

September 12, 2016
Dickinson Economic
Development Corporation,
Regular Meeting
6:30 p.m.



Darrell Carney, President
Mike Reinschmidt, Vice President
Libby Moreno, Secretary
Marty Hodgins

Agenda
City of Dickinson
**Dickinson Economic
Development Corporation**
REGULAR MEETING

Robert Donley
Chris Tucker
Mark Martelli
Angela R. Forbes, Interim
Executive Director

September 12, 2016

NOTICE is hereby given of a **REGULAR MEETING** of the Dickinson Economic Development Corporation of the City of Dickinson, County of Galveston, State of Texas, to be held on **Monday, September 12, 2016, at 6:30 p.m.** at: Dickinson City Hall, 4403 Highway 3, Dickinson, Texas 77539 in the Council Chambers for the purpose of considering the following numbered items. The Dickinson Economic Development Corporation of the City of Dickinson, Texas, reserves the right to meet in a closed session on any of the below items should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

ITEM 2.) BRIEFING AND DISCUSSION CONCERNING:

- A. Economic Development Update
- B. International Council of Shopping Centers (ICSC) – Texas Conference & Deal Making Held on October 5 – 7, 2016 in Dallas Texas
- C. International Economic Development Council (IEDC) Economic Development Marketing and Attraction Held on July 14 -15, 2016
Neighborhood Development Strategies Held September 22 – 23, 2016
- D. International Economic Development Council (IEDC) Annual Conference Held September 25 – 28, 2016

ITEM 3.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Approval of the Minutes of Dickinson Economic Development Corporation of August 8, 2016.

ITEM 4.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Resolution Number XXX-2016. **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DICKINSON ECONOMIC DEVELOPMENT CORPORATION (DEDC) APPROVING AND ADOPTING A REVISED INVESTMENT POLICY FOR THE DEDC AND A LIST OF QUALIFIED BROKERS THAT ARE AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DEDC.**

ITEM 5.) Briefing and Discussion Concerning: Quarterly Investment Report & Financials For Period Ending June 30, 2016.

ITEM 6.) EXECUTIVE (CLOSED) SESSION – The Dickinson Economic Corporation will hold a closed executive meeting pursuant to the provision of Chapter 551, Government Code, Vernon's Texas Codes annotated, in accordance with the authority contained in:

- A. Section 551.087- Discuss or deliberate regarding commercial or financial information that the Dickinson Economic Development Corporation has received from a business prospect that the Dickinson Economic Development Corporation seeks to have locate, stay or expand in or near the City and which the Dickinson Economic Development Corporation is conducting economic development negotiations.
- B. Section 551.072 – Deliberation Regarding Real Property – Discussion Regarding the Purchase, Exchange, Lease or Value of Real Property.
- C. Section 551.074 – Personnel Matters To Deliberate The Appointment, Employment, Evaluation, Reassignment, Duties, Discipline Or Dismissal Of A Director of Economic Development.

ITEM 7.) RECONVENE

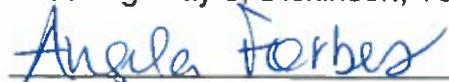
ITEM 8.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Matters discussed in Executive Session.

ITEM 9.) FUTURE AGENDA ITEMS

ITEM 10.) ADJOURN

CERTIFICATION

This is to certify that a copy of the Notice of the Dickinson Economic Development Corporation Meeting for September 12, 2016, was posted on the bulletin board at City Hall, 4403 Highway 3, Dickinson, Texas, on this the 8th day of September, 2016, prior to 6:30 p.m.



Angela Forbes, Interim Executive Director

In compliance with the Americans with Disabilities Act, the City of Dickinson will provide reasonable accommodations for disabled persons attending Dickinson Economic Development Corporation Meetings. Requests should be received at least 24 hours prior to the scheduled meeting, by contacting the City Secretary's office at 281-337-6217, or by FAX at 281-337-6190.

