governing the investment by the investing entity of its funds and funds under its control.

2.0 Scope

This Policy governs the investment of all funds of the City except those that are identified in Section 2.2 below. With respect to the funds of non-profit corporations that are established by City resolution and act on behalf of the City in accordance with State law, this Policy shall prevail in the absence of a specific investment policy adopted by the non-profit corporation. In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) of the City or of a non-profit corporation established by City resolution and acting on behalf of the City in accordance with State law shall be governed and controlled by their governing ordinance, resolution or trust indenture, including the authorization of eligible investments, and by the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), including all regulations and rulings promulgated thereunder applicable to the issuance of tax-exempt obligations.

- 2.1 All funds are managed as a pooled fund group, referenced in this Policy as the City's investment pool, with the exception of the following, which are managed as separately invested assets:
 - 2.1.1 Bond Funds - funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the City's investment pool will result in maximum interest earnings retention under the provisions of the Internal Revenue Code.
 - 2.1.2 Bond Reserve Funds - funds set at prescribed levels by certain bond ordinances to pay principal and/or interest if required to prevent default.
 - 2.1.3 Endowment Funds - funds given to the City with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specified purposes.
 - 2.1.4 Commercial Paper Funds - unexpended proceeds from the issuance of commercial paper notes.
- 2.2 Funds not governed by this Policy include:
 - 2.2.1 Employees' Retirement Fund
 - 2.2.2 Dallas Police and Fire Pension System
 - 2.2.3 Deferred Compensation Funds
 - 2.2.4 Private Donations – investments donated to the City are excluded from this Policy if separately managed under terms of use specified by the donor.

3.0 Objective

Investment of the funds covered by this Policy shall be governed by the following investment objectives, in order of priority:

- 3.1 **Safety:** Safety of principal is the primary objective of the Investment Policy. Investment of the City's funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City will mitigate credit risk, which is the risk of loss due to the failure of the issuer or backer, by:

- Limiting investments to the types listed in Section 8.0 ("Authorized and Suitable Investments") of this Policy
- Qualifying the broker/dealers and financial institutions with which the City may engage in an investment transaction in accordance with Section 9.0 ("Authorized Broker/Dealers and Financial Institutions")
- Diversifying the investment portfolio so that the impact of potential losses from any one type of investment or from any one individual issuer will be minimized (see Section 13.0 "Diversification and Maximum Maturities").

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar local government investment pools and limiting the weighted average maturity of the portfolio in accordance with this Policy (see Section 17.0 "Investment Strategies").

- 3.2 **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. A portion of the portfolio will be placed in money market mutual funds or local government investment pools offering same-day liquidity to meet unanticipated demands.

- 3.3 **Yield:** The City's investment portfolio shall be designed with the objective of attaining a market rate of return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority

The Chief Financial Officer, under the direction and authority of the City Manager, shall direct the cash management program of the City as defined in Article XV, Section 2-134 "Duties of the Chief Financial Officer", Volume I, Chapter 2 "Administration" of the Dallas City Code, as amended. City Council shall designate the Chief Financial Officer, City Controller, and the Assistant Director/Treasury Manager as Investment Officers responsible for the investment of its funds, under the direction and authority of the City Manager.

The City's Investment Officers shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the City's funds is effective until rescinded or until termination of the person's employment by the City. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the City Auditor, to regulate the activities of subordinate officials. In order to assure quality and capability of investment management, the Investment Officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

5.0 Prudence

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.

- 5.1 The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- 5.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City’s Investment Policy and written investment procedures.

6.0 Ethics and Conflicts of Interest

Investment Officers who have a personal business relationship with a business organization offering to engage in an investment transaction with the City shall refrain from activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

- 6.1 Investment Officers shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.
- 6.2 Investment Officers must file a disclosure statement with the Texas Ethics Commission and City Council if:
 - a) the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
 - b) the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.
- 6.3 An Investment Officer has a personal business relationship with a business organization if:
 - a) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - b) funds received by the Investment Officer from the business organization exceed 10 percent of his/her gross income for the previous year; or
 - c) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his/her personal account.

7.0 Training

The Investment Officers and the persons authorized to execute investment transactions shall attend at least one 10 hour investment training session within 12 months after taking office or assuming duties and receive not less than 8 hours of instruction relating to investment responsibilities during a two-year period that begins on the first day of the City’s fiscal year following the initial 10 hours of instruction and consists of the two consecutive fiscal years after that date. Training must be received from an independent source approved by the City’s Investment Committee and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Act.

8.0 Authorized and Suitable Investments

City funds governed by this Policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of the Government Code (Public Funds Investment Act).

- 8.1 Direct obligations of the United States, its agencies or instrumentalities, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

The City will restrict investments in eligible securities described in this section to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount.
- 8.2 Direct obligations of states and local governments rated not less than Aa3 or its equivalent (long-term rating) or an equivalent short-term rating by at least one nationally recognized investment rating firm.
- 8.3 Fully collateralized Certificates of Deposit/Share Certificates that are issued by a bank or credit union that has its main office or branch office within the City and are:
 - a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or
 - b) secured by obligations in accordance with Section 11.0 herein.

If the certificate of deposit is collateralized by pledged securities the City must have on file a signed Depository Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios for pledged securities, standards for collateral custody and control of pledged securities, collateral valuation of pledged securities, and conditions for agreement termination.
- 8.4 Certificates of Deposit obtained through a depository institution or a broker approved by the City's Investment Committee under the provisions of Section 9.0 of this Policy that has its main office or branch office within the City and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act.
- 8.5 Fully collateralized repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. Prior to investment in a repurchase agreement, the City must have on file a signed Master Repurchase Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and provided the repurchase agreement:
 - a) has a defined termination date;
 - b) is secured by a combination of cash and obligations of the United States or its agencies and instrumentalities described by Section 2256.009(a) (1) of the Act. Securities received for repurchase agreements must have a market value greater than or equal to 103% at the time the investment is made and throughout the terms of the repurchase agreement;
 - c) requires the securities being purchased by the City or cash held by the City to be assigned to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and
 - d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state, and which is rated no less than A or its equivalent by two nationally recognized rating services.
- 8.6 A securities lending program is an authorized investment if it meets the following conditions:
 - a) A loan made under the program must allow for termination at any time;
 - b) A loan made under the program must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services. An agreement to lend securities must have a term of one year or less and shall comply with the provisions of section 1058 of the Internal Revenue Code;
 - c) A loan made under the program must be secured as prescribed in Section 2256.0115(b)(3) of the Act. Securities being held as collateral must be pledged to the City, held in the City's name, and deposited at the time the investment is made with a third party approved by the City;

d) The amount of collateral must not be less than 100% of the market value of securities loaned, including accrued income. The market value of securities loaned shall be determined daily. Cash received as collateral shall not be invested for a term later than the expiration date of the securities lending agreement and may only be invested in investments as authorized by this Policy.

- 8.7 No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA, and, in addition:
- a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service. A rating is not required for a sweep account investment, which is part of the city's depository contract; and,
 - b) have provided the City with a prospectus and other information as may be required by law.

Investments will be made in a money market mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

- 8.8 No-load mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA and have provided the City with an offering circular and other information required by the Act.

Investments will be made in a mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

- 8.9 Local government investment pools which are organized in conformity with Chapter 791 (Interlocal Cooperation Contracts Act) and meet the requirements of the PFIA that:
- a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and
 - b) have provided the City with an offering circular and other information required by the Act.

To become eligible, investment pools must be approved by City Council action. 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 a list of approved pools. A pool approved by the Investment Committee shall invest its funds in investment types consistent with the Act and the pool's own adopted investment policies and objectives. An approved pool is not required to invest its funds in investment types according to the investment policies and objectives adopted by its participants.

The Investment Officers may at times restrict or prohibit the purchase of specific issues due to current market conditions. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Ratings shall be monitored using nationally recognized financial information sources, including actions published on rating agency websites. The City shall take all prudent measures consistent with the Act to liquidate an investment that does not have the minimum rating required by the Act.

9.0 Authorized Broker/Dealers and Financial Institutions

The Investment Committee shall, at least annually, review, revise, and adopt a list of qualified broker/dealers and financial institutions authorized to engage in the purchase and sale of obligations of the U.S. Government, its agencies or instrumentalities with the City. In order to be considered, those firms that desire to become qualified bidders for securities transactions will be required to provide information regarding creditworthiness, experience and reputation. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

A written copy of this Investment Policy shall be presented to any person offering to engage in an investment transaction with the City. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools) which have provided the City with a written instrument executed by a qualified representative of the firm, acknowledging that the business organization has received and reviewed the City's Investment Policy in satisfaction of the business organization's duties under Financial Industry Regulatory Authority (FINRA) Rule 2111 (Suitability).

10.0 Competitive Bidding

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for:

- a) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates)
- b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution
- c) automatic overnight "sweep" transactions with the City Depository
- d) fully insured certificates of deposit placed in accordance with the conditions prescribed in Section 2256.010(b) of the Act or placed with the City's Depository if so authorized by the City Depository Contract.

At least three bids or offers must be solicited for all other transactions involving individual securities. The City's investment advisor is also required to solicit at least three bids or offers when transacting trades on the City's behalf. In situations where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. Bids for certificates of deposit may be solicited in any manner permitted by the Act.

11.0 Collateralization of Deposits

The City requires that all uninsured collected balances plus accrued interest, if any, in depository accounts be secured in accordance with the requirements of this Policy and Chapter 2257, Government Code ("Public Funds Collateral Act") and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Financial institutions serving as City depositories will be required to sign a Depository Agreement with the City which details securities that can serve as eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, rights of substitution and conditions for agreement termination.

Pledged securities serving as collateral will always be held by an independent third party with which the City has a current custodial agreement and shall be reviewed at least monthly to ensure that the market value of the pledged securities is at least 102%. Eligible collateral are as follows:

Eligible Collateral

- 1) Direct obligations of the United States or other obligations of the United States or other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.
- 2) Direct debt obligations of an agency or instrumentality of the United States.
- 3) Mortgage-backed securities issued directly by an agency or instrumentality of the United States eligible under the Public Funds Collateral Act.
- 4) Direct debt 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.

The use of a letter of credit issued to the City by the Federal Home Loan Bank may be considered by the City to provide collateral for bank deposits and for certificates of deposit.

The City's Investment Officers reserve the right to accept or reject any form of collateral or enhancement at their sole discretion.

12.0 Safekeeping and Custody

Safekeeping and custody of investment securities shall be in accordance with applicable law and accounting standards. All securities transactions, except local government investment pool and money market mutual fund transactions, shall be conducted on a delivery versus payment (DVP) basis. Investment securities will be held by a third-party custodian designated by the City, and be required to issue safekeeping receipts clearly detailing that the securities are owned by the City.

Safekeeping and custody of collateral shall be in accordance with applicable law and accounting standards. Pledged securities serving as collateral will be held by a third-party custodian designated by the City, and pledged to the City as evidenced by safekeeping receipts of the institution with which the securities are deposited.

13.0 Diversification and Maximum Maturities

The City’s Investment Pool will be diversified to limit market and credit risk by observing the limitations at the time of purchase as listed below. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years at the time investments are purchased for the Investment Pool. Funds managed as separately invested assets in Section 2.1 of the Policy are subject to all of the following with the exception of the Issuer Limitation on investment in U.S. Agencies and Instrumentalities. Funds managed as separately invested assets may be invested 100% in the obligations of any one U.S. Agency or Instrumentality.

	Maximum Stated Maturity¹	Issuer Limitations
U.S. Treasuries	5 Years	100% of the City’s investment pool may be invested in obligations of the U.S. Treasury.
U.S. Agencies/Instrumentalities	5 Years	No more than 30% of the book value of the City’s investment pool may be invested in the obligations of any one issuer.
Municipal Notes and Bonds	5 Years	The City may not own more than the lesser of \$5 million or 20% of any single issue.
Repurchase Agreements	30 Days	No more than 15% of the City’s investment pool may be invested with one counterparty, excluding flexible repurchase agreements for investment of bond proceeds.
Mutual Funds	N/A	The City may not own more than the lesser of \$100 million or 5% of the total assets of any one fund, excluding mutual funds for investment of commercial paper proceeds.
Local Government Investment Pools	N/A	The City may not own more than the lesser of \$400 million or 10% of the total assets of any one pool.
Certificates of Deposit	5 Years	The City may not own more than \$50 million of any single financial institution’s certificates of deposit at any one time, excluding certificates of deposit placed with the City’s Depository if so authorized by the City Depository Contract.

In addition to the above limitations, the City's investment pool shall be diversified by market sector as follows:

	Maximum Percentage of Investment Pool
U.S. Treasuries	100%
U.S. Agencies/Instrumentalities	100% (maximum 30% callable)
Municipal Notes and Bonds	15%
Repurchase Agreements	15%*
Mutual Funds	15%
Local Government Investment Pools	45%
Certificates of Deposit	20%**

* Excluding flexible repurchase agreements for bond proceeds.

**Excluding certificates of deposit placed with the City's Depository if so authorized by the City Depository Contract.

- (1) Purchases of securities with stated maturities greater than the maximum authorized under this section require prior City Council approval. With respect to bond proceeds and other bond funds, the City may, in the bond ordinance, specifically authorize investments in repurchase agreements with maturities in excess of 30 days subject to any required approvals from bond insurers.

14.0 Sale of Securities

The City's policy is to hold securities to maturity. However, securities may be sold:

- (a) in order to minimize the potential loss of principal on a security whose credit quality has declined;
- (b) in order to reposition the portfolio for the purpose of improving the quality, yield, or target duration of the portfolio; or
- (c) in order to meet unanticipated liquidity needs of the portfolio.

15.0 Investment Committee

An Investment Committee shall be established and meet quarterly to determine investment guidelines, general strategies, and monitor performance. Members of the Investment Committee will include the Investment Officers, the Cash and Investment Manager and the City's Investment Advisor if the City has contracted with an Advisor. The Investment Advisor is a non-voting member of the Investment Committee.

16.0 Investment Advisor

The City may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies, and the execution of security purchases, sales and deliveries.

17.0 Investment Strategies

The City of Dallas maintains separate portfolios for individual funds or groups of funds (as listed under Sec. 2.0 of this Policy) which are managed according to the terms of this Policy and the corresponding investment strategies listed below. The investment strategy for portfolios established after the annual Investment Policy adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

- 17.1 Investment Pool Strategy - The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The objectives of this portfolio are to:
 - a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists;
 - b) ensure that anticipated cash flows are matched with adequate investment liquidity;
 - c) limit market and credit risk through diversification; and
 - d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy by managing the portfolio to meet or exceed the 12-month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

- 17.2 Bond Funds Strategy - Occasionally, separate non-pooled portfolios are established with the proceeds from bond sales in order to maximize earnings within the constraints of arbitrage regulations. The objectives of these portfolios are to:
- a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;
 - b) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
 - c) manage market and credit risk through diversification and control of counterparty risk; and
 - d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield
- 17.3 Bond Reserve Fund Strategy - Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay the final principal and/or interest due on outstanding bonds that are similarly secured or to make up any shortfalls in debt service funds as required by the bond ordinance. The objectives of Bond Reserve Fund Portfolios are to:
- a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;
 - b) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
 - c) manage market and credit risk through diversification and control of counterparty risk; and
 - d) attain a market rate of return commensurate with the objectives and the restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.
- 17.4 Endowment Funds Strategy - Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes may be invested as separate non-pooled portfolios if required by the terms of the gift. The objectives of Endowment Portfolios are to:
- a) ensure safety of principal and sufficient liquidity by investing only in high-quality securities for which a strong secondary market exists;
 - b) manage market and credit risk through the use of a competitive process to place investments;
 - c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the terms of the gift.
- 17.5 Commercial Paper Funds Strategy – The City issues tax-exempt commercial paper notes as an interim financing tool for construction projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors. The objectives of this portfolio are to:
- a) ensure safety of principal and sufficient liquidity by investing in money market mutual funds or short-term high-quality securities for which a strong secondary market exists;
 - b) manage market and credit risk through diversification of funds and/or securities. Funds must be rated AAA by at least one nationally recognized rating agency; and
 - c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and governing bond ordinances.

18.0 Reporting

Investment performance is regularly monitored by investment staff and reported to the Investment Committee on a quarterly basis. Month-end market prices on each security are obtained from nationally recognized securities databases including those provided by the City's depository bank through its safekeeping services and Bloomberg Professional Services. These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

Not less than quarterly the Investment Officers will submit to the standing finance committee of the city council described in Dallas City Charter, Chapter III, Section 13 (2), the City Manager, and the Mayor and City Council a written report of the status of the current investment portfolio. The report must meet the requirements of the Act.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

19.0 Annual Compliance Audit

In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the City's established investment policy.

