



NOTICE OF MEETING
STRATEGIC PLANNING & FINANCE COMMITTEE
JULY 17, 2013 AT 6:30 P.M.

Notice is hereby given that a meeting of the Strategic Planning and Finance Committee of the City of Kyle, Texas will be held on **Wednesday, July 17, 2013 at 6:30 p.m.**, in the Minerva Falcon Conference Room, at Kyle City Hall, 100 West Center Street, Kyle, TX 78640. The following subjects will be considered at the meeting and possible action may be taken.

NOTE: There may be a quorum of the City Council of Kyle, Texas present at the meeting who may participate in the discussion. No official action will be taken by the City Council members in attendance.

Posted this 9th day of July 2013 prior to 6:00 p.m.

MEETING AGENDA

1. Call Meeting to Order.
2. Citizen Communications
3. Consideration and action for the recommendations to the City Council on the City's Investment Policy.
4. Consideration and action for the recommendations to the City Council on the City's Debt Management Policy.
5. Consideration and action for the recommendations to the City Council on the City Manager's Proposed 5-Year CIP, Equipment, & Personnel Plan for Fiscal Years 2014 through 2018.
6. Update by the City's Director of Finance on various City financial business:
 - Timeline for the City's FY 2013-14 budget development and adoption.
 - Selection of Padgett Stratemann & Co. as the City's new independent auditors.
 - Request for Qualifications (RFQ) issued by the City for engineering, design, and right-of-way acquisition services for the five road improvement projects.
7. Next meeting: Wednesday, October 16, 2013.
8. Adjourn.

RESOLUTION NO. 763

A RESOLUTION OF THE CITY OF KYLE, TEXAS, ADOPTING AN INVESTMENT POLICY FOR THE CITY OF KYLE; MAKING FINDINGS OF FACT; AND PROVIDING FOR RELATED MATTERS.

Whereas, the Texas Public Funds Investment Act, Section 2256.005 requires that the governing body of an investment 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, and,

Whereas, the Texas Public Funds Investment Act requires that the Investment Policy, including a list of authorized investments and investment strategies, must be approved annually, and,

Whereas, the attached Investment Policy complies with the provisions of the Texas Public Funds Investment Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS, HAYS COUNTY, THAT:

Section 1. Findings. The Strategic Planning and Finance Committee as established by the City Council has reviewed the Investment Policy including any and all changes and has recommended by a majority vote the adoption of the said policy by the City Council.

As required by the Texas Public Funds Investment Act, the City Council has reviewed the Investment Policy and related investment strategies and that the revised Investment Policy made part of this City Council Resolution so adopted records any changes made to the City's Investment Policy and or investment strategies.

In addition, the following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

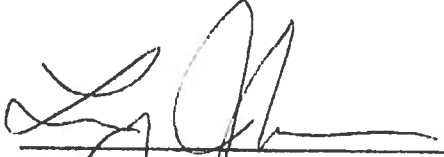
Section 2. Authorization. The Investment Policy of the City of Kyle is hereby adopted in compliance with the requirements set forth in Texas Public Funds Investment Act.

Section 3. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

Section 4. Open Meetings. It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

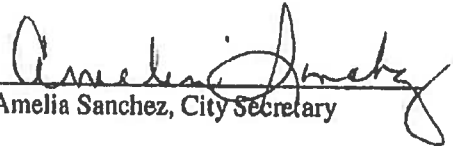
FINALLY PASSED AND APPROVED on this the 7th day of June, 2011.

THE CITY OF KYLE, TEXAS



Lucy Johnson, Mayor

ATTEST:



Amelia Sanchez, City Secretary



CITY OF KYLE, TEXAS

INVESTMENT POLICY

City Council Resolution No. 763
Adopted June 7, 2011

I. PURPOSE

A. Purpose and Scope

This Investment Policy applies to all investment activities of the City of Kyle of all funds held by the City of Kyle excluding funds held in the Employee Retirement Trust, Texas Municipal Retirement System, and the Deferred Compensation Plan. All applicable funds held by the City of Kyle shall be administered in accordance with the provisions of this policy. In addition to this policy, bond proceeds shall also be governed by the respective bond covenants and all applicable State and Federal Law.

The following Investment Policy of the City of Kyle, Texas, as revised, was reviewed and adopted by the City Council by Resolution No. 763 dated June 7, 2011. This Investment Policy is intended to comply with the statutory requirements of the Texas Public Funds investment Act (Chapter 2256, Texas Government Code).

II. INVESTMENT OBJECTIVES

A. Preservation and Safety of Principal

The primary objective of all investment activity is the preservation and safety of principal in the overall portfolio.