AGENDA

ITEM 1

**Dickinson Economic Development
Corporation Meeting**

CALL TO ORDER

Pledge of Allegiance

Given by:_____

ROLL CALL

**DICKINSON ECONOMIC DEVELOPMENT
CORPORATION MEETING
ATTENDANCE LIST**

**MEETING DATE: September 12, 2016
Regular Meeting**

<u>BOARD</u>	<u>PRESENT</u>	<u>ABSENT</u>
Darrell Carney	_____	_____
Mike Reinschmidt	_____	_____
Libby Moreno	_____	_____
Robert Donley	_____	_____
Chris Tucker	_____	_____
Mark Martelli	_____	_____
Marty Hodgins	_____	_____

MAKE NOTE ON RECORDING: THE FOLLOWING ALSO ARE IN ATTENDANCE:

Economic Development Coordinator, Angela Forbes	_____	_____
Mayor, Julie Masters	_____	_____
Councilman, Wally Deats	_____	_____
_____	_____	_____

AGENDA

ITEM 2

Dickinson Economic Development Corporation

Monthly Financial Report

Period Ending July 31, 2016

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JULY 31, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
REVENUE				
Sales Tax Revenue	1,472,200	1,123,895	348,305	76.3%
Rental Income	6,520	5,755	765	88.3%
Interest Income	1,800	1,895	(95)	105.3%
Miscellaneous Income	490	490	-	100.0%
TOTAL REVENUE	1,481,010	1,132,035	348,975	76.4%
EXPENDITURES				
Capital Outlays				
Computers/Office Equipment	3,000	-	3,000	0.0%
Contractual Payments	27,427	27,427	(0)	100.0%
Real Property Acquisition	884,061	621,101	262,960	70.3%
Total Capital Outlays	914,488	648,529	265,959	70.9%
Contract Services				
ED Consulting	20,915	10,477	10,438	50.1%
Financial & Auditing	1,000	750	250	75.0%
GIS	2,900	-	2,900	0.0%
Legal	7,500	2,384	5,116	31.8%
Multimedia Services	500	-	500	0.0%
Branding & Marketing Study	-	-	-	10000.0%
Demolition Services	54,525	-	54,525	0.0%
Total Contract Services	87,340	13,611	73,729	15.6%
Debt Service				
Interest	10,993	12,705	(1,712)	115.6%
Principal	55,000	50,000	5,000	90.9%
Total Debt Service	65,993	62,705	3,288	95.0%
Projects & Programs				
Cedar Oaks	75,000	46,731	28,269	62.3%
Hughes Road	10,000	3,747	6,253	37.5%
Hwy 3 Façade Improvement Prgm	28,000	-	28,000	0.0%
Business Retention Prgm	1,000	-	1,000	0.0%
Visual Improvement Prgm	40,000	-	40,000	0.0%
Visitor Information Kiosk	-	-	-	10000.0%
Adopt-A-Street Program	3,820	1,439	2,381	37.7%
Project & Property Design Fees	50,000	-	50,000	0.0%
Retail Trade Center	30,000	20,903	9,097	69.7%
ED Grants & Projects	189,500	128,831	60,669	68.0%
Total Projects & Programs	427,320	201,651	225,669	47.2%

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JULY 31, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
Museum-Tourism				
Building & Property Maintenance	35,950	31,636	4,314	88.0%
Dues, Subscriptions & Books	900	420	480	46.7%
Marketing & Advertising	5,000	35	4,965	0.7%
Museum Exhibits	-	-	-	10000.0%
Office Supplies	5,500	4,612	888	83.9%
Property/Liability Insurance	6,200	6,161	39	99.4%
Storage Rental	2,400	-	2,400	0.0%
Utilities	20,000	12,646	7,354	63.2%
Total Museum-Tourism	75,950	55,510	20,440	73.1%
DEDC Administration/Operations				
Building Maintenance	500	-	500	0.0%
Bank Service Charges	367	195	172	53.0%
Dues, Subscriptions & Books	5,500	1,793	3,707	32.6%
Information Technology	13,850	8,472	5,378	61.2%
Marketing & Promotions	20,000	20,040	(40)	100.2%
Office Space Rental	3,000	2,250	750	75.0%
Office Supplies & Postage	2,502	965	1,537	38.6%
Personnel Services	192,231	138,173	54,058	71.9%
Public Official/E&O Insurance	1,167	-	1,167	0.0%
Travel & Training	25,000	16,704	8,296	66.8%
Utilities	2,492	1,635	857	65.6%
Total Admin./Operations	266,609	190,229	76,380	71.4%
TOTAL EXPENDITURES	1,837,700	1,172,234	665,466	
REVENUE - EXPENDITURES	(356,690)	(40,199)	(316,491)	

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016*
BALANCE SHEET
PERIOD ENDING JULY 31, 2016