20.0 Investment Policy Adoption

The City's Investment Policy is hereby adopted by resolution of the City Council on ~~September 12, 2018~~ October 23, 2019 in accordance with the PFIA.

GLOSSARY

ACCRETION OF DISCOUNT: Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

ACCRUED INTEREST: The interest accumulated on a security from its issue date or since the last payment of interest up to but not including the purchase date. The purchaser of the security pays to the seller the market price plus accrued interest.

AMORTIZATION OF PREMIUM: Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

ASK: The price at which securities are offered by sellers.

BARBELL MATURITY STRATEGY: A maturity pattern within a portfolio in which maturities of the assets in the portfolio are concentrated in both the short and long ends of the maturity spectrum.

BASIS POINT: One one-hundredth (1/100) of one percent; 0.0001 in decimal form.

BENCHMARK: A comparative base for performance evaluation. A benchmark can be a broad-based bond index, a customized bond index, or a specific objective.

BID: The price offered for securities by purchasers. (When selling securities, one asks for a bid.)

BOND EQUIVALENT YIELD: Used to compare yields available from discounted securities that pay interest at maturity with yields available from securities that pay interest semi-annually.

BOOK ENTRY SECURITIES: Stocks, bonds, other securities, and some certificates of deposit that are purchased, sold, and held as electronic computer entries on the records of a central holder. These securities are not available for purchase in physical form; buyers get a receipt or confirmation as evidence of ownership.

BOOK VALUE: The original cost of the security as adjusted for amortization of any premium paid or accretion of discount since the date of purchase.

BROKER: A party who brings buyers and sellers together. Brokers do not take ownership of the property being traded. They are compensated by commissions. They are not the same as dealers; however, the same firms that act as brokers in some transactions may act as dealers in other transactions.

CALLABLE BOND: A bond that the issuer has the right to redeem prior to maturity at a specified price. Some callable bonds may be redeemed on one call date while others may have multiple call dates. Some callable bonds may be redeemed at par while others can be redeemed only at a premium. Some callable bonds are step-up bonds that pay an initial coupon rate for the first period, and then the coupon rate increases for the following periods if the bonds are not called by the issuer.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination (over \$100,000) CD's are typically negotiable.

CODE: The Internal Revenue Code of 1986, as amended.

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 OBLIGATION (CMO): A type of mortgage-backed security created by dividing the rights to receive the principal and interest cash flows from an underlying pool of mortgages in separate classes or tiers.

COMMERCIAL PAPER: Short-term unsecured promissory notes issued by corporations for a maturity specified by the buyer. It is used primarily by corporations for short-term financing needs at a rate which is generally lower than the prime rate.

CONFIRMATION: The document used to state in writing the terms of the trade which had previously been agreed to verbally.

COUPON RATE: The stated annual rate of interest payable on a coupon bond expressed as a percentage of the bond's face value.

CREDIT RISK: The risk that (1) the issuer is downgraded to a lower quality category and/or (2) the issuer fails to make timely payments of interest or principal.

CUSIP NUMBER: A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

CUSTODY: The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the custodian.

DEALER: A firm which buys and sells for its own account. Dealers have ownership, even if only for an instant, between a purchase from one party and a sale to another party. They are compensated by the spread between the price they pay and the price they receive. Dealers are not the same as brokers; however, the same firms which act as dealers in some transactions may act as brokers in other transactions.

DELIVERY VERSUS PAYMENT (DVP): The safest method of settling a trade involving a book entry security. In a DVP settlement, the funds are wired from the buyer's account and the security is delivered from the seller's account in simultaneous, interdependent wires.

DEPOSITORY TRUST COMPANY (DTC): An organization that holds physical certificates for stocks and bonds and issues receipts to owners. Securities held by DTC are immobilized so that they can be traded on a book entry basis.

DERIVATIVE: A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivatives can be highly volatile and result in a loss of principal in changing interest rate environments.

DISCOUNT: The amount by which the price paid for a security is less than its face value.

DISCOUNT SECURITIES: Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns, to reduce risk inherent in particular securities.

DURATION: A sophisticated measure of the weighted average maturity of a bond's cash flow stream, where the present values of the cash flows serve as the weights.

ECONOMIC CYCLE (BUSINESS CYCLE): As the economy moves through the business cycle, interest rates tend to follow the levels of production, output, and consumption - rising as the economy expands and moves out of recession and declining after the economy peaks, contracts, and heads once again into recession.

EFFECTIVE MATURITY: The average maturity of a bond, given the potential for early call. For a non-callable bond, the final maturity date serves as the effective maturity. For a callable bond, the effective maturity is bounded by the first call date and the final maturity date; the position within this continuum is a function of the call price, the current market price, and the reinvestment rate assumed.

FACE VALUE: The principal amount due and payable to a bondholder at maturity; par value. Also, the amount on which coupon interest is computed.

FAIL: The event of a securities purchase or sale transaction not settling as intended by the parties.

FAIR VALUE: The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

FEDERAL FARM CREDIT BANKS (FFCB): A government-sponsored corporation that was created in 1916 and is a nationwide system of banks and associations providing mortgage loans, credit, and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The Federal Farm Credit System is supervised by the Farm Credit Administration, an independent agency of the U.S. government. (See Government Sponsored Enterprise)

FEDERAL FUNDS: Monies within the Federal Reserve System representing a member bank's surplus reserve funds. Banks with excess funds may sell their surplus to other banks whose funds are below required reserve levels. Normally, Federal funds are employed in settling all government securities transactions. The Federal Funds Rate is 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): Government-sponsored wholesale banks (currently twelve regional banks) which lend funds and provide correspondent banking services to member commercial bank, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank. (See Government Sponsored Enterprises)

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or "Freddie Mac"): A government-sponsored corporation that was created in July 1970, by the enactment of Title III of the Emergency Home Finance Act of 1970. Freddie Mac was established to help maintain the availability of mortgage credit for residential housing, primarily through developing and maintaining an active, nationwide secondary market in conventional residential mortgages. (See Government Sponsored Enterprises)

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 is a private stockholder-owned corporation. FNMA securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. (See Government Sponsored Enterprises)

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 regional banks and about 5700 commercial banks that are members of the system.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA): A not-for-profit organization authorized by Congress to ensure investor protection and market integrity through regulation of broker-dealers.

FINRA RULE 2111 (SUITABILITY): FINRA Rule 2111 requires, in part, that a broker-dealer or associated person "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the [firm] or associated person to ascertain the customer's investment profile."

FIXED-INCOME SECURITY: A financial instrument promising a fixed amount of periodic income over a specified future time span.

GOVERNMENT-SPONSORED ENTERPRISES (GSE's): Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

INSTRUMENTALITIES: See Government-Sponsored Enterprises

INTEREST RATE RISK: The risk that the general level of interest rates will change, causing unexpected price appreciations or depreciations.

LADDERED MATURITY STRATEGY: A maturity pattern within a portfolio in which maturities of the assets in the portfolio are equally spaced. Over time, the shortening of the remaining lives of the assets provides a steady source of liquidity or cash flow. Given a normal yield curve with a positive slope this passive strategy provides the benefit of being able to take advantage of the higher, longer-term yields without sacrificing safety or liquidity.

LIQUIDITY: An entity's capacity to meet future monetary outflows (whether they are required or optional) from available resources. Liquidity is often obtained from reductions of cash or by converting assets into cash.

LIQUIDITY RISK: The risk that an investment will be difficult to sell at a fair market price in a timely fashion.

MARKET RISK: The risk that the value of a security will rise or decline as a result of changes in market conditions. It is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification; also known as systematic risk.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MARKING-TO-MARKET: The practice of valuing a security or portfolio according to its market value, rather than its cost or book value.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to 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 to liquidate the underlying securities in the event of default by the seller.

MATURITY DATE: The date on which the principal or face value of an investment becomes due and payable.

MONEY MARKET INSTRUMENT: Generally, a short-term debt instrument that is purchased from a broker, dealer, or bank. Sometimes the term "money market" with "short-term", defines an instrument with no more than 12 months remaining from the purchase date until the maturity date. Sometimes the term "money market" is used more restrictively to mean only those instruments that have active secondary markets.

MORTGAGE-BACKED SECURITIES (MBS): Securities composed of, or collateralized by, loans that are themselves collateralized by liens on real property.

OFFER: The price asked by a seller of securities. (When purchasing securities, one asks for an offer.)

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.

OPPORTUNITY COST: The cost of pursuing one course of action measured in terms of the foregone return that could have been earned on an alternative course of action that was not undertaken.

PAR: See Face Value

PFFIA OR ACT: The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

POOLED FUND GROUP: An internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested (as defined by the Public Funds Investment Act).

PREMIUM: The amount by which the price paid for a security exceeds its face value.

PRIMARY DEALER: A group of government securities dealers that 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.

PRINCIPAL: The face or par value of an instrument, exclusive of accrued interest.

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 state. 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 REPRESENTATIVE: A person who holds a position with - and is authorized to act on behalf of - a business organization (as defined by the Public Funds Investment Act).

RATE OF RETURN: The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

REINVESTMENT RATE: The interest rate earned on the reinvestment of coupon payments.

REINVESTMENT RATE RISK: The risk that the actual reinvestment rate falls short of the expected or assumed reinvestment rate.

REPURCHASE AGREEMENT (RP or REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price on demand or at a specified later date. The difference between the selling price and the repurchase price provides the interest income to the party that provided the funds. Every transaction where a security is sold under an agreement to be repurchased is a repo from the seller/borrower's point of view and a reverse repo from the buyer/lender's point of view.

REVERSE REPURCHASE AGREEMENT: (See Repurchase Agreement)

SAFEKEEPING: A procedure where securities are held by a third party acting as custodian for a fee.

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

SECURITIES AND EXCHANGE COMMISSION (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SECURITIES LENDING: The temporary transfer of securities by one party, the lender, to another, the borrower. The securities borrower is required to provide acceptable assets as collateral to the securities lender in the form of cash or other securities. If the borrower provides securities as collateral to the lender, it pays a fee to borrow the lent securities. If it provides cash as collateral, the lender pays interest to the borrower and reinvests the cash at a higher rate.

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

STRUCTURED NOTES: Debt obligations whose principal or interest payments are determined by an index or formula.

SEPARATELY INVESTED ASSET: An account or fund of a state agency or local government that is not invested in a pooled fund group (as defined by the Public Funds Investment Act).

SPREAD: Most commonly used when referring to the difference between the bid and asked prices in a quote. Additionally, it may also refer to additional basis points that a non-Treasury security earns over and above a Treasury with a comparable maturity date.

STRIPS: Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

SWAP: The trading of one asset for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another.

TOTAL RETURN: Interest income plus capital gains (or minus losses) on an investment.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury, generally having initial maturities of 3 months, 6 months, or 1 year.

TREASURY BONDS: Long-term, coupon bearing U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: Intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of 2 - 10 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 TO MATURITY (YTM): The promised return assuming all interest and principal payments are made and reinvested at the same rate taking into account price appreciation (if priced below par) or depreciation (if priced above par).

APPENDIX A
PUBLIC FUNDS INVESTMENT ACT

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

- (1) "Bond proceeds" means the 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.
- (2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.
- (3) "Funds" means public funds in the custody of a state agency or local government that:
 - (A) are not required by law to be deposited in the state treasury; and
 - (B) the investing entity has authority to invest.
- (4) "Institution of higher education" has the meaning assigned by Section [61.003](#), Education Code.
- (5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section [2256.003](#).
- (6) "Investment pool" means 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.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section [52](#)(b)(1) or (2), Article III, or Section [59](#), Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means 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.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "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;

(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; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section [2256.006](#):

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section [802.001](#);
- (2) state funds invested as authorized by Section [404.024](#);
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter [161](#), [162](#), or [164](#), Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter [117](#), Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:
 - (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
 - (B) the maximum allowable stated maturity of any individual investment owned by the entity;
 - (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
 - (D) methods to monitor the market price of investments acquired with public funds;
 - (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
 - (F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section [2256.021](#).

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;

- (5) diversification of the investment portfolio; and
- (6) yield.

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

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter [391](#), Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec.

3

(h) An officer or employee of a commission created under Chapter [391](#), Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter [573](#), to an individual seeking to sell an investment to the investment officer's entity 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. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (1), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(1) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment

policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section [321.020](#). Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section [321.013](#), the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section [404.024](#).

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. [1701](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

(1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

(2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from

any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) In addition to the requirements of Subsection (a)(1), the treasurer, or the chief financial officer if the treasurer is not the

chief financial officer, and the investment officer of a school district or a municipality shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section [52\(b\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, that has contracted with an investment management firm under Section [2256.003\(b\)](#) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a) (2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section [52\(b\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter [392](#), Local Government Code, may satisfy the training requirement provided by Subsection (a) (2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter [36](#) or [49](#), Water Code.

(f) Subsection (a) (2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section

[2256.010](#).

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. [1148](#)), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. [870](#)), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. [1488](#)), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. [1238](#)), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. [1238](#)), Sec. 2, eff. September 1, 2017.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) 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 instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) 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;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section [2256.025](#); or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section [2257.041](#) (d);
or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

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

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

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

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

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. [2647](#)), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. [2928](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section [2256.009](#)(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section [2256.009](#)(b); or

(3) secured in accordance with Chapter [2257](#) or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

- (1) the funds are invested by an investing entity through:
 - (A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section [2256.025](#); or
 - (B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
- (2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
- (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
- (4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section [2257.041](#) (d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. [256](#)), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. [2928](#)), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS.

(a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section [2256.009](#)(a)(1); and

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section [2256.009](#)(a)(1), 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 security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section [1371.059](#)(c) applies to the execution of a repurchase agreement by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 3, eff. June 14, 2017.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section [2256.009](#);

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies;

or

(B) 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) 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) An entity is not authorized by this section to:

(1) 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);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section [2256.009](#)(a)(1), excluding those obligations described by Section [2256.009](#)(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section [1371.059](#)(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible 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 representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(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) the objectives of the pool;
 - (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 safekeep the pool's assets;
 - (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;
 - (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
 - (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
 - (13) the pool's policy regarding holding deposits in cash.
- (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 representative 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 average dollar-weighted 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, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "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.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter [791](#) and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 6, eff. June 14, 2017.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter [2270](#), an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. [495](#)), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment

authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. [894](#)), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section [52](#), Article III, or Section [59](#), Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. [2346](#)), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section [1371.001](#).

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. [1543](#)), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST.

(a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. [1464](#)), Sec. 1, eff. September 1, 2005.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS.

(a) In this section:

(1) "Eligible entity" means a political subdivision that has:

- (A) a principal amount of at least \$250 million in:
 - (i) outstanding long-term indebtedness;
 - (ii) long-term indebtedness proposed to be

issued; or

(iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section [1371.001](#).

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section [1371.059](#)(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

- (1) an operation and maintenance expense of the eligible entity;
- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7, eff. June 14, 2017.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. [1003](#)), Sec. 7, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. [1472](#)), Sec. 1, eff. September 1, 2017.

Sec. 2256.021. 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. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section [321.013](#).

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

- (1) describe in detail the investment position of the entity on the date of the report;
- (2) be prepared jointly by all investment officers of the entity;
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement of each pooled fund group that states the:

- (A) beginning market value for the reporting period;
- (B) ending market value for the period; and
- (C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. [2226](#)), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section [2256.017](#), this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section [2256.009](#)(b) is not an authorized investment for a state agency, a local government, or

another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section [2256.009](#)(b) are authorized investments with respect to the housing bond programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter [392](#), Local Government Code; or

(3) an entity created under Chapter [394](#), Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. [253](#)), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the

state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995;
Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

APPENDIX B

COUNCIL RESOLUTION

~~September 12, 2018~~ October 23, 2019

WHEREAS, in 1987 the City Council adopted the City's Investment Policy which was in compliance with the federal and state law and the City Charter; and

WHEREAS, in 1995 and 1997 through ~~2017~~ 2018, the City Council amended the City's Investment Policy to incorporate amendments to the Public Funds Investment Act, improve management of the City's investments and reflect organizational changes; and

WHEREAS, the Public Funds Investment Act requires that the investment shall be made in accordance with written policies approved, at least annually, by the governing body; and

WHEREAS, investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal. **Now, Therefore,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the attached City of Dallas Investment Policy and investment strategies have been reviewed by the City Council and shall be adopted as the guiding policy in the ongoing management of the specified funds in accordance with Federal and State law and the City Charter.

Section 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas and it is accordingly so resolved.

