

**AZLE MUNICIPAL DEVELOPMENT DISTRICT
REGULAR MEETING**

**CITY COUNCIL CHAMBERS
613 S.E. PARKWAY
AZLE, TEXAS 76020**

**TUESDAY
October 11, 2016**

AGENDA

**President Ray Ivey
Vice President Kevin Ingle
Secretary Joe McCormick**

**Director Jack Stevens
Director Justin Berg
Council Member Paul Crabtree
Council Member David McClure**

**REGULAR SESSION
CALL TO ORDER**

6:30 p.m.

PRESENTATION

1. Monthly report
Economic Development Director Karen Dickson

ACTION ITEMS

2. Consider approving the Minutes of the September 13, 2016 Azle MDD regular meeting
Secretary Joe McCormick
3. Consider adopting Resolution M2016-01 confirming that the Azle MDD Board has reviewed and approved the investment policy.
Finance Director Renita Bishop
4. Consider authorizing the MDD President to execute an Economic Development Performance Agreement for an assisted living/independent/memory care facility to be located at 1364 Southeast Parkway.
Executive Director Tom Muir

DISCUSSION ITEMS

5. Discussion regarding Azle Municipal Development District plans/procedures/policies.
President Ray Ivey

EXECUTIVE SESSION

The Municipal Development District will convene into executive session pursuant to the Texas Government Code as authorized by the following:

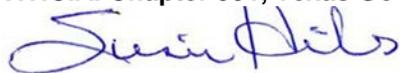
Section 551.087 Deliberation Regarding Economic Development Negotiations

The Board will convene into executive session to deliberate the offer of a financial or other incentive to a business prospect.

TAKE ANY AND ALL ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on October 7, 2016 at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.



Susie Hiles, Assistant to the City Manager

Date Agenda Removed from Posting

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101.

Complete MDD Agenda packet and background information are available for review at the City Secretary's Office and on our website www.cityofazle.org.

Municipal Development District Communication

Item # 1

Submitted By: Karen Dickson – Economic Dev Director	Date: October 9, 2016
Subject: EDD Monthly Report	

Action Requested: Present EDD Monthly Report

Purpose (Outline – Who, What, Where, Why & How).

Checklist of Attachments			
<input type="checkbox"/> Contract	<input type="checkbox"/> Agreement	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution
<input type="checkbox"/> Policy	<input type="checkbox"/> Applications	<input type="checkbox"/> Legal Opinion	<input type="checkbox"/> Minute Order
<input type="checkbox"/> Letter/ Memo From	<input type="checkbox"/> P&Z Minutes	<input type="checkbox"/> Board Minutes	<input type="checkbox"/> Other Minutes
<input type="checkbox"/> Applicant	<input type="checkbox"/> Checklist	<input type="checkbox"/> Federal Law	<input type="checkbox"/> Plans / Drawings
<input type="checkbox"/> Staff	<input type="checkbox"/> State Law	<input type="checkbox"/> Bid Tabulations	<input type="checkbox"/> Maps
<input type="checkbox"/> Other	<input type="checkbox"/> Attachments	<input type="checkbox"/> Notices	<input type="checkbox"/> Charter

Municipal Development District Communication

Item # 2

Submitted By: Susie Hiles, Assistant to the City Manager	Date: October 7, 2016
Subject: Azle MDD Board Minutes.	