ASSETS

Current Assets

Cash & Investments

BBVA Operating Account	533,394
BBVA Money Market Account	285,454
Hometown Bank - Checking	16,065
Hometown Bank - CD	250,000
Texas First Bank - CD	250,000
TexPool	116,766
Total Cash	1,451,678

Accounts Receivable

Sales Tax Receivable	137,434
Other Accounts Receivable	-
Total Accounts Receivable	137,434

Total Current Assets

\$ 1,589,112

TOTAL ASSETS

\$ 1,589,112

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Due to City of Dickinson	-
Accounts Payable	-
Rental Deposits	800
Total Accounts Payable	\$ 800

Total Current Liabilities

\$ 800

Total Liabilities

\$ 800

Equity

Fund Balance	1,628,512
Net Income	(40,199)
Total Equity	\$ 1,588,312

TOTAL LIABILITIES & EQUITY

\$ 1,589,112

**Unaudited*

AGENDA

ITEM 3

Darrell Carney, President
Mike Reinschmidt, Vice President
Libby Moreno, Secretary
Marty Hodgins

MINUTES
City of Dickinson
**Dickinson Economic
Development Corporation**
REGULAR MEETING

Robert Donley
Chris Tucker
Mark Martelli
Angela R. Forbes, Interim
Executive Director

August 8, 2016

NOTICE is hereby given of a **REGULAR MEETING** of the Dickinson Economic Development Corporation of the City of Dickinson, County of Galveston, State of Texas, to be held on **Monday, August 8, 2016**, at **6:30 p.m.** at: Dickinson City Hall, 4403 Highway 3, Dickinson, Texas 77539 in the Council Chambers for the purpose of considering the following numbered items. The Dickinson Economic Development Corporation of the City of Dickinson, Texas, reserves the right to meet in a closed session on any of the below items should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

President Darrell Carney called the meeting to order at 6:32 p.m. Interim Executive Director Angela Forbes called roll and certified a quorum. Board Members present were as follows: Darrell Carney, Mike Reinschmidt, Marty Hodgins, Mark Martelli, Libby Moreno and Robert Donley. Also present were Interim Executive Director Angela Forbes, Administrative Services Manager Stephanie Russell, Guest Services Tourism Tina Hernandez and Councilman Wally Deats. Director Chris Tucker Mayor Julie Masters was absent

ITEM 2.) BRIEFING AND DISCUSSION CONCERNING:

- A. Economic Development Update
- B. Discover Dickinson Summer 2016 Edition
- C. Update on the Adopt-A-Street Program
- D. Retail Live Held on August 18, 2016
- E. International Council of Shopping Centers (ICSC) – Texas Conference & Deal Making Held on October 5 – 7, 2016 in Dallas Texas
- F. International Economic Development Council (IEDC) Economic Development Marketing and Attraction Held on July 14 -15, 2016
- G. Economic Development Sales Tax Workshop Held on September 8, 2016.

Interim Executive Director Angela Forbes provided a briefing on current City and economic development projects. Board members took no formal action in this matter.

ITEM 3.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Approval of the Minutes of Dickinson Economic Development Corporation of July 11, 2016.

Director Reinschmidt made a motion to approve the Minutes of the July 11, 2016 Regular Board Meeting. The motion was seconded by Director Donley.

VOTE:

6 AYES (Carney, Reinschmidt, Martelli, Moreno, Hodgins, Donley)

0 NAYS

MOTION PASSED

ITEM 4.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Regarding Approval of Fiscal Year 2015-2016 First Amended Budget

Director Martelli made a motion to approve Fiscal Year 2015-2016 First Amended Budget. The Motion was seconded by Director Moreno

ITEM 5.) EXECUTIVE (CLOSED) SESSION – The Dickinson Economic Corporation will hold a closed executive meeting pursuant to the provision of Chapter 551, Government Code, Vernon's Texas Codes annotated, in accordance with the authority contained in:

President Darrell Carney recessed the regular meeting into a second Executive Session at 6:59 p.m.

- A. Section 551.087- Discuss or deliberate regarding commercial or financial information that the Dickinson Economic Development Corporation has received from a business prospect that the Dickinson Economic Development Corporation seeks to have locate, stay or expand in or near the City and which the Dickinson Economic Development Corporation is conducting economic development negotiations.
- B. Section 551.072 – Deliberation Regarding Real Property – Discussion Regarding the Purchase, Exchange, Lease or Value of Real Property.
- C. Section 551.074 – Personnel Matters To Deliberate The Appointment, Employment, Evaluation, Reassignment, Duties, Discipline Or Dismissal Of A Director of Economic Development.