B. Maintenance of Adequate Liquidity

The investment portfolio will be managed to provide adequate liquidity in order to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved to the extent practical and feasible by matching investment maturities with forecasted cash flow requirements.

C. Diversification

The policy of the City of Kyle, except when investing with the Depository Bank will be to diversify its portfolio to the extent allowed under this policy. Investments of the City shall always be selected on the basis which provides for the preservation and safety of principal.

D. Yield

Consistent with federal and state law and the City's Investment Policy, it will be the objective of the Investment Officer to earn the maximum interest rate feasible in compliance with the requirements of the types of investments allowed under this policy.

E. Maturity

Portfolio maturities will be selected, if market conditions are favorable, in such a manner to optimize earnings while maintaining the necessary liquidity to meet the City's cash requirements. The maximum allowable stated maturity of any individual investment owned by the City will not exceed five years.

F. Sale of Securities Prior to Maturity

The City Investment Officer may sell securities before maturity if market conditions present an opportunity for the City to benefit from the sale; funds are urgently needed to meet unforeseen expenditures, even if there is a loss of interest and/or principal due to the early sale; and when a security has lost its minimum required rating as an authorized investment.

G. Investment Management

It is the City's policy to provide training required under the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the Investment Officer offered by professional organizations and associations in order to ensure compliance with the Act.

III. INVESTMENT STRATEGY

A. General

In conjunction with the annual review of the City's Investment Policy, the City Council shall review the investment strategy for investing City funds. The investment strategy shall be based on the investment objectives outlined in Section II of this policy.

B. Investment Guidelines by Fund Type

1. Operating Funds

Operating Funds require short-term liquidity to meet day to day cash requirements for City operations. Therefore, diversified investment maturities shall provide monthly cash flow based on the anticipated operating needs of the City. Short-term investment pools and other short-term securities allowed under this policy will be considered for the City's Operating Funds

2. Bond Funds

Proceeds from the issuance of debt obligations such as Bonds issued for the acquisition and or the construction of capital assets shall only be invested in the types of investments allowed under this policy. The investment maturities shall generally follow the anticipated cash flow requirements of the capital projects for which the debt obligations were issued.

3. Repair and Replacement Funds

Should the City Council authorize the establishment of a Repair and Replacement Fund, the maturity date of investments in this Fund shall generally be limited to the anticipated cash flow requirements identified in the City's approved budget for planned projects. Funds accumulated in the Repair and Replacement Funds shall only be invested in the types of investments allowed under this policy.

4. Debt Service Funds

Debt Service Funds shall be invested to ensure adequate liquidity for making semi-annual principal and interest payments on outstanding debt obligations. Funds accumulated in the Debt Service Funds shall only be invested in the types of investments allowed under this policy.

5. Bond Reserve Funds

Should the City Council authorize the establishment of a Bond Reserve Fund in compliance with future bond covenants, funds accumulated in the Bond Reserve Fund shall only be invested in the types of investments allowed under this policy.

Generally, Bond Reserve Funds do not incur planned expenditures. When required under a specific bond covenant, the funds are deposited as a reserve to provide payment protection to the bondholders. The funds are eventually released after the reserve requirements have been fully satisfied.

6. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trust or agency capacity for others such as for the City's Other Post Employment Benefits (OPEB). All funds accumulated in the Fiduciary Funds shall only be invested in the types of investments allowed under this policy and shall be limited to the anticipated cash flow requirements.

IV. AUTHORIZED INVESTMENTS

Under the Texas Public Funds Investment Act several different types of investments are authorized. The City's Investment Policy requires that all funds held by the City of Kyle, Texas, as defined in Section IA of this policy, be invested in the following types of investments which are authorized Texas Public Funds Investment Act:

A. Guaranteed Securities

Securities guaranteed for both principal and interest by the federal government of the United States of America. All securities held in the City's name prior to the effective date of this City Council Resolution are exempt until such securities mature and funds become available for reinvestment.

B. Certificates of Deposit

Collateralized certificates of deposit from banks whose collateral consists of securities of the United States or secured by a letter of credit from the Federal Home Loan Bank Board that guarantees both principal and interest;

C. Investment Pools

Local government investments pools that comply with the requirements as defined and authorized under the Texas Public Funds Investment Act; or

D. Other Authorized Investments

Collateralized certificates of deposit from banks secured by a combination of collateral and guarantees as provided in (A) and (B), and/or bonds and debt obligations of the State of Texas and other selected investment instruments as authorized under the Texas Public Funds Investment Act and approved by the City's Investment Officer that meet the investment objectives as prescribed in this policy.

V. COLLATERAL REQUIREMENTS

A. Collateral Levels

Consistent with the requirements of State law, the City requires all deposits in financial institutions to be federally insured or collateralized with eligible securities.