Action Requested: Consider approving the Minutes of the September 13, 2016 Azle MDD regular meeting
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Purpose (Outline – Who, What, Where, Why & How). Procedural.
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Checklist of Attachments				
<input type="checkbox"/> Contract	<input type="checkbox"/> Agreement	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	
<input type="checkbox"/> Policy	<input type="checkbox"/> Applications	<input type="checkbox"/> Legal Opinion	<input type="checkbox"/> Minute Order	
<input type="checkbox"/> Letter/ Memo From	<input type="checkbox"/> P&Z Minutes	<input checked="" type="checkbox"/> Board Minutes	<input type="checkbox"/> Other Minutes	
<input type="checkbox"/> Applicant	<input type="checkbox"/> Checklist	<input type="checkbox"/> Federal Law	<input type="checkbox"/> Plans / Drawings	
<input type="checkbox"/> Staff	<input type="checkbox"/> State Law	<input type="checkbox"/> Bid Tabulations	<input type="checkbox"/> Maps	
<input type="checkbox"/> Other	<input type="checkbox"/> Attachments	<input type="checkbox"/> Notices	<input type="checkbox"/> Charter	

**MINUTES
REGULAR MEETING
AZLE MUNICIPAL DEVELOPMENT DISTRICT
September 13, 2016**

DRAFT

STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF AZLE §

The Azle Municipal Development District of the City of Azle, Texas convened in Regular Session at 6:30 p.m. in the Council Chambers of City Hall, 613 Southeast Parkway, Azle, Texas, on the 13th day of September 2016 with the following members present:

Ray Ivey	President – Place 4
Kevin Ingle	Vice President - Place 6
Joe McCormick	Secretary - Place 3
Councilman Paul Crabtree	Director - Place 1
Jack Stevens	Director - Place 5
Justin Berg	Director – Place 7
Tom Muir	Executive Director/City Manager

Constituting a quorum. Councilman David McClure was excused from tonight’s meeting. Staff present was:

Karen Dickson	Economic Development Director
Lawrence Bryant	Assistant City Manager
Susie Hiles	Assistant to City Manager- Scribe

Council Members present were Mayor Alan Brundrett, Councilmember Bill Jones and Councilmember Lee Barrett.

The following items were considered in accordance with the official agenda posted on the 9th day of September 2016.

REGULAR SESSION: 6:30 p.m.
CALL TO ORDER

President Ray Ivey called the session to order at 6:35 p.m.

PRESENTATION

1. Presentation of the new City of Azle economic development website

Economic Development Director Karen Dickson previewed the new City economic development website, *azleabsolutely.com*, to the Board and council members. This website will be a separate website from the City’s website, however, they will link to each other. This site will be mobile friendly.

Incorporated into this website will be a separate, GIS based website, *azlesites.com*, you can access to view available properties. Local realtors/property owners will be given access to this site to post available properties.

Ms Dickson will be sending out a press release this coming week and contacting site selectors to invite them to visit the new website.

The Board and Council were very pleased with the new website.

ACTION ITEMS

2. Consider approving the Minutes of the August 9, 2016 Azle MDD regular meeting.

Director Jack Stevens moved to approve the Minutes as discussed, with second by Director Paul Crabtree. The motion was unanimously approved.

**MINUTES
REGULAR MEETING
AZLE MUNICIPAL DEVELOPMENT DISTRICT
September 13, 2016**

DRAFT

DISCUSSION ITEMS

- 3. Discussion regarding Azle Municipal Development District plans/procedures/policies**
No discussion on this item.

ADJOURNMENT

President Ray Ivey adjourned the meeting at 7:33 p.m.

PRESENTED AND APPROVED this the 11th day of October, 2016.

APPROVED:

Ray Ivey, President

ATTEST:

Joe McCormick, Secretary

**Azle Municipal Development District
Board Communication**

Item #
3

Submitted By:	Renita Bishop - Finance Director	Date:	October 11, 2016
Subject:	Resolution M2016-01 Amending, Reviewing, and Approving the Development District Investment Policy		

Action Requested:	Consider adopting Resolution M2016-01 confirming the Municipal Development District Board has reviewed and approved the investment policy
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Purpose (Outline – Who, What, Where, Why & How).

Chapter 2256 of the Texas Government Code, commonly known as the Public Funds Investment Act, requires that the governing body of an investing entity adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. The law also requires that the policy be reviewed and adopted by the governing body each year. The Board last approved the City’s Investment Policy on November 10, 2015.