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Sales Tax Over-Payment**

On Monday, September 30, we received a notice from the Texas Comptroller of Public Accounts that the City had received \$5.2 million over-payment in local sales tax. The State discovered this over-payment during an audit when they determined that a taxpayer erred and reported all local sales tax to the City of Dallas rather than their customer's ship to address. The taxpayer is an out-of-state-retailer with no physical place of business in the State. The name of the retailer is not yet available to us from the State. This amount had been paid by the retailer for July 2014 through July 2017.

The State has now disbursed the local share to the correct municipality and requires us to repay the amount that we were over-paid. We were given the option of repaying this amount with a one-time payment or in 37 payments with interest. Sales tax revenue for FY 2018-19 is currently forecast to exceed budget by \$7.4 million. Therefore, we selected the one-time repayment option. This will avoid having approximately \$1.7 million in revenue deducted for each of the next three years when sales tax returns may not be as strong as they have been in FY 2018-19.

If you have any questions, please contact me or Jack Ireland, Director in the Office of Budget.

M. Elizabeth Reich

Chief Financial Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Budget Accountability Report—July 2019**

The Budget Accountability Report (BAR) based on information through July 31, 2019, is attached for your review. This report combines the Financial Forecast Report (FFR), Dallas 365, and Budget Initiative Tracker into a single monthly report. When committee meetings resume, the Office of Budget will provide this information to the appropriate committee.

You will notice in this report that the General Fund year-end forecast for revenue has been decreased from last month. In the June BAR, we had forecast revenue to exceed budget by \$12.1 million. In this report, we have adjusted the year-end revenue forecast to exceed budget by \$5.2 million. This change is primarily the result of being informed by the State on September 10 of reductions in the State's reimbursement to the City for the Ambulance Services Supplemental Payment Program. Dallas Fire-Rescue leadership is discussing this matter with the State. We will provide an update upon the conclusion of those discussions.

Not included in this report but to be included in next month's report is an additional reduction to General Fund year-end revenue projection. On September 30, we received notice from the Texas Comptroller of Public Accounts that they have discovered a sales tax over-payment to the City in the amount of \$5.2 million. This is the result of an out-of-state retailer with no physical place of business in the state reporting that their sales occurred in Dallas rather than their customer's ship to address. This error by the retailer occurred from July 2014 through July 2017. The over-payment will be reduced from the City's next sales tax disbursement from the State. We will lower our FY 2018-19 year-end revenue forecast in next month's report to reflect this change.

If you have any questions, please contact Jack Ireland, Director in the Office of Budget.


M. Elizabeth Reich

Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



JULY 2019

BUDGET ACCOUNTABILITY REPORT

PREPARED BY THE
OFFICE OF BUDGET

1500 Marilla Street, 4FN
Dallas, TX 75201

214-670-3659
financialtransparency.dallascityhall.com

EXECUTIVE SUMMARY

Financial Forecast Report

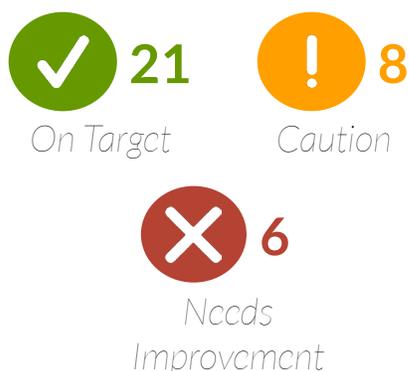
Operating Fund	Year-End Forecast vs. Budget	
	Revenues	Expenses
General Fund	✓	✓
Aviation	✓	✓
Convention and Event Services	✓	✓
Municipal Radio	✗	!
Sanitation Services	!	✓
Storm Drainage Management	✓	✓
Sustainable Development and Construction	✓	✓
Dallas Water Utilities	!	!
Information Technology	✓	✓
Radio Services	✓	✓
Equipment and Fleet Management	✓	✓
Express Business Center	✗	✓
9-1-1 System Operations	✓	✓
Debt Service	✓	✓

✓ YE forecast within 5% of budget

! YE forecast within 6-10% of budget

✗ YE forecast more than 10% from budget or no forecast provided

Dallas 365



Budget Initiative Tracker



FINANCIAL FORECAST REPORT

The Financial Forecast Report (FFR) provides a summary of financial activity through July 31, 2019, for the General Fund and other annual operating funds of the City. The Adopted Budget reflects the budget adopted by City Council on September 18, 2018, effective October 1 through September 30. The Amended Budget column reflects City Council-approved transfers between funds and programs, approved use of contingency, and other amendments supported by revenue or fund balance.

Year-to-Date (YTD) Actual amounts represent revenue or expenses/encumbrances that have occurred through the end of the most recent accounting period. Departments provide the Year-End (YE) Forecast, which projects anticipated revenues and expenditures as of September 30, 2019. The variance is the difference between the FY 2018-19 Amended Budget and the YE Forecast. Variance notes are provided when the YE forecast is +/- five percent of the amended budget and/or if YE expenditures are forecast to exceed the amended budget.

General Fund Overview

	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$182,017,646	\$182,017,646		\$207,908,478	\$25,890,832
Revenues	1,365,966,274	1,368,851,406	1,207,204,245	1,374,051,074	5,199,668
Expenditures	1,365,966,274	1,368,601,406	1,075,352,778	1,365,486,553	(3,114,852)
Ending Fund Balance	\$182,017,646	\$182,267,646		\$216,472,999	\$34,205,352

The General Fund overview provides a summary of financial activity through July 31, 2019.

Fund Balance. The summary includes fund balance with the YE revenue and expenditure forecasts. The YE forecast beginning fund balance represents the FY 2017-18 audited unassigned ending fund balance and includes FY 2017-18 YE savings.

Revenues. Through July 31, 2019, General Fund revenues are projected to be \$5,200,000 over budget. This is primarily due to forecasted increases in sales tax collections and interest revenues, offset partially by a \$10,657,000 reduction in anticipated Ambulance Services Supplemental Payment Program revenue (the state did not notify us of this decrease until September 10).

Expenditures. Through July 31, 2019, General Fund expenditures are projected to be under budget by \$3,115,000. Departments are under budget primarily because of salary savings from vacant positions and ambulance billing contract savings.

Amendments. The General Fund budget was amended on:

- November 14, 2018, by resolution #18-1641 in the amount of \$155,000 for the District 4 runoff election.
- February 13, 2019, by resolution #19-0296 in the amount of \$480,000 for the disassembly, removal, and transfer to storage of the Confederate monument in Pioneer Cemetery.
- April 24, 2019, by ordinance #31779 for mid-year appropriation ordinance adjustments consisting of a \$75,000 increase to Civil Service (CVS), \$80,700 increase to City Controller's Office (CCO), \$150,000 decrease to Court and Detention Services (CTS), \$100,000 decrease to Library (LIB), \$73,520 decrease to Non-Departmental, \$150,710 increase to 311 Customer Service (311), \$142,110 increase to Office of Homeless Solutions (OHS), \$125,000 decrease to Public Affairs and Outreach (PAO), \$250,000 increase to Dallas Police Department (DPD) from Contingency Reserve, and a \$500,000 increase to Park and Recreation (PKR) from Contingency Reserve.
- May 15, 2019, by resolution #19-0737 in the amount of \$1,250,000 for the citywide runoff election.
- September 11, 2019, end-of-year appropriation adjustments are not yet reflected in this report.

Financial Forecast Report

GENERAL FUND REVENUE

Revenue Category ¹	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Property Tax	\$727,886,279	\$727,886,279	\$726,381,525	\$728,450,467	\$564,188
Sales Tax ²	311,645,016	311,645,016	262,470,074	319,027,571	7,382,555
Franchise and Other	133,347,988	133,347,988	99,348,556	133,060,702	(287,286)
Charges for Service ³	110,146,088	110,146,088	63,597,868	104,097,580	(6,048,508)
Fines and Forfeitures	34,244,958	34,244,958	21,959,942	34,510,183	265,225
Operating Transfers In ⁴	24,823,767	27,708,899	11,141,937	24,372,899	(3,336,000)
Intergovernmental	9,563,291	9,563,291	3,907,603	9,701,627	138,336
Miscellaneous ⁵	6,320,104	6,320,104	6,583,535	7,760,949	1,440,845
Licenses and Permits	5,670,499	5,670,499	4,932,188	6,188,076	517,577
Interest ⁶	2,318,284	2,318,284	6,881,019	6,881,020	4,562,736
Total Revenue	\$1,365,966,274	\$1,368,851,406	\$1,207,204,245	\$1,374,051,074	\$5,199,668

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

1 Revenue Category. Beginning with the December 2018 BAR, revenue categories have been restated to match the City's Chart of Accounts.

2 Sales Tax. Sales tax revenues are forecast to be \$7,383,000 over budget due to increased collections. Over the most recent 12 months, sales tax receipts have increased by 4.8 percent.

3 Charges for Service. Charges for Service are forecast to be \$6,049,000 under budget primarily as a result of a \$10,657,000 reduction in anticipated Ambulance Services Supplemental Payment Program revenues (the state did not notify us of this decrease until September 10), partially offset by a \$755,000 reduction in contractor fees and an additional \$1,490,000 in revenue from Fair Park First.

4 Operating Transfers In. The revenue budget for Operating Transfers In was amended on November 14, 2018, by resolution #18-1641 in the amount of \$155,000 for the District 4 runoff election; on February 13, 2019, by resolution #19-0296 in the amount of \$480,000 for the disassembly, removal, and transfer to storage of the Confederate monument in Pioneer Cemetery; on April 24, 2019, by ordinance #31179 in the amount of \$750,000 for the police staffing study and evening youth programs in PKR; and on May 15, 2019 by resolution #19-0737 in the amount of \$1,250,000 for the citywide runoff election. Revenue is forecast to be under budget due to deferral of inter-fund transfers.

5 Miscellaneous. Miscellaneous revenues are forecast to be \$1,441,000 over budget primarily due to facility rental fees and sale of non-taxable City surplus property.

6 Interest. Interest revenue is forecast to be \$4,563,000 over budget based on current trends and actual collections.

Financial Forecast Report

GENERAL FUND EXPENDITURES

Expenditure Category	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	\$241,344,527	\$240,081,681	\$184,759,604	\$225,163,239	(\$14,918,442)
Civilian Overtime	6,660,128	6,678,021	8,993,665	11,268,077	4,590,056
Civilian Pension	35,070,258	34,863,889	26,605,280	33,155,689	(1,708,200)
Uniform Pay	423,709,510	422,445,961	337,735,629	417,497,009	(4,948,952)
Uniform Overtime	39,354,268	39,354,268	36,371,083	45,813,616	6,459,348
Uniform Pension	159,002,901	159,002,901	126,543,631	159,002,901	0
Health Benefits	68,816,185	68,780,215	47,782,674	68,769,014	(11,201)
Workers Comp	10,508,446	10,508,446	10,463,684	10,515,028	6,582
Other Personnel Services	12,666,100	12,619,743	9,679,084	12,479,810	(139,933)
Total Personnel Services ¹	997,132,323	994,335,125	788,934,332	983,664,383	(10,670,742)
Supplies ²	77,884,269	77,567,937	56,787,844	82,874,076	5,306,139
Contractual Services ³	366,535,382	369,105,358	257,147,500	371,500,653	2,395,295
Capital Outlay ⁴	13,617,618	16,711,421	8,690,232	19,300,008	2,588,587
Reimbursements ⁵	(89,203,318)	(89,118,436)	(36,207,130)	(91,852,567)	(2,734,131)
Total Expenditures	\$1,365,966,274	\$1,368,601,405	\$1,075,352,778	\$1,365,486,553	(\$3,114,852)

VARIANCE NOTES

1 Personnel Services. Current YE civilian pay forecast is \$14,918,000 under budget primarily due to vacancy savings that fully offset the \$4,590,000 overrun in overtime. Uniform overtime YE forecast assumes \$6,247,000 use of overtime for DPD and \$212,000 for Dallas Fire-Rescue (DFR), partially offset by \$4,949,000 in vacancy savings. Uniform pension YE forecast equals budget and includes the \$156,819,000 contribution required to fund the police and fire pension as enacted by the Texas Legislature through HB 3158 and additional funding for supplemental pension.

2 Supplies. Current YE forecast is \$5,306,000 over budget primarily due to higher than budgeted PKR gas and water expenses to be offset by additional revenue of \$1,490,000 from Fair Park First, greater-than-budgeted Office of Cultural Affairs (OCA) gas and furniture expenses, greater-than-anticipated usage of medical-surgical supplies by Dallas Animal Services (DAS), unbudgeted technology expenses in Code Compliance (CCS), and increased costs related to repair of fire apparatus.

3 Contractual Services. Contractual Services are \$2,395,000 over budget due to the use of temporary help and day labor expenses in various departments, unbudgeted equipment upgrades and maintenance in DPD and DFR, increased use of professional services in the City Attorney's Office (CAO), and unbudgeted major repairs to City facilities, offset by salary savings and reduced contractor fees associated with Ambulance Services Supplemental Payment Program. Contractual costs related to the Safelight program decreased due to state legislative changes.

4 Capital Outlay. Current YE forecast is \$2,589,000 over budget due to traffic signal replacement, signal improvements and storm damage repair, replacement of five ambulances as a result of wrecks, and the purchase of vehicles/heavy equipment for CCS, CTS, and PKR. Appropriations were adjusted by \$3,698,000 for the purchase of vehicles/heavy equipment for CCS, DFR, Housing and Neighborhood Revitalization (HOU), Public Works (PBW), PKR, and Transportation (TRN).

VARIANCE NOTES

5 Reimbursements. General Fund reimbursements reflect contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Current YE forecasts are \$2,734,000 over budget due to increased reimbursements to HR for implementation of the human resources information system, DPD overtime reimbursements from confiscated funds, and PBW reimbursements from the Bond Program, partially offset by lower forecasts for TIF reimbursements to the Office of Economic Development (ECO) and lower reimbursements to the Office of Environmental Quality and Sustainability (OEQS).

Financial Forecast Report

GENERAL FUND EXPENDITURES

Expenditure by Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
Building Services ¹	\$22,729,907	\$22,729,907	\$19,026,948	\$23,425,201	\$695,294
City Attorney's Office	18,348,876	18,348,876	13,757,568	17,842,714	(506,162)
City Auditor's Office	3,367,314	3,367,314	2,312,867	3,351,621	(15,693)
City Controller's Office ²	6,768,899	6,917,984	5,638,446	6,886,624	(31,360)
Independent Audit	917,892	917,892	917,892	917,892	0
City Manager's Office	2,787,305	2,823,827	2,229,051	2,803,800	(20,027)
City Secretary ³	4,350,544	5,755,676	4,749,396	5,656,452	(99,224)
Civil Service ⁴	3,241,621	3,316,621	2,533,410	3,310,108	(6,513)
Code Compliance ⁵	31,635,395	31,635,395	23,892,592	31,635,395	0
Court and Detention Services ⁶	23,314,074	23,164,074	16,847,123	22,459,261	(704,813)
Jail Contract	8,908,016	8,908,016	6,681,012	8,908,016	0
Dallas Animal Services	14,878,667	14,878,667	12,032,336	14,731,633	(147,034)
Dallas Fire-Rescue	294,483,209	294,483,209	230,180,178	293,375,119	(1,108,090)
Dallas Police Department ⁷	486,752,691	487,002,691	387,690,659	488,820,711	1,818,020
Housing and Neighborhood Services	4,213,724	4,213,724	2,332,249	4,147,872	(65,852)
Human Resources	7,005,071	7,005,071	5,715,101	6,824,960	(180,111)
Judiciary	3,446,356	3,706,181	3,254,764	3,706,181	(0)
Library ⁸	34,138,717	34,038,717	25,871,558	33,201,968	(836,749)
Office of Management Services					
311 Customer Service ⁹	4,495,891	4,713,915	2,914,902	4,713,915	0
Council Agenda Office	219,414	219,414	181,402	219,414	0
Office of Equity and Human Rights ¹⁰	998,436	998,436	665,381	923,283	(75,153)
Office of Innovation ¹¹	603,668	603,668	259,957	558,799	(44,869)
Office of Strategic Partnerships	1,053,433	1,053,433	793,068	1,022,889	(30,544)
Office of Business Diversity	894,165	894,165	664,043	867,826	(26,339)
Office of Community Care	5,375,877	5,375,877	4,371,882	5,375,877	0
Office of Emergency Management	877,113	877,113	508,306	877,113	0
Office of Environmental Quality	2,734,360	2,734,360	2,983,862	2,734,360	0
Office of Homeless Solutions ¹²	11,546,393	11,688,503	8,045,553	11,611,541	(76,962)
Public Affairs and Outreach ¹³	2,098,745	1,973,745	1,166,416	1,844,293	(129,452)
Welcoming Communities	623,124	627,529	401,761	632,920	5,391
Mayor and City Council	4,989,530	4,989,530	3,915,980	4,862,546	(126,984)
Non-Departmental ¹⁴	92,727,295	92,653,775	73,371,632	90,994,862	(1,658,913)
Office of Budget	3,796,050	3,796,050	2,827,804	3,673,923	(122,127)
Office of Cultural Affairs ¹⁵	19,973,188	20,453,188	19,605,105	20,594,053	140,865
Office of Economic Development	4,972,909	4,972,909	4,019,845	4,969,588	(3,321)
Park and Recreation ¹⁶	98,542,371	99,042,371	81,646,831	99,292,421	250,050
Planning and Urban Design ¹⁷	3,171,871	3,171,871	2,170,673	2,912,704	(259,167)
Procurement Services	2,443,038	2,622,104	2,082,923	2,611,942	(10,162)
Public Works	75,856,653	75,856,653	60,242,639	75,617,801	(238,852)
Sustainable Development	2,194,525	2,194,525	2,274,709	2,194,525	0
Transportation ¹⁸	47,219,419	47,219,419	31,823,813	47,719,419	500,000
Total Departments	\$1,358,695,746	\$1,361,946,395	\$1,072,601,633	\$1,358,831,542	(\$3,114,852)
Liability/Claim Fund Transfer	2,751,145	2,751,145	2,751,145	2,751,145	0
Contingency Reserve	2,319,383	2,319,383	0	2,319,383	0
Salary and Benefit Reserve ¹⁹	2,200,000	1,584,483	0	1,584,483	0
Total Expenditures	\$1,365,966,274	\$1,368,601,406	\$1,075,352,778	\$1,365,486,553	(\$3,114,852)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

1 Building Services.* Expenditures are forecast to be \$695,000 over budget primarily due to repairs to facilities in the Arts and Central districts, City Hall, Martin Weiss Recreation Center, and Thanksgiving Square, as well as increased usage of pest control, dumpster rentals, and landscaping activities at City Hall, which will be offset by savings in other departments.

