

**NOTICE OF A REGULAR MEETING OF THE
GOVERNING BODY OF THE CITY OF HUNTINGTON
HUNTINGTON MUNICIPAL BUILDING**

802 HIGHWAY 69, S

Tuesday, February 28, 2023 – 5:30 pm

Call the meeting to order.

Invocation by Minister Thomas Riley, Main Street Church of Christ

PUBLIC FORUM

CONSENT AGENDA

- Minutes from the January 24, 2023 workshop and regular meeting
- Staff Reports

ACTION ITEMS

1. Discussion with possible action to authorize procurement for administrative services for grant monies available through the Texas Department of Housing and Community Affairs Grant RSP 2022-0020.
2. Discussion with possible action to approve the City's Investment Policy.
3. Discussion with possible action to accept the City Secretary's Certificate of Unopposed Candidates and cancel the May, 2023 general election.

Adjourn.

I, the undersigned authority, do hereby certify that the Notice of Meeting was posted on the front entrance of the City Hall of the City of Huntington, the Public Post Office, and the City of Huntington's website. All places are convenient and readily accessible to the general public at all times and said notice was posted on Friday, February 24, 2023 and remained so posted continuously for at least seventy-two (72) hours prior to the scheduled time of said meeting.



Julie Davis, City Secretary

The City of Huntington encourages citizens to participate in its governing body meetings. If anyone requires special accommodation in order to participate due to a disability, please provide notice to the City Secretary (936) 422-4195 at least forty-eight (48) hours prior to the scheduled meeting.

State of Texas §
County of Angelina §
City of Huntington §

ON THIS THE 24th DAY OF JANUARY, 2023, THE GOVERNING BODY OF THE CITY OF HUNTINGTON CONVENED FOR A SPECIAL CALLED WORKSHOP AT CITY HALL, WITH THE FOLLOWING PRESENT TO WIT:

Todd Ricks	Mayor	Bill Stewart	City Administrator
Gary Litton	Mayor Pro-Tem	Bobby Epperly	Police Chief
Kim Smith	Council Member	Julie Davis	City Secretary
Keith Malone	Council Member		
Rachelle Ebarb	Council Member		
Twila Bertrand	Council Member		

MAYOR RICKS CALLED THE MEETING TO ORDER AT 5:31 PM. Mayor Ricks led those assembled in the pledges to the American and Texas flags, after which he asked Pastor Byron Smith of Huntington First Baptist Church to lead the invocation. Pastor Smith filled in for Minister Thomas Riley who was unable to attend due to illness.

At 5:40 pm the Mayor and Council along with City Administrator Bill Stewart entered executive session under exception codes §551.074 and §551.072 for the purpose of discussing personnel and real property matters. They remained in closed session until 6:00 pm at which time they reentered the workshop. No action was taken in closed session.

MAYOR RICKS OPENED THE WORKSHOP DISCUSSION TO ANYONE WHO WANTED TO SPEAK REGARDING FUTURE PROJECTS AT CENTENNIAL PARK

- Ted Ivy spoke in favor of the addition of the two historical structures in the park.
- Darrell Bryan spoke in favor of adding the two historical structures and explaining the thought process of the Huntington Historical & Genealogical Society in bringing this idea forward.
- JoAnn Ricks spoke regarding the formation of the park and the goals of the original Park Board which included the inclusion of recreation equipment for children, a possible amphitheater at the back of the park, and the addition of a caboose or other rail car as an homage to the town's railroad dominant history. She complimented various groups who have participated in making the park the attraction it is today and said how she hoped it would continue to grow and become even more kid and family friendly.
- Andrew Day, current President of the Huntington Business Owner's Association spoke of his belief that the addition of the log cabin and open storage facility proposed by the Historical & Genealogical Society would be a great attraction to people of all ages.
- Craig VanBenschoten spoke in favor of adding the historical attractions and of his association with the HH&GS and the work they've done at the museum and in the community.
- Beth Ortega and Celeste Solis from TxDOT spoke about the Transportation Alternative Program and the potential for 100% funding for projects that would add more sidewalks throughout Huntington to provide safe alternate travel routes for pedestrians and cyclists.
- Ben Miller from Goodwin, Lasiter & Strong spoke to the Mayor and Council pertaining to the TxDOT grant. He advised that there would be approximately \$250,000,000 available in the 2023 funding cycle and he felt like our city stood a good chance of getting funded for certain projects.

With no other comments, Mayor Ricks adjourned the workshop at 6:57 pm and went straight into the Regular Meeting.

Public Forum: Andrew Day, current President of the Huntington Business Owner's Association introduced himself to the Mayor and Council and recognized the HBOA's new Secretary, Monica Ivy. He talked about the HBOA's plans for 2023, proposed fund raisers to benefit scholarship recipients, and other planned activities. Mr. Day indicated he was looking forward to working closely with the City to benefit all members of the community.