1. Certificates of Deposit

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC coverage.

2. Guaranteed Securities

Securities that are guaranteed for both principal and interest by the federal government of the United States of America may not be subject to collateral requirements.

3. Monitoring Collateral Adequacy

The City shall require monthly reports with market values of pledged securities from all financial institutions that have issued Certificates of Deposits to the City as an investment. The City's Investment Officer will monitor adequacy of collateral levels for the protection of the City's investments.

If the collateral pledged for a Certificate of Deposit falls below the par value of the deposit less FDIC coverage, the financial institution that issued the Certificate of Deposit will be

notified by the Investment Officer or its designee and will be required to pledge additional securities no later than the two business days of notification.

4. Collateral Substitution

Collateral for Certificates of Deposit often require substitution of the original collateral. Any broker, dealer or financial institution requesting substitution must contact the Investment Officer or its designee for approval and settlement. The substituted security's value shall be calculated to ensure that its value is equal to or greater than the required collateral level. The Investment Officer or its designee must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any substitution. The Investment Officer or its designee may limit substitution and assess appropriate fees if substitution becomes excessive.

VI. SAFEKEEPING OF SECURITIES AND COLLATERAL

A. Safekeeping Agreement

The City shall contract with a financial institution or an investment bank for the safekeeping of securities either owned by the City as a part of its investment portfolio.

B. Safekeeping of Certificate of Deposit Collateral

All collateral securing any Certificate of Deposit in the City's investment portfolio must be held by the Federal Reserve Bank in the name of the City of Kyle, Texas.

VII. INVESTMENT ADVISORY AND BROKER/DEALER SERVICES

A. Investment Advisor

The City may utilize the services of an investment advisory firm to assist the City in managing its investments. The selection of the best firm by the City shall be based on criteria established and evaluation of proposals solicited through a public solicitation process such as a Request for Proposal (RFP).

B. Investment Advisors and Broker/Dealers

Investment selection for all funds shall be based on compliance with the City's Investment Policy and the Texas Public Funds Investment Act. The City's investment portfolio shall be prudently managed to meet the stated objectives of this policy.

All investments made by the City will be made through either the City's depository bank or a primary dealer. A list of at least three broker/dealers will be maintained and reviewed annually in order to assure competitive bidding. The City's Investment Officer will establish criteria to evaluate Investment Advisors and Broker/Dealers, including:

1. Adherence to the City's Investment Policy and strategies.
2. Capability to comply with the Texas Public Funds Investment Act.
3. Investment performance and transaction pricing.
4. Responsiveness to the City's request for services, information and transparency in government investment activities.
5. Understanding of the inherent fiduciary responsibility of investing public funds.
6. Management and record-keeping system capabilities to meet all City and State reporting requirements including those required by the City's Investment Officer for transaction confirmations, market values, investment earnings, realized and unrealized gains and losses, and other monthly portfolio reports.

Investment Advisory and Broker/Dealers firms authorized to complete investment transactions for City shall be provided a written copy of this Investment Policy. The registered principal of the business organization selected to transact investment business for the City shall execute a written instrument to acknowledge and document that they have:

1. Received and reviewed the City's Investment Policy.
2. Their firm has taken precautionary measures and has implemented necessary procedures and internal controls to prevent imprudent and illegal investment activities with or for the City of Kyle.

The City shall not enter into an investment transaction with an Investment Advisory and or a Broker/Dealer firm prior to receiving the written assurance as described above.

VIII. INVESTMENT AUTHORITY AND MANAGEMENT REQUIREMENTS

A. Authority to Invest

The Director of Finance is the Investment Officer of the City. As the Investment Officer he/she is authorized to make all investment decisions including related to deposits, withdrawal, fund transfers, execution of documents, and manage City funds in accordance and compliance with the rules governing the investment of City funds as provided in this Policy. In the absence of the Director of Finance, the City Manager shall serve as the interim Investment Officer in his/her place and are subject to the requirements set forth in this policy.

B. Investment Management

The City's Investment Officer shall perform their duties in accordance with the procedures prescribed in the Investment Policy. The City's Investment Officer may designate the Investment Advisor to complete certain financial transactions on the City's behalf as deemed necessary.

C. Personnel Authorized to Transact Fiscal Affairs

All vouchers, checks, drafts, certificates of deposit, orders for the release or exchange of securities held as collateral for City's funds on deposit with its depository banks and any other instruments necessary in the transaction of City's financial affairs shall bear the signature of the Director Finance or the City Manager and one of the following City officials:

1. Mayor
2. Assistant City Manager
3. City Secretary
4. Finance Officer

It is required that at least one of the authorized signatures must be that of either the City's Director of Finance or the City Manager.