The City’s investment advisor, Valley View Consulting, L.L.C. has recommended a policy change to encourage a competitive environment for individual investment transactions rather than require solicitation of competitive quotes from multiple broker/dealers or financial institutions. Often the City receives favorable renewal rates or the City’s investment advisors are aware of favorable offers being made to other entities. This change will allow the City to take advantage of these offers without going through the solicitation process.

On August 11, the City’s Investment Committee, comprising of the City Manager, Assistant City Manager and Finance Director, discussed the proposed change with Valley View Consulting, L.L.C. and approved forwarding the proposed change to the City Council and Boards for their consideration. The Azle City Council approved the revised policy at the September 20, 2016 council meeting.

A red-lined version of the policy with the proposed change is attached for your review.

Checklist of Attachments				
<input type="checkbox"/>	Contract	<input type="checkbox"/>	Agreement	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Policy	<input type="checkbox"/>	Applications	<input type="checkbox"/>
<input type="checkbox"/>	Letter/ Memo	<input type="checkbox"/>	Ordinance	<input checked="" type="checkbox"/>
<input type="checkbox"/>	From	<input type="checkbox"/>	Legal Opinion	<input type="checkbox"/>
<input type="checkbox"/>	Applicant	<input type="checkbox"/>	P&Z Minutes	<input type="checkbox"/>
<input type="checkbox"/>	Staff	<input type="checkbox"/>	Council Minutes	<input type="checkbox"/>
<input type="checkbox"/>	Other	<input type="checkbox"/>	Federal Law	<input type="checkbox"/>
		<input type="checkbox"/>	Bid Tabulations	<input type="checkbox"/>
		<input type="checkbox"/>	Notices	<input type="checkbox"/>
			Other Minutes	<input type="checkbox"/>
			Plans / Drawings	<input type="checkbox"/>
			Maps	<input type="checkbox"/>
			Charter	<input type="checkbox"/>

RESOLUTION NO. M2016-01

A RESOLUTION OF THE BOARD OF THE AZLE MUNICIPAL DEVELOPMENT DISTRICT OF AZLE, TEXAS, AMENDING, REVIEWING AND APPROVING A WRITTEN INVESTMENT POLICY.

WHEREAS, Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act” requires the City to adopt an investment policy by rule, order, ordinance or resolution annually; and

WHEREAS, the Public Funds Investment Act requires the chief financial officer and investment officers of the City to attend investment training; and

WHEREAS, the chief financial officer, investment officers and any official participating in the investment process have attended an investment training course approved by the Investment Committee as provided in the Investment Policy; and

WHEREAS, the City of Azle Investment Policy includes the Azle Crime Control Prevention District and Azle Municipal Development District to allow for the prudent investment of funds, as authorized by the Azle City Council, Azle Crime Control Prevention District Board and the Azle Municipal Development District Board; and

WHEREAS, the attached Investment Policy and incorporated revisions comply with the Public Funds Investment Act and authorizes the investment of funds in safe and prudent investments.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL DEVELOPMENT DISTRICT BOARD OF AZLE, TEXAS:

that the Azle Municipal Development District has complied with the requirements of the Public Funds Investment Act and the Investment Policy, attached hereto as “Exhibit A”, is hereby adopted as the Investment Policy of the District, effective October 11, 2016.

PASSED AND APPROVED this the 11th day of October, 2016.

Ray Ivey, Board President

ATTEST:

Joe McCormick, Board Secretary

Exhibit A

CITY OF AZLE, AZLE CRIME CONTROL & PREVENTION DISTRICT, and AZLE MUNICIPAL DEVELOPMENT DISTRICT

INVESTMENT POLICY

PURPOSE: To establish policies for the investment of funds of the City of Azle, the Azle Crime Control and Prevention District and the Azle Municipal Development District, collectively referred to as (the "CITY").