2 City Controller's Office. CCO's budget was increased by \$80,700 on April 24, 2019, by ordinance #31179 for technology upgrades and Certified Accounts Payable Professional certification, training, and membership dues.

3 City Secretary. The City Secretary budget was increased by \$155,000 on November 14, 2018, by resolution #18-1641 for the District 4 runoff election and by \$1,250,000 on May 15, 2019, by resolution #19-0737 for the citywide runoff election.

4 Civil Service. CVS' budget was increased by \$75,000 on April 24, 2019, by ordinance #31179 for installation of a new secure card key entry system, computer equipment for DPD and DFR testing, and updates to the Civil Service board room.

5 Code Compliance. Savings projected in the March BAR are being used to purchase equipment for the Community Clean! initiative, approved on May 22, 2019, by resolution #19-0829.

6 Court and Detention Services. CTS' budget was decreased by \$150,000 on April 24, 2019, by ordinance #31179.

7 Dallas Police Department.* DPD's budget was increased by \$250,000 on April 24, 2019, by ordinance #31179 for a uniform staffing study. The department is projecting to be \$1,818,000 over budget due to increased use of uniform overtime, which will be offset by savings in other departments.

8 Library. LIB's budget was decreased by \$100,000 on April 24, 2019, by ordinance #31179. Expenses are projected to be \$837,000 under budget mainly due to lower-than-anticipated costs for the purchase and installation of the new RFID materials checkout system.

9 311 Customer Service. 311's budget was increased by \$150,710 on April 24, 2019, by ordinance #31179 for reclassification of positions and the use of temporary employees.

10 Office of Equity and Human Rights. Expenditures are forecast to be \$75,000 under budget primarily due to salary savings.

11 Office of Innovation. Expenditures are forecast to be \$45,000 under budget primarily due to vacancies, offset by professional services contracts.

12 Office of Homeless Solutions. OHS' budget was increased by \$142,110 on April 24, 2019, by ordinance #31179 for temporary staff hired to implement the Continuum of Care.

13 Public Affairs and Outreach. PAO's budget was decreased by \$125,000 on April 24, 2019, by ordinance #31179. Expenditures are forecast to be \$130,000 under budget due to hiring delays for vacant positions and lower costs associated with off-site City Council meetings.

14 Non-Departmental.* The Non-Departmental budget was decreased by \$73,520 on April 24, 2019, by ordinance #31179. Expenditures are forecast to be \$1,659,000 under budget due to delays in departmental Master Lease purchases for fleet and equipment and an expected year-end appropriations transfer of \$500,000 to TRN for the strategic mobility plan approved on February 13, 2019, by resolution #19-0297.

VARIANCE NOTES

15 Office of Cultural Affairs.* OCA's budget was increased by \$480,000 on February 13, 2019, by resolution #19-0296 for the disassembly, removal, and transfer to storage of the Confederate monument in Pioneer Cemetery. Expenditures are forecast to be \$141,000 over budget due to an unbudgeted contractual payment to Dallas Summer Musicals at Fair Park, which will be offset by savings in other departments.

16 Park and Recreation.* PKR's budget was increased by \$500,000 on April 24, 2019, by ordinance #31179 to develop and expand youth programs during evenings and weekends. Expenditures are forecast to be \$250,000 over budget due to weather-related damage to PKR facilities, which will be offset by savings in other departments.

17 Planning and Urban Design. Expenditures are forecast to be \$259,000 under budget due to salary savings.

18 Transportation.* A year-end appropriations transfer of \$500,000 is expected from Non-Departmental to cover the cost of the strategic mobility plan approved on February 13, 2019, by resolution #19-0297.

19 Salary and Benefit Reserve. Salary and Benefit Reserve funds totaling \$616,000 were allocated to CCO (\$68,000), City Manager's Office (\$37,000), Judiciary (\$260,000), 311 (\$67,000), Procurement Services (\$179,000), and Welcoming Communities and Immigrant Affairs (\$4,500) for personnel-related expenditures, primarily vacation and sick termination payments, and City Council-approved increases to municipal judges' salaries.

*FY 2018-19 end-of-year appropriation adjustments approved by City Council on September 11, 2019, are not reflected in this report.

Financial Forecast Report

ENTERPRISE FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
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AVIATION¹

Beginning Fund Balance	\$14,216,560	\$14,216,560		\$5,570,308	(\$8,646,252)
Total Revenues	144,132,819	154,991,423	119,069,853	155,052,745	61,322
Total Expenditures	144,132,819	154,991,423	105,553,396	154,991,423	0
Ending Fund Balance	\$14,216,560	\$14,216,560		\$5,631,630	(\$8,584,930)

CONVENTION AND EVENT SERVICES²

Beginning Fund Balance	\$33,234,399	\$33,234,399		\$39,186,345	\$5,951,946
Total Revenues	108,647,915	108,647,915	86,461,956	109,844,513	1,196,598
Total Expenditures	108,647,915	108,647,915	64,511,756	109,844,513	1,196,598
Ending Fund Balance	\$33,234,399	\$33,234,399		\$39,186,345	\$5,951,946

MUNICIPAL RADIO³

Beginning Fund Balance	\$1,205,492	\$1,205,492		\$1,055,872	(\$149,620)
Total Revenues	2,178,813	2,178,813	1,572,630	1,750,144	(428,669)
Total Expenditures	2,076,728	2,076,728	1,612,364	1,945,662	(131,066)
Ending Fund Balance	\$1,307,577	\$1,307,577		\$860,354	(\$447,223)

Note: FY 2018-19 budget reflects revenue in excess of expenses.

SANITATION SERVICES⁴

Beginning Fund Balance	\$29,641,449	\$29,641,449		\$24,416,494	(\$5,224,955)
Total Revenues	112,653,465	114,157,465	104,548,179	120,256,222	6,098,757
Total Expenditures	112,653,465	114,157,465	77,950,650	118,675,725	4,518,260
Ending Fund Balance	\$29,641,449	\$29,641,449		\$25,996,991	(\$3,644,458)

STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES

Beginning Fund Balance	\$7,928,950	\$7,928,950		\$12,692,716	\$4,763,766
Total Revenues	58,436,837	58,436,837	50,704,474	58,439,982	3,145
Total Expenditures	58,436,837	58,436,837	40,531,558	58,436,837	0
Ending Fund Balance	\$7,928,950	\$7,928,950		\$12,695,861	\$4,766,911

SUSTAINABLE DEVELOPMENT AND CONSTRUCTION

Beginning Fund Balance	\$43,833,830	\$43,833,830		\$47,568,451	\$3,734,621
Total Revenues	33,143,848	33,143,848	31,597,218	34,241,583	1,097,735
Total Expenditures	34,571,119	34,571,119	26,752,297	34,571,119	0
Ending Fund Balance	\$42,406,559	\$42,406,559		\$47,238,916	\$4,832,357

Note: FY 2018-19 budget reflects planned use of fund balance.

WATER UTILITIES⁵

Beginning Fund Balance	\$118,325,578	\$118,325,578		\$145,368,915	\$27,043,337
Total Revenues	665,005,577	665,005,577	485,733,106	616,674,392	(48,331,185)
Total Expenditures	665,491,395	665,491,395	437,025,366	623,868,801	(41,622,594)
Ending Fund Balance	\$117,839,760	\$117,839,760		\$138,174,506	\$20,334,746

Note: FY 2018-19 budget reflects planned use of fund balance.

Financial Forecast Report

INTERNAL SERVICE FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
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INFORMATION TECHNOLOGY

Beginning Fund Balance	\$10,887,991	\$10,887,991		\$11,210,496	\$322,505
Total Revenues	69,434,657	69,434,657	47,545,888	69,498,505	63,848
Total Expenditures	77,011,403	77,011,403	60,654,109	75,317,242	(1,694,161)
Ending Fund Balance	\$3,311,245	\$3,311,245		\$5,391,759	\$2,080,514

Note: FY 2018-19 budget reflects planned use of fund balance.

RADIO SERVICES⁶

Beginning Fund Balance	\$2,800,576	\$2,800,576		\$3,086,522	\$285,946
Total Revenues	5,917,772	5,917,772	3,526,723	5,934,744	16,972
Total Expenditures	8,651,413	8,651,413	5,670,419	8,138,402	(513,011)
Ending Fund Balance	\$66,935	\$66,935		\$882,863	\$815,928

Note: FY 2018-19 budget reflects planned use of fund balance.

EQUIPMENT AND FLEET MANAGEMENT⁷

Beginning Fund Balance	\$7,254,000	\$7,254,000		\$6,862,856	(\$391,144)
Total Revenues	54,412,850	55,662,517	14,867,562	56,165,629	503,112
Total Expenditures	54,912,850	56,162,517	45,036,208	56,665,629	503,112
Ending Fund Balance	\$6,754,000	\$6,754,000		\$6,362,856	(\$391,144)

Note: FY 2018-19 budget reflects planned use of fund balance.

EXPRESS BUSINESS CENTER⁸

Beginning Fund Balance	\$2,682,143	\$2,682,143		\$2,793,339	\$111,196
Total Revenues	2,593,790	2,593,790	2,115,716	2,903,255	309,465
Total Expenditures	2,137,496	2,137,496	1,337,646	2,135,405	(2,091)
Ending Fund Balance	\$3,138,437	\$3,138,437		\$3,561,189	\$422,752

Note: FY 2018-19 budget reflects revenue in excess of expenses.

Financial Forecast Report

OTHER FUNDS

Department	FY 2018-19 Adopted Budget	FY 2018-19 Amended Budget	YTD Actual	YE Forecast	Variance
9-1-1 SYSTEM OPERATIONS					
Beginning Fund Balance	\$7,852,062	\$7,852,062		\$10,243,774	\$2,391,712
Total Revenues	12,018,812	12,018,812	9,901,018	12,396,953	378,141
Total Expenditures	15,176,553	15,176,553	10,194,442	15,033,601	(142,952)
Ending Fund Balance	\$4,694,321	\$4,694,321		\$7,607,126	\$2,912,805

Note: FY 2018-19 budget reflects planned use of fund balance.

DEBT SERVICE

Beginning Fund Balance	\$32,549,163	\$32,549,163		\$28,898,633	(\$3,650,530)
Total Revenues	289,189,656	289,189,656	286,692,813	290,616,470	1,426,814
Total Expenditures	296,200,044	296,200,044	214,610,316	284,645,942	(11,554,102)
Ending Fund Balance	\$25,538,775	\$25,538,775		\$34,869,161	\$9,330,386

Note: FY 2018-19 budget reflects planned use of fund balance.

EMPLOYEE BENEFITS⁹

City Contributions	\$94,862,835	\$94,862,835	6,837,363	\$95,597,379	\$734,544
Employee Contributions	36,126,244	36,126,244	36,375,298	37,764,238	1,637,994
Retiree	31,963,243	31,963,243	25,932,646	31,655,541	(307,702)
Other	0	0	374,343	0	0
Total Revenues	162,952,322	162,952,322	69,519,650	165,017,158	2,064,836
Total Expenditures	\$160,083,133	\$160,083,133	\$109,388,406	\$161,397,492	\$1,314,359

Note: FY 2018-19 budget reflects revenue in excess of expenses. FY 2018-19 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported (IBNR) claims.

RISK MANAGEMENT

Worker's Compensation	\$13,701,708	\$13,701,708	\$15,213,021	\$15,213,021	\$1,511,313
Third Party Liability	10,227,315	10,227,315	364,246	10,227,315	0
Purchased Insurance	3,029,284	3,029,284	3,031,758	3,031,758	2,474
Interest and Other	749,900	749,900	26,074	749,900	0
Total Revenues	27,708,207	27,708,207	18,635,099	29,221,994	1,513,787
Total Expenditures	\$34,166,607	\$34,166,607	\$15,483,300	\$29,372,773	(\$4,793,834)

Note: FY 2018-19 budget reflects planned use of fund balance. FY 2018-19 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (Worker's Compensation/Liability/Property Insurance).

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. The YE forecast beginning fund balance represents the FY 2017-18 audited ending fund balance and any additional YE savings. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, YE forecast projected to exceed budget, or projected use of fund balance.

1 Aviation. The Aviation budget was increased by \$10,859,000 on April 24, 2019, by ordinance #31179 to accrue revenues to service a fall 2019 payment on the Series 2017 Bonds and for the purchase of IT storage infrastructure, offset by \$10,859,000 in increased revenues.

2 Convention Center.* Expenditures are forecast to be \$1,197,000 over budget primarily due to expenses associated with transitioning operations to management company Spectra, including increased food and beverage expenses, security services, and custodial services, which are fully offset by revenues from Spectra.

3 Municipal Radio. Revenues are forecast to be \$429,000 under budget due to decreased local ad sales. Expenses are forecast to be \$131,000 under budget due to salary savings.

4 Sanitation Services.* The Sanitation Services (SAN) budget was increased by \$1,504,000 on April 24, 2019, by ordinance #31179 for increased equipment maintenance charges from aging fleet, increased landfill operating expenses associated with higher-than-normal rain in the fall, increased use of temporary help, and infrastructure repair at various SAN facilities. Expenses are forecast to be \$4,518,000 over budget primarily due to storm-related damage and cleanup, which may be offset by \$6,099,000 in additional forecasted revenues from stronger-than-anticipated landfill cash customers and residential revenues.

5 Water Utilities. Revenues are forecast to be \$48,331,000 under budget due to wholesale customers receiving a credit to revenues as a result of the Sabine River Authority (SRA) settlement, offset by fund balance, and decreased water consumption. Expenditures are projected to be \$41,623,000 under budget primarily due to a decreased capital construction transfer to offset the consumption-related revenue reduction.

6 Radio Services. Expenditures are forecast to be \$513,000 under budget due to lower Master Lease payments.

7 Equipment and Fleet Management.* The Equipment and Fleet Management (EFM) budget was increased by \$1,250,000 on April 24, 2019, by ordinance #31179 for overtime to support SAN fleet maintenance, cost increases for automotive parts, non-emergency wrecker price agreement, and anticipated new costs associated with the use of emergency wrecker services. Revenues and expenses are forecast to be \$503,000 over budget due to increased overtime for maintenance of SAN fleet and increased auto body work for DPD vehicles.

8 Express Business Center. Revenues are forecast to be \$310,000 over budget primarily due to a \$200,000 buyout of the City's Canon copiers as part of a new copier contract.

9 Employee Benefits. Expenditures are forecast to be \$1,314,000 over budget due to higher-than-anticipated voluntary benefit expenses.

*FY 2018-19 end-of-year appropriation adjustments approved by City Council on September 11, 2019, are not reflected in this report.