D. Standards of Ethics

The designated Investment Officer shall adhere to City's Code of Conduct. Additionally, the Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

E. Establishment of Internal Controls

The Director of Finance will oversee the maintenance of a system of internal controls over the investment activities of the City within the City organization.

F. Liability of City's Investment Officer

The City Investment Officer is not responsible for any loss of City funds through the failure or negligence of a depository. The City's Investment Officer shall be relieved of any personal liability when carrying out his/her responsibilities as the City's Investment Officer and acting in good faith to comply with the City's Investment Policy.

G. Required Training for City's Investment Officer

As required by the Texas Public Funds Investment Act, the City shall allow for at its expense for the Director of Finance as the City's Investment Officer, to obtain:

1. At least one training session from an independent source containing a minimum of ten (10) hours of instructions relating to the Investment Officer's responsibilities, within 12 months after taking office or assuming duties.
2. Investments training session not less than once in a two-year period and receive not less than ten (10) hours of instructions relating to investment responsibilities from an independent source.

H. Reporting Requirements

1. Quarterly Reports

Investment performance will be monitored and evaluated by the Investment Officer. Not less than quarterly, the Investment Officer will provide a report to the City Council that shall include:

- a) Description of the investment position of the City.
- b) Beginning market value for the reporting period.
- c) Additions and changes to the market value during the period.
- d) Ending market value for the period.
- e) Fully accrued interest for the period.
- f) State the maturity date of investments that have a maturity date.
- g) State the compliance of the investment portfolio with the City's Investment Policy and relevant provisions of the Texas Public Funds Investment Act.

2. Annual Audit

The City's independent auditor, in conjunction with the annual audit of City's financial statements, records, and internal controls shall include review of investment reports. The independent auditor shall present the annual audit report to the City Council.

IX. ANNUAL REVIEW OF INVESTMENT POLICY

In compliance with the annual review requirements specified in the Texas Public Funds Investment Act, the City Council shall review the City's Investment Policy and investment strategies at least on an annual basis.

The City Council 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 the Investment Policy or investment strategies.

ORDINANCE NO. 648

AN ORDINANCE OF THE CITY OF KYLE, TEXAS, ADOPTING A DEBT MANAGEMENT POLICY; AMENDING SECTION 8.11 OF ARTICLE VIII OF THE CODE OF ORDINANCES IN ITS ENTIRETY; AND PROVIDING SEVERABILITY, OPEN MEETINGS AND EFFECTIVE DATE CLAUSES.

WHEREAS, the City Council of the City of Kyle, Texas (the "City") desires to amend the Code of Ordinances of the City ("Code") to establish a debt management policy and provide guidelines for issuance and effective management of medium and long term debt of the City;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS, THAT:

Section 1. Findings. The above and foregoing recitals are hereby found to be true and correct and are incorporated herein as findings of fact.

Section 2. Adoption of Debt Management Policy. Section 8.11 of Article VIII of the Code, is hereby amended and replaced in its entirety to read as follows:

Section 8.11 DEBT ISSUANCE AND MANAGEMENT POLICY

(a) **Purpose.** The City establishes the following policy concerning the issuance and management of the City's debt. This debt policy, as presented to City Council and the citizens, is established to improve the quality of decisions in relation to the City's financing activities, provide a comprehensive view of the City's long term debt picture and make it easier for decision makers to understand issues concerning debt issuance and management.

(b) **Conditions of Debt Issuance.**

(1) **Community Needs** - Debt should be issued for the purpose of meeting the needs of the community through funding of capital projects and equipment but without constituting an unreasonable burden to taxpayers.

(2) **Qualified Projects** - Long term debt is only to be issued to finance the acquisition and/or construction of capital improvements with an economic or useful life greater than five years and the term of the debt. Additionally, only capital needs identified in the capital improvement program will be considered. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the par value of the refunded bonds, unless the refunding is intended for tax rate management purposes. Debt for other purposes, such as acquisition of capital assets, is covered separately in this policy.

(3) **Emergency Purposes** – Debt may be issued in compliance with State law to repair or replace an essential public asset, e.g. wastewater trunk line, that has suffered catastrophic damages, or for other purposes if there is immediate risk to the health and/or general safety of the general population of the City. The issuance of debt under this subsection requires an affirmative vote by a majority of the members of the City Council present and voting, provided not less than four affirmative votes shall be required to authorize the issuance of debt under this subsection.

(c) **Types of Debt**

(1) **General Obligation Bonds**- General Obligation Bonds may only be issued with a majority approval of a popular vote. The use of the proceeds from GO Bonds is limited to the acquisition or improvement of real property and other uses allowed by law and applicable bond ordinances. Libraries, parks and public safety facilities are all types of facilities that can be financed with GO Bonds. To the extent that property tax revenues are used to fund debt service, a separate property tax will be levied.