COUNCIL APPROVES CONSENT AGENDA – Council Member Kim Smith made a motion to approve the Consent Agenda which was seconded by Council Member Rachelle Ebarb. The consent agenda consisted of minutes from the November 15, 2022 regular meeting of the Council, an authorization for an employee to sell forty (40) hours of vacation, acceptance of the 2022 Racial Profiling Report to be submitted to the State, the Election Order for the May 6, 2023 general election, and staff reports. The motion passed by unanimous vote.

Discussion Items: Mrs. Jeannie Delozier, President of the Huntington Garden Club, along with Secretary Sandra Miller, and Club member JaNelle Short, gave a presentation on the Garden Club's activities since its formation in July, 1968. They also spoke of the hugely successful Garden Club Tea Party as the group's primary fundraiser and how the popularity and expansion of the event resulted in awarding \$7,500 in scholarships to eight HHS Seniors in 2022. They are hoping this year's event will raise even more money for scholarships and are adding five additional tables to this year's event to that end. They also mentioned they would love to do a Heritage Garden if the log cabin installation goes forward in Centennial Park.

City Administrator Bill Stewart gave information about Texas Department of Agriculture's grant programs and the Power Point presentation made to the Mayor and Council going into detail about such programs.

Item #1 – Discussion with possible action to either allow or forbid projects proposed at Centennial Park by the Huntington Historical & Genealogical Society died on the floor for lack of a motion.

COUNCIL APPROVES BID FOR ELECTRONIC SIGN – City Administrator Bill Stewart presented three options for the remodel of the sign in front of City Hall. There were two quotes for an electronic sign proposed by AdFab Signs and a quote for the rework of the existing sign with new panels and LED backlighting from Real Graphics. After some discussion Council Member Twila Bertrand made a motion to approve the electronic sign quote A from AdFab Signs. The motion was seconded by Council Member Kim Smith and passed by unanimous vote.

Item #4 – City Administrator Bill Stewart presented a revised and updated contract he had proposed to the City of Lufkin for the purchase of water in emergency situations. He had been told by Lufkin's City Engineer that they would advise of its approval by the time of tonight's meeting; however, no notification had come through as of 5:30 pm today. With no verified contract approval from the City of Lufkin, the item died on the floor for lack of a motion to approve.

COUNCIL APPROVES PURCHASE OF NEW SOFTWARE – After presentation of operational issues with the City's current software by City staff, and the results of four years of research by City Secretary Julie Davis and Mr. Stewart, and on their recommendation, Council Member Kim Smith made a motion to approve the expenditures necessary to upgrade to new operating software from FundView. The motion was seconded by Council Member Keith Malone and passed with a unanimous vote.

COUNCIL APPROVES AGREEMENT FOR GRANT WRITING SERVICES – Goodwin, Lasiter & Strong presented a proposed agreement for grant writing services pertaining to TxDOT's Transportation Alternative Program. Council Member Rachelle Ebarb made a motion to approve the agreement which was seconded by Council Member Gary Litton. The motion passed with a unanimous vote.

Mayor Ricks and Council Member Kim Smith thanked the public for their attendance and input into matters concerning Centennial Park.

MAYOR RICKS DECLARED THE MEETING ADJOURNED AT 7:32 PM.

Approved on this the 28th day of February, 2023.

Todd Ricks, Mayor

Attest:

Julie Davis, City Secretary

City of Huntington, Texas
Investment Policy and Strategy
Presented to the Council on February 28, 2023

I. INTRODUCTION

It is the policy of the City of Huntington that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal while meeting the daily cash flow needs of the City and conforming to the Public Funds Investment Act (the "Act") Texas Government Code Chapter 2256. It is the intent of the City to be in complete compliance with local law and the Act.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investment will be used in a manner that best serves the interests of the City.

The purpose of this Policy is to set specific investment policy and strategy guidelines. Direct specific investment parameters for the investment of public funds in Texas are found in the Act. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public Texas funds deposits.

II. SCOPE

This investment policy applies to all financial assets of the City and to any new funds created unless specifically exempted by the City Council and this Policy.

III. OBJECTIVES

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification, and yield. Investments are to be chosen in a manner which promotes diversity. To match anticipated cash flow requirements, the maximum weighted average maturity (WAM) of the overall portfolio may not exceed twenty-four (24) months.

Safety – The primary objective of the investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping, or erosion of market value.

Liquidity – The investment portfolio shall be structured to meet all expected obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintaining additional liquidity for unexpected liabilities.