Financial Forecast Report

2017 GENERAL OBLIGATION BOND PROGRAM

Proposition	Authorized by Voters	Inception-to-Date Appropriations	Inception-to-Date Expenditures	Current Encumbered	Unencumbered
Street and Transportation [A]	\$533,981,000	\$123,536,948	\$55,327,246	\$45,642,402	\$22,567,300
Park and Recreation Facilities [B]	261,807,000	154,687,417	39,690,136	40,861,572	74,135,710
Fair Park [C]	50,000,000	27,570,000	3,575,012	5,492,133	18,502,855
Flood Protection and Storm Drainage [D]	48,750,000	19,048,499	992,240	3,300,516	14,755,743
Library Facilities [E]	15,589,000	14,088,998	717,704	5,930,401	7,440,893
Cultural and Performing Arts Facilities [F]	14,235,000	12,562,060	133,145	1,782,254	10,646,661
Public Safety Facilities [G]	32,081,000	29,511,956	3,708,872	1,892,570	23,910,515
City Facilities [H]	18,157,000	13,382,418	496,369	3,479,531	9,406,518
Economic Development [I]	55,400,000	19,462,200	1,304,463	11,012,200	7,145,537
Homeless Assistance Facilities [J]	20,000,000	2,000,000	3,200	12,839	1,983,962
Total	\$1,050,000,000	\$415,850,496	\$105,948,385	\$119,406,417	\$190,495,695

Note: The table above reflects expenditures and encumbrances recorded in the City's financial system of record. It does not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

DALLAS 365

The Dallas 365 initiative aligns 35 key performance measures to our six strategic priorities. The department responsible for each measure is noted at the end of the measure's description, and last year's performance is included, if available. Several measures are new for FY 2018-19, so actual performance data is not available (N/A) for last year.

An annual target has been established for each measure. The annual target is then broken down into a year-to-date (YTD) target, which represents October 1 through the current reporting period. Each month, we will compare the YTD target with the YTD actual performance reported by the responsible department and assign a YTD status based on how well actual performance compares to the target.

Measures are designated "on target" (green) if actual YTD performance is within 5 percent of the YTD target. Measures with actual YTD performance within 6 to 20 percent of the YTD target are designated in "caution" (yellow) status. If actual YTD performance is more than 20 percent from the YTD target, the measure is designated as "needs improvement" (red). For most measures, high values indicate positive performance, but for a few measures, the reverse is true. These measures are noted with an asterisk and include measures numbered 6, 8, 13 and 22. Variance notes are provided for each measure that is not on target.

 21

On Target

 8

Caution

 6

Needs Improvement

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Public Safety						
1	Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch (Fire-Rescue)	86.11%	90.00%	90.00%	83.60%	!
2	Percentage of EMS responses within five minutes (Fire-Rescue)	N/A	90.00%	90.00%	51.08%	✗
3	Percentage of responses to Priority 1 calls within eight minutes (Police)	N/A	60.00%	60.00%	52.20%	!
4	Percentage of 911 calls answered within 10 seconds (Police)	94.21%	91.00%	91.00%	93.89%	✓
5	Homicide clearance rate (Police)	78.35%	60.00%	60.00%	87.44%	✓
6	Violent crime rate (per 100,000 residents) (Police)*	N/A	767	639.17	561.41	✓
Mobility Solutions, Infrastructure, & Sustainability						
7	Percentage of annual bond appropriation committed (Bond Program)	N/A	90.00%	75.00%	57.00%	✗
8	Average response time to emergency sewer calls (in minutes) (Dallas Water Utilities)*	58.68	60	60	59.43	✓
9	Percentage compliance with state and federal standards and regulations for drinking water (Dallas Water Utilities)	100.00%	100.00%	100.00%	100.00%	✓
10	Number of street lane miles resurfaced (Public Works)	208.34	197	164.17	143.76	!
11	Percentage of potholes repaired within five days (Public Works)	N/A	98.00%	98.00%	91.97%	!
12	Percentage of streets with a Pavement Condition Index rating of C or better (Public Works)	N/A	77.40%	77.40%	77.40%	✓

DALLAS 365

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Mobility Solutions (cont.)						
13	Missed refuse and recycling collections per 10,000 collection points/service opportunities (Sanitation)*	12.83	11	11	13.21	⚠
14	Residential recycling diversion rate (Sanitation)	19.29%	19.00%	19.00%	17.76%	⚠
15	Percentage of surveyed street lights on major streets that are working (Transportation)	94.58%	96.00%	96.00%	95.00%	✅
Economic & Neighborhood Vitality						
16	Number of jobs created or retained through written commitment (Economic Development)	N/A	5,000	4,167	3,016	❌
17	Number of Dallas Homebuyer Assistance Program (DHAP) loans provided (Housing)	N/A	81	68	19	❌
18	Total number of new housing units produced (sale and rental combined) (Housing)	595	1,500	1,250	318	❌
19	Percentage of single-family permits reviewed in three days (Sustainable Development)	80.00%	85.00%	85.00%	86.50%	✅
20	Percentage of inspections performed same day as requested (Sustainable Development)	97.49%	98.00%	98.00%	96.35%	✅
Human & Social Needs						
21	Number of seniors served (Community Care)	1,833	4,500	3,750	6,290	✅
22	Number of days to resolve a homeless encampment site from date of service request to resolution (Homeless Solutions)*	16.31	21	21	17.92	✅
23	Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Homeless Solutions)	N/A	85.00%	85.00%	91.80%	✅
Quality of Life						
24	Number of single-family rental properties inspected (initial inspections and reinspections) (Code Compliance)	12,099	10,000	8,333	6,424	❌
25	Percentage of 311 Code service requests responded to within estimated response time (Code Compliance)	94.58%	96.00%	96.00%	86.30%	⚠
26	Percentage of food establishments inspected on schedule (Code Compliance)	N/A	95.00%	95.00%	95.00%	✅
27	Live release rate (Animal Services)	80.30%	81.00%	81.00%	85.08%	✅
28	Percentage increase in field impoundments over prior fiscal year (Animal Services)	17.32%	18.00%	18.00%	18.87%	✅
29	Number of library visits in person, online, and for programs (Library)	9,352,274	7,420,000	6,183,333	9,549,793	✅
30	Number of participants in adult education courses (ELL, GED, basic education, and citizenship) (Library)	N/A	25,000	20,833	21,119	✅
31	Percentage of cultural services contracts awarded to artists or small arts organizations (budgets less than \$100,000) (Cultural Affairs)	N/A	50.00%	50.00%	59.70%	✅
32	Percentage of residents within ½ mile of a park (Park and Recreation)	60.00%	63.00%	63.00%	69.00%	✅

DALLAS 365

#	Measure	FY 2017-18 Actual	FY 2018-19 Target	YTD Target	YTD Actual	YTD Status
Government Performance & Financial Management						
33	Percentage of 311 calls answered within 90 seconds (311)	56.46%	70.00%	70.00%	61.65%	⚠
34	Percentage of invoices paid within 30 days (City Controller)	95.51%	94.00%	94.00%	98.71%	✓
35	Percentage of dollars spent with local businesses (Business Diversity)	45.41%	50.00%	50.00%	48.91%	✓

VARIANCE NOTES

#1. Due to continued focus on driving safety, high numbers of new inexperienced firefighters, and an increase in heavy apparatus assignments to all "Potential Scenes of Violence." These apparatus must stay on location until police arrival, which affects response times for other fire emergencies nearby.

#2. Due to high EMS service demand/call volume and finite emergency resources. Units are often deployed from more distant fire stations to serve areas experiencing simultaneous 911 calls for EMS service. DFR is exploring how the tiered EMS software (Priority Dispatch) can help reduce response times over the next few months and has improved slightly since May.

#3. Due to lack of staff, although times have improved steadily over the year. An emphasis on recruiting, changes to Civil Service rules, and increased starting pay should lead to increased staffing and ultimately improved response times.

#7. Due to fluctuations in project award schedules and the complexity of consultant negotiations, which impacted construction schedules. Staff anticipates achieving 70% commitment by the end of the fiscal year.

#10. Production has increased each month since December due to seasonality of resurfacing efforts. An additional 88 lane miles are currently under construction, which will exceed Public Works' target for the year.

#11. Due to severe weather cleanup after the June 9 storm. Maintenance staff were redirected to respond to more than 1,600 calls regarding downed trees during June and July. Pothole response should improve beginning in August.

#13. Due to severe weather cleanup after the June 9 storm. Sanitation Services shifted focus to storm debris collection, resulting in staffing and equipment shortages, but normal bulk and brush collection have resumed for August.

#14. Due to seasonality. As temperatures rise throughout spring and summer, recycling diversion rates rise as well.

#16. Job creation through economic development incentives does not occur in a linear fashion. With the addition of 2,500 jobs from Uber and more than 300 jobs from Kroger in the final quarter, staff anticipates surpassing its annual job creation goal.

#17. FY 2017-18 program changes and updated homebuyer qualification guidelines will result in larger loans, but the process is more time-consuming, resulting in fewer loans.

#18. The 2018 Notice of Funds Available (NOFA) is expected to produce 800 units, and the single-family NOFA to be issued in 2019 is expected to produce an additional 200. Other units may be added through the Home Repair Program, the incentive zoning ordinance (if approved), and/or tax credit projects that do not require City funding.

#24. Due to system conversion, which interrupted service request data retrieval. Inspectors completed more than 2,200 inspections in July, and performance should continue to improve.

#25. Due to system conversion, which interrupted service request data retrieval. Performance has improved since January and should continue to increase.

#33. Attrition in agents trained to process calls has slowed, and performance continues to improve, exceeding 74 percent for July.

BUDGET INITIATIVE TRACKER

The Budget Initiative Tracker reports on 44 activities included in the FY 2018-19 and FY 2019-20 biennial budget. For each initiative included in this report, you will find the initiative number, title, description, and status. At the end of each description, the responsible department is listed. Each month, the responsible department provides a current status for the initiative and indicates whether the initiative is “complete” (blue circle), “on target” (green check mark), “caution” (yellow exclamation mark), or “canceled” (red x).



In the Spotlight



Code Compliance’s Neighborhood Code Representatives establish relationships with residents and institutions, educating them on common code violations and methods for abatement. Together, we are making Dallas a more livable, safe, and vibrant city by reducing the impact of illegal dumping, litter, and blight.

Budget Initiative Tracker

PUBLIC SAFETY**1 Police & Fire Uniform Pay**

INITIATIVE Increasing pay for police officers and firefighters (1) effective in October 2018 in accordance with the three-year Meet and Confer agreement, which calls for double-step pay increases of approximately 10 percent, adding a 2 percent top step, and increasing starting pay to \$51,688, and (2) effective in January 2019 in accordance with the City Council budget amendment to increase pay by three percent across the board, to a minimum of \$60,000. (Police and Fire-Rescue)

STATUS Uniform pay increases based on the current Meet and Confer agreement went into effect October 2018. On December 23, 2018, City Council authorized the City Manager to enter an Amended Meet and Confer agreement for additional uniform pay increases effective in January 2019.

2 Number of Police Officers

INITIATIVE Recruiting new police officers to bring the number of sworn employees at the end of FY 2018-19 to 3,050. (Police)

STATUS DPD anticipates hiring 281 officers this fiscal year with attrition of 235, for a total sworn strength projection of 3,074, surpassing the planned strength of 3,050.

3 Number of Firefighters

INITIATIVE Recruiting new firefighters to bring the number of sworn employees at the end of FY 2018-19 to 1,942. (Fire-Rescue)

STATUS Dallas Fire-Rescue hired 63 new recruits in July and anticipates attrition of 105 members, resulting in a year-end uniform headcount of 1,963, compared to the original forecast of 1,942.

4 Police and Fire Uniform Pension

INITIATIVE Contributing \$156.8 million, up \$6.1 million from the current year, to the Dallas Police and Fire Pension System to ensure a secure retirement for our first responders. (Police and Fire-Rescue)

STATUS The City pension contributions are being made in compliance with HB 3158 approved by the state legislature in 2017.

5 Security of City Facilities

INITIATIVE Consolidating security for City facilities into Court and Detention Services and conducting a comprehensive risk assessment to identify future security needs for City facilities and programs. (Court and Detention Services)

STATUS City Council approved a one-year consultant contract on May 22 for a security assessment of City facilities and development of a Citywide security strategy, including recommendations for staffing and equipment enhancements.

6 School Crossing Guards

INITIATIVE Investing more than \$5 million in a school crossing guard program to protect Dallas students. (Court and Detention Services)

STATUS All City Management Services, Inc. (ACMS) provided crossing guard services to numerous elementary schools hosting summer school in June 2019. The City recently received its second payment distribution from Dallas County and is working with them to ensure we receive revenue on a more timely basis in the future.

7 P-25 Radio System

INITIATIVE Expanding radio coverage area, improving system reliability, lowering operating costs, and improving interoperability across City departments and with other public safety agencies through implementation of the new P-25 radio system. (Communication and Information Services)

STATUS The project team has completed analysis of various radio towers that may have been impacted by potential land reuse plans. Alternative plans are in place for 3131 Dawson St. and Hensley Field. All other sites have been verified. The new go-live date is September 2021, about nine months later than originally estimated. The project team is currently assessing cost impacts of the delay.

8 Firefighter Safety

INITIATIVE Protecting the safety of DFR officers by replacing all self-contained breathing apparatus (SCBA) in phases and providing a second set of personal protective equipment (PPE) to allow for cleaning equipment between fires. (Fire-Rescue)

STATUS Specifications for the second set of PPEs and SCBA replacements had to be updated to include gloves and hoods. DFR anticipates advertising in mid-September, wear-testing in October, and submitting the master agreement award for City Council consideration in December.

9 911 Operations Center

INITIATIVE Furthering the City's investment in the 911 emergency system with additional technology and expanded backup capacity. (Communication and Information Services)

STATUS CIS has ordered equipment for the backup CAD system. CIS has also received the quote for the Dual Production Public Safety Answering Point (PSAP) solution for the backup site, and the contract with AT&T has been amended to allow for additional capacity and functionality. The City Attorney's Office has approved the contract, and CIS is working with the vendor to ensure an October delivery date.

Budget Initiative Tracker

MOBILITY SOLUTIONS, INFRASTRUCTURE, & SUSTAINABILITY

10 Street Conditions

INITIATIVE Investing more than \$125 million of bonds and cash to improve the driving condition of city streets. (Public Works)

STATUS To date, Public Works has completed 646 resurfacing, maintenance, and improvement projects, or 350 of 820 lane miles budgeted for FY 2018-19. The majority of remaining projects are microsurfacing/slurry projects, which can be completed quickly. Public Works is on target to complete all projects programmed for this fiscal year.

11 Intersection Safety

INITIATIVE Leveraging \$10 million of federal Highway Safety Improvement Program (HSIP) funds with approximately \$2 million in City funds to improve safety at high-crash locations. (Transportation)

STATUS City Council approved the first Local Project Advanced Funding Agreement (LPAFA) with TxDOT on June 26. Four additional LPAFAs are scheduled for City Council consideration on September 25.

12 Alley Access

INITIATIVE Creating a \$1.8 million cross-departmental pilot program to improve alley access for residents and utilities. (Sanitation, Water Utilities, and Public Works)

STATUS By the end of September, Public Works will have completed maintenance on 90 unimproved alleys (10.3 miles) through the Unimproved Alley Maintenance Program, exceeding its goal of 80.

13 Bike Lanes

INITIATIVE Expanding bike lanes and improving mobility by increasing the current \$500,000 budget by \$500,000 per year for each of the next three years to achieve a \$2 million per year investment starting in FY 2020-21. (Transportation)

STATUS Two awards for bike lane projects totaling about \$500,000 have been delayed: 0.62 miles in conjunction with Public Works' project on Sylvan Ave. between Fort Worth Ave. and Singleton Blvd. and 0.3 miles in conjunction with construction of Highland Rd.

14 OneWater Consolidation

INITIATIVE Combining water, wastewater, and stormwater into one utility to provide comprehensive management of Dallas' valuable water resources. (Water Utilities)

STATUS DWU is working with the Office of Budget and City Controller's Office on next steps for assigning fixed assets to the appropriate utility service. Consolidation and relocation of staff is expected to be complete by September.

15 Environmental Plan

INITIATIVE Completing an environmental plan that includes solutions to address climate change by using \$500,000 available revenue received from the previous plastic bag ordinance and fee. (Office of Environmental Quality)

STATUS Since April, staff has hosted six public engagement meetings and attended 40 community meetings by request. About 1,235 people responded to the survey, providing more than 3,200 responses in the plan's seven focus areas. Staff will conduct a second round of community engagement in the fall to gauge acceptance of the proposed plan actions. OEQS is on track to produce a draft CECAP by the end of the calendar year with adoption prior to April 2020.