(2) **Enterprise Revenue Bonds** - Enterprise Revenue Bonds finance facilities for a revenue producing enterprise, and are payable from revenue sources within that enterprise. Municipal Water and Sewer and Solid Waste are examples of revenue producing enterprises within the City.

(3) **Certificates of Obligation (CO's) and Limited Tax Notes (Notes)** - Notes will be used in order to fund capital requirements where the useful life does not exceed seven (7) years as authorized by State law or where expedient issuance is required. Debt service for CO's or Notes may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. The term of the CO's will not exceed the useful life of the major capital projects funded by the certificate issuances and will generally be limited to no more than twenty years. Unless provided otherwise by State law neither CO's nor Notes require a vote of the citizens of the City.

(4) **Refunding Obligations** - Pursuant to the Government Code and various other financing statutes applicable in particular situations, the City Council is authorized to provide for the issuance of bonds for the purpose of refunding any long term obligation of the City. Absent any significant noneconomic factors (such as tax rate management), a refunding should produce minimum debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost (TIC) as the discount rate, unless the Finance Department determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates.

(5) **Tax Anticipation Notes** - Proceeds from Tax Anticipation Notes are

used to fund projects whose source of payment is future tax revenues. These instruments have a term of one to three years and are for a specific purpose such as temporary financing for capital improvements, cash flow needs and major equipment leasing.

(6) Tax Increment Financing Bonds (TIF) - The City may use these bonds to finance capital improvements within the tax increment reinvestment zone. Repayment is from property taxes generated on the incremental increases in tax values within the zone.

(7) Leases and Lease Purchase - Financing leases and lease purchase agreements may be used to finance major capital purchases, including infrastructure, fleet, major system upgrades and large equipment purchases. The useful life of the asset should not exceed the term of the lease.

(8) Assessment Bonds - Proceeds from Assessment Bonds may be used to finance local public improvements, provided that said improvements benefit the parcels of land to be assessed. Local street lights, landscaping, sidewalks and sanitary sewers are some of the examples of local improvements commonly financed by assessment bonds.

(9) Other Obligations - There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case by case basis. Such other forms include, but are not limited to limited tax notes, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes and judgment or settlement obligation bonds.

(d) Restrictions on Debt Issuance.

(1) The City will not use long term debt to finance current operations or normal maintenance.

(2) Derivative products will not be used by the city.

(3) Variable rate debt will not be used to refinance fixed-rate, long term debt.

(4) All debt issuances shall be approved by the City Council.

(5) Before any debt may be issued, the city will perform an analysis of the requirements to determine the impact on future budgets, the sufficiency of revenues to fund the debt service requirements and additional operating costs of the capital asset acquired. The analysis will ensure that debt service payments not tied to a specific revenue source shall be not greater than 40% of budgeted General Fund revenue for the current fiscal year. For calculation purposes, General Fund revenue shall include revenue in both Community Development and Recreation Funds of the City.

Payments on bonds that are tied to a specified revenue stream such as waterworks

bonds or TIF supported bonds are not subject to this 40% limit. This percentage restriction may be waived on a case-by-case basis for emergency purposes.

(e) Limitations on Outstanding Debt.

(1) Limitations on the city's outstanding bonded debt include:

(A) The total of gross bonded debt payable from the General Fund of the City (to include principal portion only) will not exceed six (6) percent of the assessed valuation of the City for the same year.

(B) Certificates of obligation payable from the General Fund shall not exceed three (3) percent of the assessed valuation of the City.

(2) These limitations shall not apply to utility-supported or TIF-supported debt and shall be periodically compared with other cities to determine if the city is still within the norm for comparably sized cities.

(f) Characteristics of Debt Issuance.

When the City finances capital projects by issuing bonds, it will pay back the bonds in a period not exceeding the expected life of those projects. Other standard terms shall include the following:

(1) Term may be up to 30 years depending on cash flow assumptions, and useful life of asset being financed.

(2) Call provisions will be shortest possible optional call consistent with optimal pricing.

(3) The City will seek to retire at least 25 percent of the total General Fund supported principal outstanding within the next 10 fiscal years.

(4) The City will seek level or declining overall debt repayment schedules and will avoid issuing debt that provides for balloon principal payments reserved at the end of the term of the issue, unless such debt issue is originally intended to be refinanced to produce level or declining overall debt repayment.

(5) The City will avoid variable rate debt due to the potential volatility of such instruments. Therefore, the City will avoid the use of variable rate debt for its general obligation bond issues.