POLICY: Scope

This Investment Policy applies to the investment activities of the CITY. All financial assets of the CITY, including the following fund types, shall be administered in accordance with the provisions of these policies.

General Funds
Special Revenue Funds
Debt Service Funds
Capital Project Funds
Enterprise Funds
Internal Service Funds
Sinking Funds

Objectives:

The CITY shall manage and invest its cash with three objectives, listed in order of priority: safety, liquidity, and public trust. The safety of the principal invested will always remain the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and local law.

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

1. Safety - The primary objective of the CITY's investment activity is the preservation and safety of principal. Each investment transaction shall seek to first avoid capital losses, whether they arise from issuer defaults or erosion of market value.

2. Liquidity - The CITY's investment portfolio will remain sufficiently liquid to meet operating requirements. Liquidity shall be achieved by matching investment maturities with estimated cash flow requirements, maintaining liquid reserves and by investing in instruments with active secondary markets.
3. Public Trust – Investment Officers shall act responsibly as public trust custodians and shall avoid transactions which might impair public confidence in the CITY's ability to govern effectively.

Responsibility and Control

The Azle City Council and the Azle Crime Control and Prevention District and Azle Municipal Development District Boards of Directors shall designate the City of Azle Assistant City Manager and Finance Director as the Investment Officers. The Investment Officers shall establish procedures for the operation of the investment program consistent with this Investment Policy. The Investment Officers shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinates. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Investment Officers.

The Investment Committee, consisting of the City of Azle City Manager, the City of Azle Assistant City Manager, and the City of Azle Finance Director shall meet at least quarterly to determine appropriate strategies and to monitor results. The Committee shall monitor the investment activities; assist in the development of investment policies, strategies and procedures; and annually review and approve the CITY's broker/dealers and independent training sources.

In order to insure the quality and capability of investment management, all Investment Committee members and Investment Officers shall attend investment training no less often than once every two years, aligned with the fiscal year end, and shall receive not less than 8 hours of total instruction relating to investment responsibilities.

A newly appointed Investment Officer or Investment Committee member must attend investment training consisting of at least 10 hours of total instruction within twelve months of the date that he or she took office or assumed the Officer's duties.

The investment training shall be provided by an independent training source approved by the Investment Committee and comply with the investment training requirements of State law.

The Azle City Council and the Azle Crime Control and Prevention District and Azle Municipal Development District Boards of Directors shall annually review and adopt the Investment Policy and included investment strategies.

Prudence

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.

The CITY recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's return and that an Investment Officer acting in accordance with this Policy, written procedures, and exercising prudence shall be relieved of personal responsibility for an individual investment's performance.

Ethics

Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment Officers shall disclose to the Azle City Council and the Boards of Directors any material financial interests in financial institutions that conduct business with the CITY and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Investment Officers shall subordinate their personal investment transactions to those of the CITY.

If an Investment Officer has a personal business relationship with an entity seeking to sell an investment to the CITY, or is related within the second degree by affinity or consanguinity, to an individual seeking to sell an investment to the CITY, the Investment Officer shall file a statement of disclosure with the Azle City Council, the Boards of Directors, and the Texas Ethics Commission.

Reporting

Within a reasonable time of each quarter's end, the Investment Officers shall submit to the Azle City Council and City Manager, and the Boards of Directors an investment report that contains the information required by State law. Said information shall include, but not be limited to:

1. Detailed description of the CITY's investment position,
2. Summary statement of each pooled fund group (if applicable),
3. Ending book and market value of each separately invested asset by fund and asset type,
4. Maturity date of each asset, and
5. Signatures of each Investment Officer attesting to the portfolio's compliance with the Investment Policy and State law.

The market value of the portfolio will be calculated, and investment credit ratings will be confirmed on a quarterly basis in compliance with the reporting requirements. In determining market value and credit ratings, sources independent of the investment provider will be pursued.

"Weighted average yield to maturity" shall be the standard on which investment performance is calculated.