16 Traffic Signals

INITIATIVE Repairing traffic signals by 1) responding to traffic signal knockdowns and underground cable repairs and 2) replacing broken vehicle detectors at 40 traffic signals across the city. (Transportation)

STATUS This initiative is funded in FY 2019-20, the second year of the biennial.

17 City Facility Major Maintenance

INITIATIVE Repairing City-owned facilities through a \$7 million deferred maintenance program. (Building Services)

STATUS Of the \$6 million allocated for general City facilities, nearly \$5.1 million in projects are complete. Recently completed projects include ceiling repairs at Fire Station #20, ADA-compliant ramps at the south entrance to City Hall, Phase II skylight repairs at the Meyerson Symphony Center, and roof repairs at Harry Stone Recreation Center.

The remaining \$1 million allocated for deferred maintenance is for cultural facilities: \$800,000 at City-owned facilities and \$200,000 for other cultural facilities. Projects estimated at \$700,000 are in progress, including HVAC, interior, and exterior repairs at various cultural centers and facilities.

18 Neighborhood Drainage

INITIATIVE Implementing a new stormwater program dedicated to neighborhood drainage, which will focus efforts on neighborhood outreach and preventing flooding in local streets. (Water Utilities)

STATUS DWU's FY 2019-20 budget proposal includes funding for personnel, equipment, and contracts for increased neighborhood drainage maintenance. In addition to reclassifying and advertising the Sr. Program Manager position, additional requisitions are being opened for the newly designated Neighborhood Drainage Division of DWU.

Budget Initiative Tracker

ECONOMIC & NEIGHBORHOOD VITALITY**19 Property Tax Rate** 

INITIATIVE Reducing the property tax rate by 0.37¢, making FY 2018-19 the third consecutive year with a tax rate reduction. (Office of Budget)

STATUS City Council approved a 0.37¢ property tax reduction on September 18, 2018. Dallas County Tax Office distributed property tax bills and will collect revenue on behalf of the City.

20 Housing Policy 

INITIATIVE Implementing the Comprehensive Housing Policy approved by City Council in May 2018 to create and preserve housing throughout the city. (Housing and Neighborhood Revitalization)

STATUS On May 22, City Council approved an amendment to the Comprehensive Housing Policy adding a new Land Transfer program to facilitate the sale of tax-foreclosed and City-owned lots for affordable housing and other redevelopment activities. The Housing Policy Task Force committees continue to meet monthly to provide stakeholder input that informs implementation of the Comprehensive Housing Policy.

21 Stabilization and Emerging Market Areas 

INITIATIVE Targeting \$1 million to historically underserved areas at risk of displacement because of changing market conditions, as well as areas in need of intensive environmental enhancements, master planning, and formalized neighborhood organizations. (Housing and Neighborhood Revitalization)

STATUS HOU is reviewing proposals for a pilot program in three to five areas of south Dallas that will help income-eligible individuals obtain marketable/insurable title to their property. The pilot program will provide (1) legal services to create marketable title on a significant number of properties and (2) associated services, including information sessions, client intake, prevention, and program evaluation. Staff anticipates submitting a contract for City Council consideration in September.

About \$400,000 has also been allocated to purchase equipment for Code Compliance's Community Clean! initiative, which will engage residents in emerging markets to reduce instances and mitigate the impacts of illegal dumping, litter, and high weeds.

22 One-Stop Permitting 

INITIATIVE Offering an online one-stop shop for residents and businesses to submit construction plans to the City. (Sustainable Development and Construction)

STATUS Phase 2 of the Electronic Plan Review System is on track, which will allow inspectors to view and comment on electronic plans submitted online. The next part of Phase 2 will include enhanced features to improve efficiency, such as a more robust interface that will eliminate duplicate data entry.

23 Historic Resource Survey 

INITIATIVE Devoting \$100,000 to conduct a historic resource survey with private partners. (Sustainable Development and Construction)

STATUS Staff anticipates submitting the contract for City Council consideration on November 13.

Budget Initiative Tracker

HUMAN & SOCIAL NEEDS**24 Homelessness Programs** 

INITIATIVE Addressing homelessness holistically, including \$2.3 million for strengthening the homeless response system, providing improved supportive housing for chronically homeless seniors, leveraging innovative and collaborative “shovel-ready” projects for affordable housing units, and developing a landlord subsidized leasing program. (Office of Homeless Solutions)

STATUS City Council approved all contracts on June 26 to strengthen the homeless response system and increase landlord participation in the landlord subsidized leasing program (track 3 of the Homeless Solutions Strategy). OHS is now working with vendors on program implementation.

25 End Panhandling Now 

INITIATIVE Increasing funding for the End Panhandling Now initiative to \$415,000 and continuing public education on ways to effectively assist those in need. (Office of Community Care)

STATUS The Office of Community Care is working with the Office of Homeless Solutions to improve services and referral coordination to best meet the needs of panhandling clients. The “change” campaign is complete and included DART bus ads, electronic billboards, and streaming radio ads.

26 Citizenship Programs 

INITIATIVE Committing \$175,000 to partner with nonprofit organizations to offer civil legal services and promote citizenship to immigrants. (Office of Welcoming Communities and Immigrant Affairs)

STATUS WCIA has signed contracts with the selected citizenship services vendors from Group 1 and Group 2; the contract for Group 3 is being finalized. The City Attorney’s Office and WCIA are working with the Vera Institute of Justice on a contract for civil legal services.

27 Equity 

INITIATIVE Creating an Office of Equity and Human Rights (OEHR) to promote equity as one of the City’s core values and focus on fair housing. (Office of Equity and Human Rights)

STATUS The Equity Core Team has received more than 26 hours of training from the Government Alliance on Race and Equity to develop pilot equity projects and a racial equity action plan for the City.

28 FreshStart Re-Entry Program 

INITIATIVE Increasing funding by \$235,000 for the FreshStart re-entry program to support the transition of formerly incarcerated individuals into the community. (Office of Community Care)

STATUS The Office of Community Care continues to coordinate with other departments to place candidates as part of the FreshStart employment initiative. OCC offers screening and referral services and coordinates with local community organizations and Workforce Solutions to identify candidates. The program has placed 25 candidates in full-time positions, and nine City departments are participating so far.

Budget Initiative Tracker

QUALITY OF LIFE

29 Fair Park

INITIATIVE Transitioning Fair Park's daily operation from City management to Fair Park First, a nonprofit subcontracting with a private management company to expand fundraising opportunities, improve operations, and make capital improvements. (Park and Recreation)

STATUS Fair Park First (FPF) hosted a community meeting on August 13 to solicit resident feedback on their priorities for the park, the beginning of a nine-month long community engagement effort.

FPF also released a Request for Information from organizations and business owners interested in long-term tenancy at Fair Park. FPF will evaluate responses and present its recommendations to the FPF Board by the end of February 2020. Proposals approved by the FPF Board will then be presented to the City of Dallas Park Board, Landmark Commission, and City Council for review, recommendation, and approval.

30 Dangerous Animals

INITIATIVE Allocating \$410,000 to mobilize a team in Dallas Animal Services dedicated to dealing with aggressive and dangerous animals and preemptively reducing bites. (Dallas Animal Services)

STATUS Dallas Animal Services (DAS) has deployed a team of four officers and a supervisor specifically focused on impounding aggressive and dangerous loose dogs in high-risk areas, with the intention of reducing potential bites. Through August 2019, DAS' collective loose dog intake is up 20.7% year-over-year, while loose dog bites are down 7.66%.

31 Neighborhood Code Representatives

INITIATIVE Adding \$650,000 for seven Neighborhood Code Representatives (NCR), further improving outreach efforts and providing more liaisons to address community issues. (Code Compliance)

STATUS All seven NCR positions have been filled, and staff have started working in neighborhoods to engage and educate residents and address various issues they face.

32 Library RFID

INITIATIVE Implementing a \$2 million Radio Frequency Identification (RFID) system throughout our library system to improve security and better manage our materials and assets. (Library)

STATUS City Council approved a five-year turnkey acquisition and service price agreement on June 26 for the purchase of an RFID system. The project team is finalizing the project charter and scheduling a project kickoff meeting.

33 Aquatic Facilities

INITIATIVE Expediting the opening of three aquatic facilities for summer 2019. (Park & Recreation)

STATUS The Lake Highlands North, Kidd Springs, and Tietze aquatic facilities were opened in time for the 2019 summer season. The centers feature various amenities, as well as pavilion and table reservations and private rental options outside of operating hours.

34 Park and ISD Partnerships

INITIATIVE Partnering with school districts to offer more green spaces and parks. (Park and Recreation)

STATUS The Trust for Public Land released its official report on the percentage of residents within a 1/2-mile (10-minute walk) of a park or green space in May. As a result of the DISD and RISD partnerships, the percentage increased to 69%, exceeding the anticipated target of 63%.

35 WellMed Senior Programs

INITIATIVE Investing in programs for all ages by partnering with the nonprofit WellMed Charitable Foundation to open a new health and wellness center for residents age 60 and older. (Park and Recreation)

STATUS The WellMed Charitable Foundation Senior Activity Center at Redbird Square opened in December 2018. The center is designed to keep adults age 60 or older healthy and active at no cost to participants.

36 Cultural Plan

INITIATIVE Adopting the Dallas Cultural Plan 2018. (Office of Cultural Affairs)

STATUS City Council unanimously adopted the Dallas Cultural Plan 2018 and an updated Cultural Policy on November 28, 2018. Implementation of key initiatives began immediately after adoption.

Budget Initiative Tracker

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

37 Off-Site City Council Meetings

INITIATIVE Expanding opportunities for residents and Council to engage by hosting mobile City Council meetings. (Mayor and City Council)

STATUS The third off-site meeting took place August 14 at Lake Highlands North Recreation Center.

38 Council District Offices

INITIATIVE Expanding opportunities for residents and Council to engage by expanding the district office program. (Mayor and City Council)

STATUS The District 10 community office opened April 12 at the Northeast Service Center. City Council now has six district offices, representing seven districts.

39 Census 2020

INITIATIVE Encouraging participation in Census 2020, including \$75,000 for the Mayor's Complete Count Committee. (Office of Strategic Partnerships and Government Affairs)

STATUS OSPGA presented the Census 2020 Strategic Plan to City Council on Sept. 18. On Sept. 25, City Council will consider an interlocal agreement with Dallas County to procure a vendor who will support ongoing regional outreach efforts.

40 Office of Innovation

INITIATIVE Establishing an Office of Innovation, which will lead City staff in efforts to improve service, increase efficiency, and be more responsive to community input. (Office of Innovation)

STATUS The Office of Innovation anticipates hiring its first Data Scientist and Service Design Strategist by the end of the fiscal year. The former will spearhead better analysis and use of City data, while the latter will apply design thinking and an equity lens to City programs.

41 ADA Compliance

INITIATIVE Investing \$200,000 to develop an Americans with Disabilities Act (ADA) transition plan that enhances the City's ADA compliance and addresses accessibility issues in City facilities. (Office of Equity and Human Rights)

STATUS OEHR has selected a vendor and is finalizing pricing under the rules outlined for professional services. Staff anticipates submitting the contract for City Council consideration in September.

42 Availability & Disparity (A&D) Study

INITIATIVE Conducting a minority business study to inform decision makers on how the City can better support small and local businesses. (Office of Business Diversity)

STATUS Phase 1 of the A&D study was completed July 31. Deliverables include the Relevant Market Area Analysis and Utilization Analysis reports. Phase 2 of the study—including benchmark comparisons, availability analysis, a workforce study, and additional public engagement meetings—began August 1.

43 Compensation Study

INITIATIVE Complete a comprehensive study of the City's position classification and compensation systems. (Human Resources)

STATUS City Council approved the two-year consultant contract for the compensation study on August 28.

44 WorkDay HR/Payroll System

INITIATIVE Implementing a new human resource and payroll system and evaluating an additional module for uniformed employee scheduling. (Communication and Information Services)

STATUS The Project Governance Board is re-evaluating project timelines, with guidance from our vendors, and will provide updated schedules for additional testing, as well as a new go-live date. The Board is also assessing length, terms, and conditions for extensions of dependent contracts.



Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Retiree 2020 Health Benefits**

During the week of August 21 – 27, 2019, and on September 17, 2019, staff met with council members and provided an update on the City's 2020 health benefit plans for employees and retirees. Staff also communicated that we would provide talking points to assist councilmembers in responding to questions they may receive from retirees about the changes in subsidy levels. The attached document provides a brief overview and answers to the questions most frequently asked by retirees.

For your information, on Thursday, September 26, 2019, staff hosted at Dallas City Hall, with United Healthcare, the first benefit information session for pre- and post-65 retirees. More than 300 individuals were in attendance. Retirees were presented with the 2020 health plans and rates. Some of the plan participants are impacted by the reduction in health plan subsidy for their spouses and dependents. Staff will continue to work with retirees to provide information as they consider their best options during this 2020 open enrollment process.

As a reminder, we will issue a formal Request for Proposal (RFP) in early 2020 to begin the solicitation process for new competitive benefit options for both active employees and retirees in 2021 and beyond

Thank you for your support during this process. Staff is available to provide any additional information you may need in this regard. Should you have any questions about the retiree plans and rates, please contact myself or Nina Arias, Director of Human Resources at (214) 671-9050.

A handwritten signature in black ink, appearing to read 'Kimberly B. Tolbert'.

Kimberly Bizer Tolbert
Chief of Staff to the City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
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Directors and Assistant Directors

City of Dallas 2020 Retiree Health Plans Subsidies - Talking Points

Background

- The City of Dallas (COD) currently subsidizes the monthly health plan premiums for retirees hired pre and post 2010, including their spouses and dependents. The amount of the subsidy for spouses and dependents varies by health plan and category and ranges from 0% to 52%.
- For 2020, the COD will begin to align the retiree health plan rates to provide greater subsidy level for “retirees only” and gradually decrease subsidy for spouses and dependents over the next 4 - 5 years. As a result of this change, rates for pre- and post-65 retirees will change for those presently receiving subsidies for their spouses and dependents covered on a City of Dallas health plan.
- There are approximately 1,700 pre-65 retirees and 3,242 post-65 retirees that may be impacted by this change in subsidy for spouses and dependents.

What is the impact for 2020?

- The City of Dallas truly values the contributions of its retirees and we know how important it is to have access to healthcare.
- As adopted by the City Council in the FY19/20 Operating Budget, for 2020, the City will increase the monthly health plan subsidy for the “retiree only” from an average of 42% to an average of 45% per month (for those hired prior to 2010) and that are in a COD health plan.
- This increase in subsidy for “retirees only” will provide an average savings of \$29.00 per month for those that choose the Co-pay or HRA plans.
- The City of Dallas will continue to propose increases in the subsidy for “retiree only” to a maximum of 50% over the next 4-5 years.
- Financial subsidy for the spouses and dependents will be proposed to gradually be phased out over the next 4-5 years.
- This will prevent a major immediate impact to retirees and provide retirees over the next 4-5 years the time to explore other coverage options or financially prepare for unsubsidized coverage.
- Subsidies for retirees hired after 2010, their spouses and families will be eliminated. This change is consistent with the City Council action taken on September 22, 2010 to amend the Personnel Rules Health Benefits, Section 34-32. (5) as follows:
 - **“A person hired as a city employee on or after January 1, 2010 who retires from the city may participate in the retiree health benefit program but the cost of the continued health benefits coverage must be paid entirely by the person.”**
- The City has identified alternate non-COD coverage options and will be sharing this information with Retirees. Those options will include direction to the Public Exchange, Agent Directed Individual Coverage, or Private Individual Exchange Coverage as an alternate to COD coverage.

How much will the retiree plan cost the retiree this year?

Pre-65 Retirees

- Like for our active employees, Cigna is the third-party administrator for the pre-65 retiree **self-funded** health insurance program.
- For 2020, for pre-65 retirees hired prior to 2010, the City of Dallas will provide:
 - A 45% subsidy to the monthly health plan premium for the retiree-only rate.
 - A 33% subsidy for the retiree/spouse rate and the family rates.
 - A flat rate subsidy for surviving spouses and children of pre-65 retirees.
- There is no subsidy for retirees hired after 2010.

Post-65 Retirees

- Health benefit plans are fully insured and managed by United Healthcare, Medicare and supported by AARP. All of these entities have impact upon the rates and plans offered to this group of retirees (they determine the rates).
- For 2020, for post-65 retirees hired prior to 2010, the City of Dallas will provide:
 - Two (2), fully insured Medicare Advantage PPO plans.
 - A 25% subsidy for retiree only plans.
 - See rates below in Table B for the 2020 Medicare Advantage PPO Plans designed for our post-65 retirees.
- There is no subsidy for retirees hired after 2010 (please refer to the September 28, 2010 City Council action on the previous page).