(6) Debt service reserves will be in conformity with bond covenants, if applicable.

(7) Commercial insurance or other credit enhancements to the bond rating shall be considered when cost effective.

(8) Repayment of debt shall be made with revenues derived from the projects that benefitted from the bond issuance when possible.

(9) General Fund reserves shall be maintained at a minimum of ninety (90) days equivalent of the prior year's General Fund operating expenditures. This reserve shall be set aside and accounted for in a separate Fund of the City named Emergency Reserve Fund. All disbursements from the Emergency Reserve Fund must be authorized by the City Council and shall only be for emergency purposes as described in Section 8.11 (b) 3. For calculation purposes, General Fund expenditures shall include expenditures in both Community Development and Recreation Funds of the City and shall exclude any transfers-out. To the extent the City does not meet this stated policy minimum, the Council shall separately approve a plan at the time it approves its next required budget to achieve the required reserve amount within the shortest possible number of years (the "ramp-up period"). In no event will this ramp-up period exceed ten (10) years.

(g) **Review of Debt Policy.** To ensure the City is meeting the expectations of this policy the Strategic Planning & Finance Committee is to review this policy annually, at least three months prior to the beginning of the budget process, and report the findings to Council.

(h) Debt Issuance Process

(1) The City will strive continually achieve a higher Standard and Poor's rating . The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus. The City will also comply with all federal tax law provisions, including arbitrage requirements.

(2) The City shall utilize the services of independent financial advisor(s) on debt financing when deemed prudent. Although not required, the City may utilize an RFP selected pool of underwriters for any negotiated bond sale. Bond counsel will be used for each transaction.

(3) The Finance Department shall review each debt issuance transaction on a case by case basis to determine the most appropriate method of sale.

(4) **Competitive Sale.** In a competitive sale, bids for the purchase of the bonds are opened at a specified place and time and are awarded to the underwriter (or syndicate) whose conforming bid represents the lowest true interest cost to the City (TIC). This method is most advantageous when the debt to be issued is less complex, the municipal bond market for high grade credits is stable, and the sale of the City's bonds is assured.

(A) Bond sales shall be cancelable at any time prior to the time bids are to be received.

(B) Upon award to the bidder whose conforming bid represents the lowest true interest cost, the City may restructure the bonds in accordance with the Official Notice of Sale. The City shall reserve the unfettered right to reject all bids or waive bid irregularities.

(5) **Negotiated Sale.** In a negotiated sale, the City chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm, or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the City to discuss different financing techniques with the underwriter in advance of the sale date. This method is most advantageous when the debt issue is complex, debt structuring flexibility is required (as would be the case in a bond refunding) or the municipal bond market is unstable or uncertain.

(6) **Private Placement** In a private placement, the City may select a private purchaser willing to bid a below market rate. Such placements often allow debt to be issued more efficiently by eliminating the need for bond ratings and other associated issuance costs. Such financing will be analyzed on a case by case basis, depending primarily on rates prevailing in the placement market from time to time.

(7) Professional services used in conjunction with a bond issuance may be obtained using a request for proposal (RFP). If an RFP is used, selection will be based on experience in the type of issuance and municipal bond activities, ability to perform needed services, conflicts of interest, fees and fee structure.

(i) Permitted Investments of Debt Proceeds

(1) All investments of debt proceeds shall adhere to the city's investment policy. Accordingly, the investment of proceeds is limited to:

(A) securities guaranteed for both principal and interest by the federal government. All securities held in the City's name prior to the effective date of this Ordinance are exempt until such securities mature and funds become available for reinvestment;

(B) collateralized certificates of deposit from banks whose collateral consists of securities of the United States or secured by a letter of credit from the Federal Home Loan Bank Board that guarantee both principal and interest;

(C) local government investments pools; or

(D) collateralized certificates of deposit from banks secured by a combination of collateral and guarantees as provided in (A) and (B), and/or bonds and debt obligations of the State of Texas and other instruments as authorized by State law

(2) A financial advisor may be used to assist in investing bond proceeds. However, the advisor must be independent of the underwriter or financial advisor involved with the sale of the bonds. Bond proceeds may not be commingled with operating funds.

(3) To ensure adequate liquidity and safety of principal, investment maturities shall precede debt service requirements.

Section 4. Severability. If any provision of this Ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

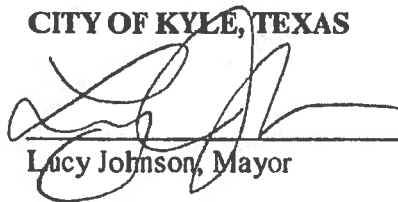
Section 5. Effective Date. This Ordinance shall take effect immediately from and after its passage.