Diversification – The portfolio shall be diversified by institution, market sector and maturity as much as possible.

Yield – The benchmark for the commingled portfolio shall be the comparable period twenty-four (24) month U. S. Treasury Bill, designated for its comparability to the expected average cash flow pattern. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified and the City’s prudent investment strategy.

Cash management is the process of managing funds to insure maximum cash availability and reasonable yield on short-term investments. The City shall strive for a cash management program which includes timely collection of accounts receivable, vendor payments in accordance with invoice terms, and prudent investment of assets.

IV. INVESTMENT STRATEGY

The City maintains one commingled portfolio for investment purposes which incorporates the specific uses and the unique characteristics of the funds in the portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue a conservative portfolio management strategy. This may be accomplished by creating a laddered maturity structure with some extension for yield enhancement. The maximum dollar weighted average maturity of six months or less will be calculated using the stated final maturity date of each security.

V. DELEGATION OF RESPONSIBILITY

No unauthorized person may engage in an investment transaction and all transactions shall be executed as provided under the terms of this Policy and its supporting procedures.

Investment Officer(s) – The City Administrator and the Finance Officer will be designated as Investment Officers, by virtue of the adoption of this policy, responsible for investment decisions and activities. The Investment Officer(s) are responsible for creating and maintaining the portfolio in accordance with this Policy, providing timely quarterly reporting to the Council, and establishing supporting procedures. The Investment Officer(s) shall have authority to make changes to signatories on any of the City’s accounts as deemed necessary by the City Administrator and/or the Investment Officer(s).

All Investment Officers shall attend at least ten (10) hours of training approved by the City Council within twelve (12) months of designation as Investment Officer and shall attend ten (10) hours of training every two successive fiscal years.

Investment Officer(s) shall refrain from personal and business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. An Investment Officer who has a personal business relationship within two levels of blood or marriage with an organization seeking to sell an investment to the City shall file a statement disclosing such relationship to the City Council and the Texas Ethics Commission.

City Council Responsibilities – The City Council holds ultimate fiduciary responsibility for the portfolio. It will designate investment officer(s), receive and review quarterly reporting, approve

and provide for investment officer training, approve brokers/dealers, and review and adopt the Investment Policy and Strategy at least annually.

VI. PRUDENCE AND CONTROLS

The standard of prudence to be applied to all City investments shall be the “prudent person” rule, which states:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds under the City’s control over which the officer has responsibility rather than a consideration as to the prudence of a single investment.

The Investment Officer(s), acting in accordance with written procedures and exercising due diligence, shall be responsible but not liable for a specific security’s credit risk or market price changes, provided that these deviations are reported immediately, and that appropriate action is taken to control adverse developments.

Internal Controls – The Investment Officers are responsible for establishing and maintaining internal controls to reasonably assure that assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires ongoing estimates and judgments by management.

The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and record keeping,
- Custodial safekeeping,
- Clear delegation of authority,
- Written confirmation for all transactions, and
- Review, maintenance and monitoring of security procedures both manual and automated.

Annually the Investment Officer(s) shall perform a check-list compliance audit to assure compliance with requirements of this Policy and the Act. Annually, the City’s external auditor shall review the quarterly reports.

Cash Flow Forecasting – Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. The Investment Officers will analyze and maintain a cash flow plan to monitor and forecast cash positions for investment purposes.

Competitive Bidding – All security transactions will be made on a competitive basis to assure the City is receiving good market rates. When-issued securities should be compared to other securities available in the secondary market.

Monitoring Credit Ratings – The Investment Officer(s) shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio which require credit ratings based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer(s) shall notify the Mayor of the loss of rating and liquidate the investment within two days.

Monitoring FDIC Status for Mergers and Acquisitions – The Investment Officers shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC (fdic.gov). If any bank has been acquired or merged with another bank in which brokered CDs are owned by the City, the Investment Officer(s) or Advisor shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

VII. AUTHORIZED INVESTMENTS

Assets of the City may be invested only in the following instruments as further defined by the Act. If changes are made to the Act they will not be authorized until this Policy is modified and adopted by the City Council. All investment transactions will be made on a competitive basis.

- A. Obligations of the United States Government, its agencies and instrumentalities with a maximum stated maturity of two (2) years excluding mortgage-backed securities.
- B. Fully insured or collateralized depository certificates of deposit from banks in Texas, with a maximum maturity of two years insured by the Federal Deposit Insurance Corporation, or its successor, or collateralized in accordance with this Policy.
- C. AAA-rated, constant-dollar Texas Local Government Investment Pools as defined by the Act and authorized by resolution of the City Council.
- D. AAA-rated, SEC registered money market mutual funds striving to maintain a \$1 net asset value.
- E. FDIC insured, brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed one year to maturity. Before purchase, the Investment Officer(s) must verify the FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.
- F. FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas.