Elimination of Plans F and C for Post-65 Retirees

- There is new legislation affecting Plans F and C and these plans will **not** be offered to new enrollees turning age 65 after January 1, 2020. Therefore, the City of Dallas has eliminated these Plans effective January 1, 2020.
- COD retirees currently enrolled in Plans F and C provided by UnitedHealthcare have the option to decline the COD plan and remain with UnitedHealthcare. However, retirees who choose to remain on the UnitedHealthcare Plans F or C will be direct billed by UnitedHealthcare and will permanently lose eligibility to enroll in a City of Dallas health plan.

Where do I go if I have questions?

The full retiree enrollment guide, including rates is available on the City of Dallas website at:

<https://dallascityhall.com/departments/humanresources/benefits/Pages/retiree.aspx>

You can also visit or call:

Dallas City Hall, 1500 Marilla Street
Room 1D-South, Dallas, Texas 75201
Phone: 214-671-6947, Option 1

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **City of Dallas Agenda Changes**

In August 2018, the City completed Phase 1 of its transition to a new Council Agenda Preparation System (CAPS) called Legistar. Phase 1 focused on the internal process specific to the development of agenda items and the creation of the agenda as posted for public use. Following Phase 1, staff embarked on the implementation and completion of Phase 2 which includes launching the external facing components of CAPS through the platforms, InSite and iLegislate.

InSite Legistar Application

InSite is the legislative portal through which agendas for City Council Voting Agendas, Briefing Agendas, and Committees are now published. The link to the new portal is:

cityofdallas.legistar.com

If you would like a quick tutorial on how to utilize the new Legistar portal, please contact Carrie Rogers, Director of the Mayor and City Council Office. Provided below are the links to access the respective agenda pages with prior City Council items and agendas:

City Council Voting Agendas

Agendas between 2007 and 2018 are available on the previous City Council Agenda page <https://dallascityhall.com/government/Pages/Council-Agenda.aspx>

City Council Briefing Agendas

Agendas between 2007 and 2018 are available on the previous City Council Briefings page: <https://dallascityhall.com/government/Pages/CouncilBriefings.aspx>

City Council Committees

Agendas between 2005 and 2019 and beyond are available on the City Council Committees page: <https://dallascityhall.com/government/Pages/Committee-Meetings.aspx>

The City's website has also been updated with links redirecting visitors to the new portal. The official meeting minutes will continue to be hosted and managed by the City Secretary's Office and a tab for the minutes is available on InSite for users to be redirected.

DATE October 4, 2019
 SUBJECT City of Dallas Agenda Changes

iLegislate

iLegislate is an application that enables City Council and staff to view agendas, attachments, and bookmark agenda items posted to InSite. By now, you should have the application loaded to your electronic device of choice (i.e. iPad, laptop, Surface, etc.). Training was provided to Council Office Staff on August 30 along with a desk guide on using iLegislate. Additional training was provided on October 4.

Name	Meeting Date	Meeting Time	Meeting Location	Meeting Details	Agenda
City Council	10/23/2019	9:00 AM	Council Chambers, City Hall	Meeting details	Not available
Briefing	10/16/2019	9:00 AM	City Hall	Meeting details	Not available
City Council	10/8/2019	9:00 AM	Council Chambers, City Hall	Meeting details	Not available
Briefing	10/2/2019	9:00 AM	City Hall	Meeting details	Agenda

In addition to the components detailed above, the posted agenda have a slightly modified look. File ID numbers and attachments to agenda items are hyperlinked and redirect users to InSite or they can download the attachment to their computer. **The combined PDF of all attachments for agendas and briefings are accessible via iLegislate and can be navigated through the bookmark tab on the left side of the screen.** Below is an example of the revised look:

Department of Public Works

7. [19-429](#) Authorize a professional services contract with Burgess & Niple, Inc. for the engineering design of Street Reconstruction Group 17-4008 (list attached to the Agenda Information Sheet) - Not to exceed \$336,900.26 - Financing: Street and Transportation (A) Fund (2017 Bond Funds) (\$288,970.26) and Water Utilities Capital Improvement Funds (\$47,930.00)

Attachments: [List](#)
[Maps](#)
[Resolution](#)

8. [19-618](#) Authorize a professional services contract with Freese and Nichols, Inc. for the engineering design of Complete Street Reconstruction Project - Casa View Street Improvements - Not to exceed \$617,147.57 - Financing: Street and Transportation (A) Fund (2017 Bond Funds) (\$590,274.57) and Water Utilities Capital Improvement Funds (\$26,873.00)

Attachments: [Map](#)
[Resolution](#)

DATE October 4, 2019
SUBJECT **City of Dallas Agenda Changes**

Thank you for your patience as we move the City towards a more streamlined process and user-friendly council agenda system. As always, we welcome any feedback you may have regarding the new processes and systems.

Should you have any questions or concerns, please contact Carrie Rogers, Director of the Mayor and City Council Office, at 670.5682.

In the spirit of excellence!!



T.C. Broadnax
City Manager

c: Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
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Laila Aleqresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **October 8, 2019 City Council FINAL Agenda - Additions/Revisions/Deletions**

On September 27, 2019, a DRAFT City Council Agenda for October 8, 2019 was provided for your review. This memo outlines any additions, revisions or deletions made to the FINAL agenda after the distribution of the DRAFT agenda.

Additional items and deletions to the DRAFT agenda are outlined below, including *revisions* to the FINAL agenda are underlined in blue and *deletions* are strikethrough in red.

Additions:

35. 19-1579 A resolution **(1)** declaring the second Monday in October as Indigenous Peoples' Day in the City of Dallas; **(2)** affirming the City's willingness to participate in annual celebration activities and promote the wellbeing and growth of the City's American Indian and Indigenous community; **(3)** encouraging public schools to include the teaching of Indigenous Peoples' history; and **(4)** encouraging businesses, organizations, and public institutions to recognize Indigenous Peoples' Day - Financing: No cost consideration to the City (via Councilmembers Narvaez, Bazaldua, Mayor Pro Tem Medrano, West, and Atkins)
36. 19-1503 An ordinance repealing Section 31-35, "Solicitation by Coercion; Solicitation Near Designated Locations and Facilities; Solicitation After Sunset; Solicitation-Free Zones of Chapter 31, "Offenses - Miscellaneous," of the Dallas City Code - Financing: No cost consideration to the City (via Councilmembers Arnold, Narvaez, Mayor Pro Tem Medrano, Bazaldua, and Atkins)
37. 19-1439 Authorize a lease agreement with Dallas Jet Holdings, LLC at Dallas Executive Airport ("Airport") for approximately **(1)** 824 square feet of lobby and office space within the Airport terminal; and **(2)** 97,049 square feet of Airport land and facilities for aviation related operations - Estimated Revenue: \$8,741,094.06 over the initial term of the lease (This item was deferred on September 11, 2019 and reconsidered on September 25, 2019)

DATE October 4, 2019

SUBJECT **October 8, 2019 City Council FINAL Agenda - Additions/Revisions/Deletions**

Deletions:

17. 19-1037 Authorize a three-year service price agreement for the rental of cranes with operators for the Equipment and Fleet Management Department - TNT Crane & Rigging, Inc., lowest responsible bidder of two - Estimated amount of \$306,719 - Financing: General Fund

Thank you for your attention to these changes. If you have any questions, please contact Kimberly Bizer Tolbert, Chief of Staff at 214-670-3302.



T.C. Broadnax
City Manager

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Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item #13, October 8, 2019 –Senior Employment Initiative Program**

The following Office of Community Care (OCC) item will be considered by City Council on the October 8, 2019 Agenda:

Authorize a one-year service contract, with two one-year renewal options, to provide employment assistance to low-and moderate-income seniors as part of the City of Dallas' Senior Services Employment Initiative Program with Dallas County Community College District, on behalf of Mountain View College, most advantageous proposer of four – Not to exceed \$137,280.00 – Financing: General Fund (subject to appropriations)

The Senior Services Employment Initiative Program provides seniors 60 years and older with employment assistance and training to obtain and maintain employment. According to the National Institute on Retirement Security, almost 40 million households (with a head of households between the ages of 25 and 64) have \$4.3 trillion dollars fewer in savings than they should have for retirement. With the gap in retiring savings, many seniors need to work beyond the traditional age of retirement. Changing needs from employers and lack of needed skill sets has made it increasingly important for seniors to seek training and assistance in obtaining employment.

On July 12, 2019, a Request for Proposal (RFP) was sent out by the Office of Procurement Services (BC19-00010981) for the Senior Services Employment Initiative Program. This program is needed, to help those seniors who seek job skills training to obtain or maintain a job, and that pay a livable wage. Four proposals were submitted, and an evaluation committee recommended funding for Mountain View College's Senior Force program proposal.

The Senior Force Initiative seeks to train and employ those over age 60 by preparing them for a transitioning workplace with a need for technological skills that increases every year. The Senior Force is necessary to re-engage and prepare adult seniors, for employability in the current workforce. Mountain View College will provide six-training classes for senior adult participants to prepare them for job placement in a transitioning workforce. The classes will be completed in a four-week training format before job placement assistance. These classes include Customer Service Frontline Fundamentals, Help Desk Call & E-Mail Essentials, Introduction to Computers, Introduction to Word Processing, Introduction to Spreadsheets and Microsoft Excel, and Employability for Seniors/Combined – Resume Writing/Interview Skills/Redefining Your Career & Understanding Your New Industry/Skills Assessment.

Mountain View College offers employment assistance to all participants upon the completion of the Senior Force Initiative. Each participant will receive a Continuing Education Skills Award, and a Continuing Education transcript with completed hours. They will track participants for up to 90 days post placement.

DATE October 4, 2019
SUBJECT **Upcoming Agenda Item #13, October 8, 2019 –Senior Employment Initiative Program**

The Senior Service Employment Initiative Program supports Doman 5 of the Age Friendly Dallas Plan which aims to establish an age-friendly community that provides ways older people can, if they choose to, work for pay, volunteer their skills, and be actively engaged in community life. The Age Friendly Dallas Plan was supported by the Senior Affairs Commission and approved by City Council on May 22, 2019.

Should you have any questions or concerns, please contact myself or Jessica Galleshaw, Director of Office of Community Care.



Nadia Chandler Hardy
Assistant City Manager and Chief Resilience Officer

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
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Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Agenda Item #37, October 8, 2019 – Lease Agreement with Dallas Jet Holdings, LLC**

On September 11, 2019, City Council deferred this item for 30 days. On September 25, 2019, a motion to reconsider the item was approved. Pursuant to City Council Rules of Procedure actual reconsideration of the item is scheduled for the October 8, 2019 voting agenda meeting.

The October 8, 2019, City Council agenda includes a recommendation to authorize a lease agreement with Dallas Jet Holdings, LLC (“Dallas Jet”).

Dallas Jet is a subsidiary of Aero Management Group, Inc. (“AMG”) which operates independent fixed-base operator (“FBO”) facilities at multiple general aviation airports around the United States and would now like to establish a presence in north Texas by expanding its operations to Dallas Executive Airport (“Airport”). AMG will be providing various FBO services at the Airport including fueling, aircraft tie-downs, parking, hangar services, flight instruction, aircraft rentals, and aircraft charter services.

Should the City Council approve the lease, the City would lease Dallas Jet approximately 97,049 square feet of land and facilities at the Airport for its new FBO operation for an initial term of twenty years, with two ten-year renewal options. This consists of six City-owned hangars for aircraft storage and an additional City-owned hangar with an attached front lobby and supporting office space for the FBO’s business operations.

The City would also lease Dallas Jet approximately 824 square feet of lobby and office space within the Airport terminal for an initial term of five years, with four five-year renewal options. The lease of this specific terminal space may be terminated by either party for any reason upon 180 days’ written notice. Additionally, within three months of the effective date of the lease, Dallas Jet is required to improve the Airport terminal space and will use it as a main operations area while renovations and improvements (that are required by the lease) are being completed on the hangar lobby and office areas. Pursuant to the terms of the lease, Dallas Jet will be required to, no later than twenty-four months from the effective date of the lease, expend no less than \$250,000.00 on renovations and improvements to the hangar lobby and office areas. These renovations and improvements must be completed within forty-eight months. Dallas Jet will also pay the City additional rent in the form of a two percent share of its monthly gross receipts from all ancillary services and fuel sales (excluding collected hangar rent) provided by Dallas Jet. In addition to the rent and additional rent, Dallas Jet has agreed to a minimum fuel sale guarantee of no less than 24,268,652 gallons of fuel during the twenty-year initial term of the lease.

DATE October 4, 2019

SUBJECT **Agenda Item #37, October 8, 2019 – Lease Agreement with Dallas Jet Holdings, LLC**

Ultimately, this lease will generate an estimated revenue of approximately \$8,700,000.00 to the City over the initial twenty-year term and will bring new amenities and business operations to the Airport which will foster and facilitate continued future development at the Airport.

On September 6, 2019, the Director of the Department of Aviation executed a temporary month-to-month lease with Dallas Jet in order to address certain logistical concerns prior to the proposed effective date of the long-term lease. This temporary month-to-month lease can be terminated at any time by the City and cannot extend beyond one year. It is the understanding of the parties that this short-term lease will be terminated upon the execution of the long-term lease.

For your information, on September 28, 2019, TxDOT Aviation received an inquiry from Brian Myler, General Manager, Ambassador Jet Center, regarding the potential unfair competitive advantage of leasing Airport terminal space to a new FBO and whether that lease would violate any grant assurances related to the 2004-2005 Terminal Building project at the Airport.

TxDOT responded, affirming the city is obligated under grant assurances to make space available to support aeronautical activity. Further, the airport has a duty to negotiate in good faith if space is available. As such, the Airport would not be in violation of original grant agreements for the construction of the building, or in violation of grant assurance obligations under economic non-discrimination.

The Department of Aviation has, in good faith, offered to negotiate equitable terms with Ambassador Jet Center for the lease of space in the Airport terminal. The Department of Aviation looks forward to continuing to work with this valued Airport tenant on any proposed use of Airport terminal space.

If you have any questions or require further information, please feel free to contact me or Mark Duebner, Director of Aviation.



Kimberly Bizzor Tolbert
Chief of Staff to the City Manager

C: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
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Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Texas House Redistricting Committee Hearing**

On October 10, 2019, the Texas House Redistricting Committee will meet to hear invited and public testimony at Dallas City Hall in the Council Chamber at 4:00 pm.

The purpose of the Committee's interim field hearings is to solicit public input on the 2021 legislative redistricting process and provide context to the official 2020 Census data that the 87th Legislature will receive by April 2021. Since the Legislature will not receive official data from the U.S. Census Bureau until the 87th session is underway, these interim field hearings seek to maximize the opportunities for Texans to share information they believe relevant to the upcoming redistricting process, including information about communities of interest within our state. Invited testifiers include the Texas Demographic Center and the Texas Legislative Council.

If you have any questions regarding the hearing, please contact Clifford Sparks, State Legislative Director, at Clifford.Sparks@dallascityhall.com.

A handwritten signature in black ink, appearing to read 'Kimberly B. Tolbert'.

Kimberly Bizzor Tolbert
Chief of Staff

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
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Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Texas Municipal League (TML) Annual Conference and Exhibition**

The Texas Municipal League's (TML) Annual Conference and Exhibition is taking place October 9th – 11th, 2019 at the Henry B. González Convention Center, 900 E. Market Street, San Antonio, Texas 78205. Registration for the conference is required.

In addition, we have arranged an informal City Council dinner on Thursday, October 10th, at 7:00 pm at Zinc Bistro & Bar, 207 N. Presa St, San Antonio, TX 78205. We will reach out to your offices shortly to determine your availability to attend. Please note that you do not have to register for the conference to attend this dinner.

If you have any questions about the TML Conference, please contact Brett Wilkinson, Managing Director, Office of Strategic Partnerships and Government Affairs, at brett.wilkinson@dallascityhall.com or (469) 271-0399 or Clifford Sparks, State Legislative Director, at clifford.sparks@dallascityhall.com or (469) 222-9481.

A handwritten signature in black ink, reading 'Kimberly B. Tolbert'.

Kimberly Bizzor Tolbert
Chief of Staff

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Aleqresh, Chief Innovation Officer
Liz Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **City License Applications**

Attached is a list of the most recent Dance Hall, Sexual Oriented Business, Billiard Hall, and/or Amusement Center license applications received for the week of September 23, 2019 – September 27, 2019 by the Criminal Investigation Bureau Licensing Squad of the Dallas Police Department.