The CITY shall, in conjunction with its annual financial audit, perform a compliance audit of management controls on investments and adherence to the CITY's Investment Policy. The CITY's independent auditor shall report to the Azle City Council and the Boards of Directors the results of this audit.

Investments

1. Authorized Investment Instruments – Financial assets of the CITY may be invested in:
 - a. Obligations of the United States or 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 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;
 - b. Fully insured or collateralized deposits at financial institutions properly secured in accordance with State law and federal regulations;
 - c. Certificates of deposit and other evidences of deposit at a financial institution that, a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, b) is secured by obligations in a manner and amount provided by law for

deposits of the CITY, or c) is placed through a depository institution or broker that has its main office or a branch office in Texas and meets the requirements of the Act.

- d. SEC registered, no load money market mutual funds that comply with the requirements of State law;
- e. Texas local government investment pools that seek to maintain a stable dollar asset value, would be described as “government” portfolios, are specifically authorized by the Azle City Council, and that comply with the requirements of State law;
- f. Investment pools that provide fixed maturity, fixed yield investments, are specifically authorized by the Azle City Council, and that comply with the requirements of State law; and
- g. Repurchase agreements (direct security repurchase agreements) collateralized by obligations of the United States or its agencies or instrumentalities and that comply with the requirements of State law.

2. Not Authorized

Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, or collateralized mortgage obligations with an inverse floating interest rate coupons or a maturity date of over 10 years are strictly prohibited.

With respect to authorized investments, this Policy is more restrictive than the Public Funds Investment Act.

- 3. Maximum Investment Maturity - The maximum maturity for each fund-type group is set forth in the investment strategies.
- 4. All security transactions shall be executed using the delivery versus payment method. That is, funds shall not be wired or paid until verification has made that the correct security was received by the CITY’s safekeeping agent. All securities shall be held in safekeeping at a third party institution approved by the Investment Committee.
- 5. ~~It is the policy of the CITY to provide a competitive environment for individual investment transactions, and financial institution, money market mutual fund, and local government investment pool selections order to create a competitive pricing environment for each investment~~

~~transaction, the CITY shall solicit quotations from multiple authorized broker/dealers or financial institutions.~~

6. In the event an authorized investment loses its required minimum credit rating, all prudent measures will be taken to liquidate said investment. Additionally, the CITY is not required to liquidate investments that were authorized at the time of purchase.
7. Investment Officers may not purchase any investments from business organizations that have not delivered a written certification to the CITY as required by State law and that have not been authorized by the Investment Committee.

Financial Institution Deposits

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

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

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

With the exception of deposits secured with irrevocable letters of credit at

100% of amount, the market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held by an independent third party with whom the CITY has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities.

STRATEGIES:

General

The CITY's basic investment strategy for all financial assets is to preserve principal. In order to achieve that objective, the CITY shall invest in instruments with limited credit risk and invest in maturities that do not exceed anticipated cash flow requirements.

The objective of liquidity stems from the need of the CITY to maintain available cash balances sufficient to cover financial outlays. Since the timing and amount of some financial disbursements are not predictable, fund-type strategies shall adjust for the certainty of projected cash flows.

It is also the policy of the CITY to diversify its investment portfolios. Whenever practical and appropriate, assets held in the investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

CITY funds shall seek to achieve a competitive yield appropriate for each fund-type. A comparably structured treasury security portfolio shall represent the minimum yield objective. Yield objectives shall at all times be subordinate to the objectives of safety and liquidity. Tax exempt debt proceeds shall be invested to maximize the interest earnings retained by the CITY, while at the same time, fully complying will all applicable State laws and federal regulations.

The Investment Officer will insure that marketability maintained in the fund-type portfolios is sufficient to reasonably assure that investments could be liquidated if cash needs occur prior to the maturity date of the investments.