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

PASSED AND APPROVED on this the 15th day of March, 2011.

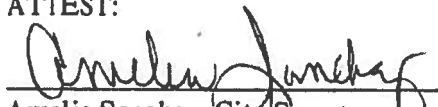
PASSED AND FINALLY APPROVED on this the 5th day of April, 2011.

CITY OF KYLE, TEXAS



Lucy Johnson, Mayor

ATTEST:



Amelia Sanchez, City Secretary



City of Kyle, Texas
FY 2013-14 Budget Development Timeline
Adopted By City Council on May 7, 2013

JANUARY 2013

Tuesday, January 15, 2013	Strategic Planning & Finance Committee Meeting - Road Bonds
Wednesday, January 16, 2013	Mobility Committee - Road Bonds
Saturday, January 19, 2013	Town Hall Meeting - Road Bonds
Thursday, January 24, 2013	TIRZ Board Meeting - Approval of 2013 GO Refunding Bond Repayment Agreements
Saturday, January 26, 2013	Town Hall Meeting - Road Bonds

FEBRUARY 2013

Tuesday, February 05, 2013	1st Quarter Financial Performance Report - City Council Meeting
Tuesday, February 05, 2013	City's Bond Ratings Review by Standard & Poor's
Friday, February 08, 2013	Town Hall Meeting - Road Bonds
Tuesday, February 19, 2013	Ordinance Approved to Issue 2013 GO Refunding Bonds
Tuesday, February 19, 2013	City's 1st Comprehensive Annual Financial Report (CAFR) Issued for FY 2012
Tuesday, February 19, 2013	Independent Auditor's Report Issued for FY 2012
Thursday, February 21, 2013	Distribution of Instructions to Departments for the Development of the City's 5-Year CIP, Equipment, & Personnel Plan for FY 2014 -2018

MARCH 2013

Friday, March 15, 2013	Deadline for Departments to Submit Requested Information for the Development of the City's 5-Year CIP, Equipment, & Personnel Plan for FY 2014 - 2018
Tuesday, March 19, 2013	Begin Compilation of the City's 5-Year CIP, Equipment, & Personnel Plan for FY 2014 - 2018

APRIL 2013

Tuesday, April 16, 2013	2nd Quarter Financial Performance Report - City Council Meeting
Monday, April 22, 2013	Complete Compilation of the City's 5-Year CIP, Equipment, & Personnel Plan for FY 2014 - 2018
Monday, April 29, 2013	Begin Development & Compilation of Current Year Estimates as of March 31, 2013 for FY 2013 to Determine if Budget Amendment is Necessary and to Estimate Beginning Fund Balances for FY 2014

MAY 2013

Wednesday, May 01, 2013	Distribution of FY 2013 CYEs, Fee Schedules, and Instructions to Departments for the Development of FY 2013-14 Operating & Capital Budgets
Tuesday, May 07, 2013	Review & Adoption of Budget Development Timeline by City Council
Tuesday, May 07, 2013	City Manager Presents City's 5-Year CIP, Equipment, & Personnel Plan for FY 2014 - 2018 to City Council
Wednesday, May 08, 2013	Draft 5-Year CIP, Equipment, & Personnel Plan Posted on City's Website, City Hall, and Public Library
Saturday, May 11, 2013	Elections for City Council and Road Bonds
Friday, May 24, 2013	Deadline for Departments to Submit Proposed Budgets for FY 2013-14 to Financial Services Department for Review & Compilation
Monday, May 27, 2013	City Holiday - Memorial Day
Tuesday, May 28, 2013	Begin Compilation and Review of Departmental Proposed Operating & Capital Budgets and Fee Schedules for FY 2013-14 by Financial Services Department staff

JUNE 2013

Friday, June 14, 2013	Completion of Compilation and Review of Departmental Proposed Budgets & Fee Schedules by Financial Services Department staff
Monday, June 17, 2013	Proposed Budget Review by City Manager (Group #1) <ul style="list-style-type: none">- Administration- Communications- Human Resources- Parks and Recreation
Tuesday, June 18, 2013	Proposed Budget Review by City Manager (Group #2) <ul style="list-style-type: none">- Economic Development- Public Library- Municipal Court- Police Department

Wednesday, June 19, 2013	Proposed Budget Review by City Manager (Group #3) - Building Inspection - Planning - Financial Services - Information Technology - Engineering - Public Works
Thursday, June 20, 2013	Proposed Budget Review by City Manager (Group #4) - Revenue Estimates - Personnel Support Costs - Capital Improvement Projects by Fund - Debt Service - Property Tax Rates
Saturday, June 22, 2013	City Council Retreat
Tuesday, June 25, 2013	Draft 5-Year CIP, Equipment, & Personnel Plan Presented to Planning & Zoning Commission for Recommendations to City Council