Please have your staff contact Major Michael Igo, at (214) 670-4811 and/or by email at michael.igo@dallascityhall.com should you need further information.

A handwritten signature in cursive script that reads "Jon Fortune".

Jon Fortune
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
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M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

WEEKLY APPLICATION LOG REPORT

DISTRICT	NAME OF BUSINESS	STREET ADDRESS	TYPE OF LICENSE	DATE OF APPLICATION	STATUS (RENEWAL/NEW)	APPLICANT NAME
D6	LIDO ADULT THEATER	7035 JOHN W CARPENTER FWY	SOB	9/23/2019	RENEWAL	DARDY TAYLOR III
D2	LA ZONA ROSA	1676 REGAL ROW	SOB	9/23/2019	RENEWAL	GARY HARTSTEIN
D6	BUCKS CABARET	2150 CALIFORNIA CROSSING	SOB	9/25/2019	RENEWAL	CURTIS WISE
D10	CELLU CARE	10190 FOREST LN #150	AC	9/27/2019	NEW	BOBBIE MORRIS

License Definitions:

- DH - Class "A" -Dance Hall - Dancing Permitted 3 Days Or More A Week
- DH - Class "B" Dance Hall - Dancing Permitted Less Than Three Days a Week
- DH - Class "C"Dance Hall - Dancing Scheduled One Day At A Time
- DH - Class "E" Dance Hall - Dancing Permitted Seven Days A Week for Persons Age 14 through Age 18 Only
- LH - Late Hours Permit - Can Operate A Dance Hall Until 4:00
- BH - Billiard Hall - Billiards Are Played
- SOB - Sexually Oriented Business - Adult Arcade / Adult Book/Video Store / Adult Cabaret / Adult Adult Theater / Escort Agency / Nude Model Studio
- AC - Amusement Center

Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **M/WBE Participation for October 8, 2019 Council Agenda**

It is the mission of the Office of Business Diversity to ensure non-discriminatory practices and eliminate barriers while resourcing businesses to the next step in their business life cycle. The policy of the City of Dallas is to use qualified Minority and Women-owned Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement, and professional services contracts. For your information, staff is providing you with the summary below of M/WBE participation for the voting items scheduled for the October 8, 2019 City Council Agenda. The total contract award amount, consisting of 17 agenda items is \$24.5M. **M/WBE is applicable to 11 of the 17 agenda items. For these items, construction and architectural and engineering items total \$5.5M with an overall M/WBE participation of \$1.8M or 33.84%, while goods and services items total \$9.5M with an overall M/WBE participation of \$2.3M or 24.10%.**

As a reminder, the current M/WBE goals are:

Architecture & Engineering	Construction	Professional Services	Other Services	Goods
25.66%	25.00%	36.30%	23.80%	18.00%

2017 Bond Program – October 8th Council Agenda

The Office of Business Diversity continues to work diligently with the Bond Program Office to ensure, not only that the M/WBE goals are met, but to also include diverse teams on the bond program projects. This agenda includes two agenda items that are funded by 2017 bond funds. **We are pleased to announce that one of the two agenda items has 100.00% minority participation. These two items total \$541K with an overall M/WBE participation of \$540K or 99.82%.**

Highlighted Items

Street Reconstruction

Agenda Items No. 3 and 4 Authorize two construction contracts in the amount of \$4.5M for street reconstruction. **These two items include participation from 5 M/WBE vendors resulting in \$1.2M participation or 28.50% M/WBE participation on a 25.00% goal.**

Pressure Washing, Scraping, and Sweeping Services

Agenda Item No. 19 Authorize a three-year service price agreement in an estimated amount of \$1.7M for pressure washing, scraping and sweeping of flat surfaces, pressure washing of vertical surfaces, and pressure washing of vehicles. **This item includes participation from one M/WBE vendor resulting in \$393K participation or 23.57% M/WBE participation on a 23.80% goal.**

DATE October 4, 2019
SUBJECT **October 8, 2019 Council Agenda M/WBE Participation Overview**

Professional Real Estate and Brokering Services

Agenda Item No. 21 Authorize a three-year service contract, with two one-year renewal options, in the amount of \$1.9M for professional real estate brokerage and consulting services for the Department of Sustainable Development and Construction. **This item includes participation from one M/WBE vendor resulting in \$444K participation or 23.80% M/WBE participation on a 23.80% goal.**

Please feel free to contact me if you have any questions or should you require additional information.



Zarin D. Gracey
Director
Office of Business Diversity

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
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Memorandum



CITY OF DALLAS

DATE October 4, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Taking Care of Business – October 3, 2019**

Updated Items

[Encampment Resolution Schedule – September 30, 2019 & October 8, 2019](#)

The Office of Homeless Solutions (OHS) scheduled the following sites for homeless encampment resolution on **Monday September 30, 2019 and October 8, 2019**. The encampment resolution took place on Monday instead of Tuesday this week due to request from DPD to assist with staffing needs due to National Night Out:

September 30, 2019	October 8, 2019
<ul style="list-style-type: none">• 2880 North Haskell Street (District 2)• 815 South RL Thornton Freeway (District 1)• 500 South Hill Avenue (District 2)• 4900 East RL Thornton Freeway (District 2)• 1001 South Riverfront Boulevard (District 2)• 1800 South Boulevard (District 7)• 647 South Haskell Street (District 2)	<ul style="list-style-type: none">• 7575 Frankford Road (District 12)• 18610 Marsh Lane (District 12)• 13045 Jupiter Road/Interstate 635 and Jupiter Road (District 9)• 11919 North Central Service road/Southbound (District 11)• 12667 East Northwest Highway (District 9)• North Central Expressway Southbound and Royal Lane (District 11)

OHS Street Outreach team will continue to engage with homeless individuals to provide notice of clean-up and connect to resources and shelter. OHS Community Mobilization staff are meeting with stakeholders to determine long-term sustainability of encampment sites and will provide periodic updates. Should you have any questions or concerns, please contact Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer, and Monica Hardman, Director of Office of Homeless Solutions.

New Items

[Skills of Innovation Lunch and Learn](#)

The Office of Innovation will be hosting a Lunch and Learn series for all City employees from 12:00pm-1:00pm, October 1, 2019 through December 12, 2019 at the Innovation Lab located on 1AN of City Hall. This series will teach attendees about new tools and resources to be used at work and will explore new skills and data related to innovation that will help drive a “Service First” mindset. Attendees may register [here](#). Lunch will not be provided but attendees may bring their own. Should you have any questions or concerns, please contact Laila Alequresh, Chief Innovation Officer.

[Love Field Ranks Second Among Large Airports](#)

On September 25, 2019, the J.D. Power North American Airport Satisfaction Study ranked Dallas Love Field (DAL) second among large airports (10 million passengers-32.9 million passengers). This is the second straight year that DAL has received this recognition. This year DAL earned 826

DATE October 4, 2019
SUBJECT **Taking Care of Business – October 4, 2019**

points out of 1,000, a 16-point increase from 2018. The large airport average score was 765 and DAL's score ranked fifth among all airports, regardless of size. Some of the notable attributes of Love Field were the Food & Beverage/Retail concession program, a great customer-friendly environment, ease of wayfinding, and the large number of outlet plugs for technology re-charging. Should you have any questions or concerns, please contact Mark Duebner, Director of Aviation.

Diversity Month

For the month of October, the City is celebrating diversity. The Offices of Equity and Fair Housing and Human Rights have partnered with a committee of representatives from the City's Employee Resource Groups to create a calendar of events for Diversity Month. Events include lunch and learns, storytelling, food sampling, and a short film screening of "Segregated by Design" on Wednesday, October 9 in the Auditorium at City Hall (L1FN) at 12:00pm. There will be a discussion panel immediately following the screening. Please see the attached flyers for the film screening and a full calendar of events. Should you have any questions or concerns, please contact Beverly Davis, Director of the Office of Fair Housing and Human Rights.

2019 City Council Calendar Changes

Following City Council action on Wednesday, September 25, 2019, the City Council Agenda meeting on Tuesday, October 8, 2019 will begin at 9:00am in the Council Chambers. A limited number of zoning items are anticipated to be scheduled on that day to accommodate individuals celebrating Yom Kippur at sundown. The City Council action also moved the November 14, 2019 City Council Agenda meeting to Council Chambers at Dallas City Hall from the previously planned Campbell Green Recreation Center. Should you have any questions or concerns, please contact Carrie Rogers, Director of the Mayor and City Council Office.

City of Bellevue Dallas Visit

The City of Bellevue, Washington conducted a study tour for its city staff to Dallas this week October 1-4. Dallas was chosen for several reasons, including rapid job growth, a growing residential presence in and near downtown, and Klyde Warren Park. Bellevue is considering a significant freeway lid park like Klyde Warren and is experiencing unprecedented growth. As such, Bellevue requested to meet with City of Dallas staff to hear the City's perspective on how efforts around the Klyde Warren park project were developed. City staff met with Bellevue on October 1st and 2nd to network, provide information and answer questions regarding Klyde Warren and the Southern Gateway project. For more information on Bellevue's visit to Dallas, please visit www.bdastudytour.com.

Media Inquiries

As of September 30, 2019, the City has received media requests from various news outlets regarding the following topics:

- Walker Texas Ranger Reboot
- Nowitzki Way
- Spoilers on Sidewalk
- DFR Responds to Woman Seriously Injured after Assault Downtown
- Truck Driver Killed by Fallen Slab of Stone
- DFR Answering Questions about Response Procedures

DATE October 4, 2019
SUBJECT **Taking Care of Business – October 4, 2019**

Please see the attached document compiling information provided to the media outlets for the September 23 – September 30, 2019 for your reference. Should you have any questions or concerns, please contact Kimberly Bizer Tolbert, Chief of Staff.



T.C. Broadnax
City Manager

- c:
- | | |
|--|---|
| Chris Caso, City Attorney (Interim) | Joey Zapata, Assistant City Manager |
| Mark Swann, City Auditor | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
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| Jon Fortune, Assistant City Manager | Directors and Assistant Directors |

DATE October 4, 2019
SUBJECT Taking Care of Business – October 4, 2019



**Public Affairs & Outreach
Media Requests
September 23 – September 30**

Date: September 24, 2019

Topic: Walker Texas Ranger reboot

Summary of Statement: Janis Burkland spoke to Robert Wilonsky about a possible reboot for Walker Texas Ranger which was filmed in Dallas.

Department: Office of Economic Development

Media Entity: Dallas Morning News

Date: September 25, 2019

Topic: Nowitzki Way

Summary of Statement: The name change will go into effect 60 days after passage.

Department: SDC

Media Entity: WBAP

Date: September 25, 2019

Topic: Spoils left on Sidewalk

Summary of Statement: We learned a utility subcontractor is responsible for a pile of soil left on the sidewalk at S. Akard Street. The City issued two citations to the contractor and expects removal of the soil by the end of the weekend. (Sept. 29)

Department: Public Works

Media Entity: Matt Goodman, D Magazine, Reporter

Date: September 25, 2019

Topic: Nowitzki Way

Summary of Statement: We confirmed a Dallas Mavericks representative would be at council, but it would not be Dirk Nowitzki.

Department: Sustainable Development & Construction, Mayor & City Council

Media Entity: Allen Manning, WFAA, Assignment Manager

DATE October 4, 2019
SUBJECT Taking Care of Business – October 4, 2019



Dallas Fire-Rescue Department
Media Requests: September 23 - 29, 2019.

Monday, September 23rd: Dallas Morning News (Tom Steele) - I was reading DPD's affidavit about the arrest early Saturday in a parking garage at 2013 Jackson Street and saw that Dallas Fire-Rescue had originally responded to a report of a crash, and ended up detaining the arrestee. So I just wanted to see if you had any additional information about the incident.

City Response - Based upon the information I can access, while keeping HIPAA restrictions in mind, here is what I can tell you Tom:

At 03:33 a.m., Dallas Fire-Rescue units were dispatched to a 911 call for a Motor Vehicle Accident inside a parking garage at 2301 Jackson Street, in Downtown Dallas. However, when firefighters arrived at the location, they found a woman who had reportedly been assaulted. Paramedics immediately attended to the woman and transported her to a local hospital for evaluation of her injuries. On the second floor of the parking garage, where the accident had taken place, security had restrained a man who allegedly crashed his vehicle into the wall of the building along with other vehicles in the garage. Firefighters went to the second floor and helped security hold the man down until police arrived.

I don't know what kind of information the affidavit discloses, but unfortunately there is nothing in the information I have that indicates whether the incidents were related.

Wednesday, September 25th: All local media outlets - Do you have details on USAR call at 9101 Sovereign Row?

City Response - At 13:43 Dallas Fire-Rescue's Urban Search and Rescue team was dispatched to a 911 call from Infinity Stone, located at 9101 Sovereign Row, after a slab of stone fell onto the driver of a truck and killed him. US&R has been called out to remove the stone, before on-scene investigation can be conducted, and the ME can take custody of the victim.

Friday, September 27th: Dallas Morning News (David Boucher) – Asked the following questions (in August), regarding general information about EMS Policies.

City Response – Due to the line of questioning being closely related to a case that the City is involved in litigation with, the following responses, from DFR's EMS Bureau, were sent to the reporter after being reviewed by the City Attorney's Office and the appropriate Chain of Command:

-- **When Dallas Fire-Rescue is called to assist at a scene where the Dallas Police Department is involved, who is in command at the scene? DF-R or DPD?**

DATE October 4, 2019
SUBJECT **Taking Care of Business – October 4, 2019**

Neither DFR nor DPD has the authority to self-declare itself to be the ultimate agency “in command” at an emergency scene. While the departments share a goal of public safety, their missions, objectives, tactics, and threats in an emergency remain separate and distinct at an operational level and in terms of public expectation. Indeed, DFR and DPD have different authority and responsibilities through state and local law, including ordinances and operating procedures. Those laws apply to each organization independently. DFR and DPD officers cooperate in emergencies to ensure quality of service and a safe and effective response. Accordingly, there is no way to answer this question in general terms. Every incident offers unique challenges, and both agencies work together to mitigate the situation with the safety of citizens and the safety of responders always the central priority. Regarding MEDICAL ISSUES, DFR is the ultimate medical authority on the scene, and DFR functions under the direction of its Medical Director through guidelines, policies, protocols or direct consultation.

-- If DPD determines restraint of a person is necessary, can DF-R overrule that decision? If so, how does that work? If not, why not? Vice versa, can DPD overrule DF-R if DF-R thinks restraint is necessary or not necessary?

Please refer to the previous answer. DFR and DPD recognize the critical roles, duties, and responsibilities that each has at the scene of an incident or medical emergency. Firefighters, paramedics, and law enforcement officers strive to work together, rather than overrule each other, in performing their respective duties. Law enforcement officers secure the scene and address any potential threats, including making a determination on whether its necessary to restrain anyone, before DFR steps in to assess the suspect/patient and provide medical treatment. DFR and DPD will then collaborate on matters related to transport. Decisions regarding chemical restraint are only determined by paramedics.

-- Who's in charge of determining what type of restraint should be used at a scene, DPD or DFR?

As noted above, DPD determines whether and what type of restraint is necessary to control a suspect at the scene under its use-of-force training, policies, procedures, and general orders. Once DFR moves a patient to the ambulance, DFR may request that DPD change or remove the restraints if they interfere with the patient’s medical treatment and care.

-- If DF-R determines a person is in the midst of a medical emergency, what authority does DF-R have to direct DPD? Put another way, at what point in responding to a psychiatric/behavioral emergency (including one where excited delirium is suspected) does DF-R have the authority to tell DPD what to do?

Please refer to the previous answers. Again, the safety of the individual, other citizens, and responders is our first priority.

-- DF-R must follow the "Emergency Medical Services Clinical Practice Guidelines" established by UTSW/Parkland BioTel EMS Medical Direction Team, correct?

DATE October 4, 2019
SUBJECT **Taking Care of Business – October 4, 2019**

Correct, unless doing so is not in the best interest of the patient, in which cases on-line medical control (BioTel) should be consulted.

-- What happens if a DF-R paramedic violates a portion of these CPGs? What punishments are available?

City of Dallas disciplinary procedures include Oral Counseling, Letter of Counseling, Letter of Reprimand, Suspension, Demotion or Discharge. In addition, the State of Texas EMS System is based on delegated practice. Dr. Marshal Isaacs serves as our Medical Director as well as UTSW/BioTel Medical Director, and DFR operates under his medical license. He can require additional education and training and/or place a paramedic on probation. He also may suspend or terminate a member's credentials within our system.

-- Why does DF-R recommend against restraining someone or transporting someone in the prone position?

Transport in the prone position can limit the ability of patients to breathe appropriately and may also impede the paramedic's ability to appropriately monitor a patient's cardiorespiratory status.