Delivery versus Payment – All securities shall be purchased on a delivery versus payment (DVP) settlement basis. Funds shall not be released until receipt of the security by the City's approved

custodian. The custodian shall provide the City with proof of ownership or claim by an original document delivered to the City.

VIII. REPORTING

Quarterly Reporting – The Investment Officer(s) shall submit a signed quarterly investment report to the governing body in accordance with the Act giving detailed information on each portfolio and bank position and summary information to permit an informed outside reader to evaluate the performance of the investment program. The report will include the following at a minimum:

- A full description of each individual security or bank/pool position held at the end of the reporting period including the amortized book and market value at the beginning and end of the period,
- Unrealized gains or losses (book value minus market value),
- Overall change in market value during the period as a measure of volatility,
- Weighted average yield of the portfolio and its applicable benchmarks,
- Earnings for the period,
- Allocation analysis of the total portfolio by market sector and maturity, and
- Statement of compliance of the investment portfolio with the Act and the Investment Policy signed by the Investment Officer(s).

Market prices for the calculation of market value will be obtained from independent sources.

IX. FINANCIAL COUNTER-PARTIES

Depository – At least every five (5) years, a banking services depository shall be selected through a competitive request for proposal or bid process in accordance with the Texas Government Code 105. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization by the institutions shall be considered. If securities require safekeeping, the RFP/bid will request information on safekeeping services. The depository contract will provide for collateral if balances exceed the FDIC insurance balance, currently \$250,000 per tax identification number.

All time and demand deposits in any depository of the City shall be insured or collateralized at all times in accordance with this policy.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository for depository/collateral purposes. All depositories will execute a depository agreement and have the Bank's Board or Bank Loan Committee pass a resolution approving the agreement if collateral is required.

Security Broker/Dealers – All pools, financial institutions and broker/dealers who desire to transact business with the City must supply the following documents to be Investment Officer(s):

- (if brokers) Financial Industry Regulatory Authority (FINRA) certification and CRD#,
- (if brokers) proof of Texas State Securities registration,
- Policy review certification.

Each pool/bank/broker must be provided a copy of the City's current Investment Policy and certify to a review of the Policy stating the firm has controls in place to assure only Policy approved investments will be sold to the City.

A list of qualified broker/dealers will be reviewed at least annually by the City Council. In order to perfect the DVP process the banking services depository, or its brokerage subsidiary, will not be used as a broker.

X. COLLATERAL

Time and Demand Deposits Pledged Collateral – All bank time and demand deposits shall be collateralized above the FDIC coverage by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored by the pledging depository at a 102% of market value of principal and accrued interest on any deposits. The bank shall monitor and maintain the margins on a daily basis.

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository. The collateral agreement with the depository shall be approved by resolution of the Bank Board or Bank Loan Committee. The Custodian shall provide a monthly report of collateral directly to the City.

All collateral shall be subject to inspection and audit by the City or its independent auditors.

Authorized Collateral – Only the following securities are authorized as collateral for time and demand deposits or repurchase agreements:

- FDIC insurance coverage
- Obligations of the United States, its agencies or instrumentalities, or evidence of indebtedness of the United States guaranteed as to principal and interest including MBS and CMO which pass the bank test
- Obligations of any US state or county, city or other political subdivision of any state having been rated as investment grade (investment rating no less than "A" or its equivalent) by two nationally recognized rating agencies
- Letter of Credit from the FHLB

XI. SAFEKEEPING

All purchased securities are to be cleared by the City's safekeeping agent on a delivery versus payment (DVP) basis. All safekeeping arrangements shall be approved by the Investment Officer(s) and an agreement of the terms executed in writing. The independent third-party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, CUSIP number and other pertinent information.

XII. INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be reviewed and adopted by vote of the City Council no less than annually. Any changes made to the Policy must be noted in the writing to the Council.



Todd Ricks
Mayor
Bill Stewart
City Administrator
Julie Davis
City Secretary
Bobby Epperly
Chief of Police

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Council Members
Kim Smith
Gary Litton
Keith Malone
Rachelle Ebarb
Twila Bertrand

Certification of Unopposed Candidates by the City Secretary

I, Julie Davis, certify that I am the City Secretary of the City of Huntington and the authority responsible for preparing the ballot for the 2023 City election. I further certify that no person has made a declaration of write-in candidacy, and all of the following candidates are unopposed:

Kim Smith - Council Candidate
Keith Malone – Council Candidate
Robert Williams – Council Candidate

Julie Davis, City Secretary
City of Huntington, Texas

Dated this the 28th day of February, 2023