JULY 2013

Thursday, July 04, 2013	City Holiday - Independence Day
Wednesday, July 17, 2013	Draft 5-Year CIP, Equipment, & Personnel Plan Presented to Strategic Planning & Finance Committee
Thursday, July 18, 2013	City Manager's Review & Discussion on Proposed Budget With Staff
Thursday, July 25, 2013	Last Day for Chief Appraiser to Certify Tax Roll to Taxing Units
Friday, July 26, 2013	City Manager's Final Review of Proposed Budget
Wednesday, July 31, 2013	Draft 5-Year CIP, Equipment, & Personnel Plan Presented to Public Works & Service Committee
Wednesday, July 31, 2013	Publish Budget Notice #1: Public Hearing Dates on Budget, Rates, & Fees to be Held by City Council

AUGUST 2013

Thursday, August 01, 2013	City Council Budget Work Session #1
(Special Called Meeting)	City Manager Presents FY 2014 Budget to City Council as Required by City Charter (No later than 60 days prior to October 1st) Public Hearing #1 - Proposed Budget Public Hearing #2 - Proposed Fees & Charges Public Hearing #3 - Proposed Water/Wastewater Rates Public Hearing #4 - Proposed Property Tax Rates Council Vote on Proposal to Consider Tax Increase
Wednesday, August 07, 2013	Publish Budget Notice #2: Effective and Rollback Tax Rates, Unencumbered Fund Balances, Debt Obligation Schedule, and Other Applicable Items.

Wednesday, August 07, 2013

Publish Budget Notice #3: Two Required Public Hearings on Tax Increase

Wednesday, August 07, 2013
(Special Called Meeting)

City Council Budget Work Session #2

Public Hearing #5 - Proposed Budget
Public Hearing #6 - Proposed Fees & Charges
Public Hearing #7 - Proposed Water/Wastewater Rates
Public Hearing #8 - Proposed Property Tax Rates

Discussion/Action on Proposed Budget:

- Revenue Estimates & Fund Balances
- Mayor & Council
- Administration
- Communications
- Human Resources
- Information Technology
- Parks and Recreation
- Police Department

Wednesday, August 14, 2013
(Special Called Meeting)

City Council Budget Work Session #3

Public Hearing #9 - Proposed Budget
Public Hearing #10 - Proposed Fees & Charges
Public Hearing #11 - Proposed Water/Wastewater Rates
Public Hearing #12 - Proposed Property Tax Rates

Discussion/Action on Proposed Budget:

- Building Inspection
- Planning
- Economic Development
- Engineering
- Financial Services
- Municipal Court
- Public Library
- Public Library
- Public Works

Wednesday, August 21, 2013
(Special Called Meeting)

City Council Budget Work Session #4

Public Hearing #13 - Proposed Budget
Public Hearing #14 - Proposed Fees & Charges
Public Hearing #15 - Proposed Water/Wastewater Rates
Public Hearing #16 - Proposed Property Tax Rates

Discussion/Action on Proposed Budget:

- Capital Improvement Projects by Fund
- Debt Service
- Property Tax Rates

Tuesday, August 27, 2013
(Special Called Meeting)

City Council Budget Work Session #5

Public Hearing #17 - Proposed Budget
Public Hearing #18 - Proposed Fees & Charges
Public Hearing #19 - Proposed Water/Wastewater Rates
Public Hearing #20 - Proposed Property Tax Rates

Discussion/Action on Proposed Budget:
- Discussion/Action on All Remaining Budget Items

Wednesday, August 28, 2013

Publish Budget Notice #4: Tax Revenue Increase

SEPTEMBER 2013

Tuesday, September 03, 2013
(Regular Meeting)

City Council Budget Work Session #6

1st Reading - Budget Adoption Ordinance (Including Fees & Charges, and Water/Wastewater Rates)

1st Reading - Property Tax Rate Adoption Ordinance

Wednesday, September 04, 2013
(Special Called Meeting)

City Council Budget Work Session #7

2nd Reading - Budget Adoption Ordinance (Including Fees & Charges, and Water/Wastewater Rates)

2nd Reading - Property Tax Rate Adoption Ordinance

Thursday, September 19, 2013

Charter Deadline for City Council to Adopt Budget by Ordinance. (No later than 3rd Thursday of September)

Monday, September 23, 2013

Last Day for Taxing Units to Adopt 2013 Property Tax Rate or No Later Than 60th Day After the Chief Appraiser Certifies Appraisal Roll to the Taxing Unit.

Tuesday, October 01, 2013

1st Day of Fiscal Year 2013-14