The CITY will group investment instruments into a number of "fund-type investment groups". These groups will reflect similar needs as to maturity

limits, diversity, and liquidity.

All investment-specific restrictions shall be measured at the time of purchase and based on portfolio book value.

Fund-Types:

Short Term/Operating – Most of the CITY's functional accounts maintain fund balances to perform normal operations. Cash flow projections are reasonably accurate, but occasional circumstances may create unpredicted requirements. To reduce market risk and assure liquidity, anticipated cash flows shall be matched with investment maturities. The dollar weighted average maturity of operating funds may not exceed nine months. The maximum maturity of an individual investment shall not exceed two years. To further offset the risk of unpredictable events and to anticipate market movements, additional fund balances shall be invested in short-term deposits, investment pools or money market mutual funds.

Capital Project Funds – Fund balances designated for capital projects may be scheduled for expenditure separate from the flow of operating funds. Bond proceeds (which may be subject to the arbitrage rebate regulations) are a main source of capital project funds. As with operating funds, a key strategy is to assure that anticipated cash flows are matched with investment maturities. The maximum weighted average maturity of capital project funds shall not exceed two years. The maximum maturity of an individual investment shall not exceed three years. To further offset the risk of unpredictable events and to anticipate market movements, additional fund balances shall be invested in short-term deposits, investment pools or money market mutual funds.

Bond Proceeds subject to the arbitrage regulations may necessitate an altered investment strategy under some market conditions. Investment selection for these funds may be dependent on market conditions, cash flow needs, and State law and federal regulation compliance.

Debt Service Reserve Funds – These reserves are usually specifically defined in terms of amount and size. Bond document covenants may require that reserve balances be maintained with a third party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of investment advisor. These relationships will be approved by the Azle City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of fund and the applicable bond documents.

A primary investment strategy for debt service reserve funds is to provide

emergency funds to meet debt service requirements. Since the investments may be subject to the arbitrage regulations, the secondary investment strategy is to attempt to maximize the amount of retained interest earnings. The maximum maturity of an individual investment shall not exceed the lesser of ten years, the call date of the bonds, the maturity date of the bonds, or any applicable restriction in the bond documents. In the unlikely event Debt Service Reserve Funds would be required to fund a debt service payment, only instruments with historical bid/offer price spreads of 25 basis points or less shall be considered for investment.

Debt Service Funds – These funds are specifically defined in terms of amount, size and cash flow need. Bond document covenants may require that these funds be maintained with a third party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of investment advisor. These relationships will be approved by the Azle City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of funds and the applicable bond documents.

The primary investment strategy for debt service funds is to match investment maturities with debt service payment requirements. The instruments need not have an active secondary market. The maximum maturity of an individual investment shall be the next unfunded debt service date.

Sinking Funds – These funds are usually defined in terms of amount, size and cash flow need. Sinking Fund document covenants may require that these funds be maintained with a third party financial institution or paying agent. In such instances, the CITY may contract with such parties to operate in the capacity of investment advisor. These relationships will be approved by the Azle City Council in compliance with State law. The investment advisors will be confined to the particular instruments and parameters specified as appropriate for this type of funds and the applicable documents.

The primary investment strategy for sinking funds is to match investment maturities with payment requirements. The instruments need not have an active secondary market. The maximum maturity of an individual investment shall be the next unfunded payment date.

SAMPLE

CERTIFICATE OF INVESTMENT PROVIDER

1. The City of Azle, the Azle Crime Control and Prevention District and Azle Municipal Development District collectively referred to as (the "CITY") have presented a copy of its Investment Policy to the undersigned.
2. The undersigned has received the Investment Policy and reviewed it.
3. The undersigned has implemented reasonable procedures and controls in an effort to preclude imprudent investment transactions conducted between the CITY and the undersigned that are not authorized by the CITY's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the CITY's portfolio or requires an interpretation of subjective investment standards.

Signed this ___ day of _____, 20__.

Organization

Signature

Name

Title