ITEM 6.) RECONVENE

President Darrell Carney reconvened the regular meeting at 8:34 p.m.

ITEM 7.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Matters discussed in Executive Session.

No Items discussed.

ITEM 8.) FUTURE AGENDA ITEMS

No Items discussed.

ITEM 9.) ADJOURN

Director Reinschmidt made a motion to adjourn the meeting at 8:35 p.m. The motion was seconded by Director Martilli.

VOTE:

6 AYES (Carney, Reinschmidt, Martelli, Moreno, Hodgins, Donley)

0 NAYS

MOTION PASSED

PASSED, APPROVED AND ADOPTED this the 12th day of September, 2016.

President Darrell Carney

AGENDA

ITEM 4

**Dickinson Economic Development Corporation
Agenda Item Data Sheet**

MEETING DATE September 12, 2016

TOPIC: Resolution Number XXX-2016

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DICKINSON ECONOMIC DEVELOPMENT CORPORATION (DEDC) APPROVING AND ADOPTING A REVISED INVESTMENT POLICY FOR THE DEDC AND A LIST OF QUALIFIED BROKERS THAT ARE AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DEDC.

BACKGROUND: The Texas Public Funds Investment Act (Chapter 2256 of the Texas Government Code) requires that the DEDC review and revise its Investment Policy and Authorized Broker/Dealer List as necessary. Revisions to the Investment Policy are necessary to update the Delegation of Authority, Training, Internal Controls, Exhibit A – Authorized Investment Officials, and Exhibit C - Approved Broker/Dealers, Financial Institutions and Money Market Funds.

The Texas Public Funds Investment Act requires that the treasurer and the investment officer (if different than the treasurer) attend investment training. The previous Executive Director was also the Chief Financial Officer of the City and therefore assumed the role of the Corporation's Investment Officer. With the change in this role, staff recommends also changing the Delegation of Authority and Internal Controls from the Executive Director to the Treasurer.

Additionally, it is best practices to have more than one investment officer. Since the City Administrator currently meets the requirements to fill this role, she has been left as an alternate Investment Officer. Should the DEDC wish to change this, staff recommends having someone else from the Finance Department fill this role as the training and requirements are specific to local government finance.

Delegation of Authority
Staff recommends changing the Delegation of authority from the Executive Director to the Treasurer.

Training
House Bill 870 reduced the number of training hours required for investment officers from ten hours every two year to eight hours

ACTIONS TAKEN

APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER
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**Dickinson Economic Development Corporation
Agenda Item Data Sheet**

every two years. Therefore, the policy has been updated accordingly.

Internal Controls

Staff recommends changing the Investment Officer from the Executive Director to the Treasurer.

Exhibit A – Authorized Investment Officials

Staff recommends keeping Julie Robinson as an Authorized Officer but changing her title from Executive Director to City Administrator. As stated previously, should the board wish to have someone else serve in this capacity in the future, staff recommends having someone from the Finance Department fill this role.

Exhibit C - Approved Broker/Dealers, Financial Institutions and Money Market Funds

The following institutions have been added based on the Corporation's current investments and recent action:

- Texas First Bank
- HomeTown Bank, N.A.
- Capital One Bank
- TexPool

RECOMMENDATION:	Staff recommends approval of the Resolution.
ATTACHMENTS:	<ul style="list-style-type: none"> • Resolution Number XXX-2016 • Redlined Version of Revised Investment Policy • Clean Version of Revised Investment Policy
FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -
SUBMITTING STAFF MEMBER Stephanie Russell, Administrative Services Manager	EXECUTIVE DIRECTOR APPROVAL 

ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER

RESOLUTION NUMBER XXX-2016

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DICKINSON ECONOMIC DEVELOPMENT CORPORATION (DEDC) APPROVING AND ADOPTING A REVISED INVESTMENT POLICY FOR THE DEDC AND A LIST OF QUALIFIED BROKERS THAT ARE AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DEDC.

* * * * *

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DICKINSON ECONOMIC DEVELOPMENT CORPORATION, THAT:

Section 1. The Board of Directors of Dickinson Economic Development Corporation (“DEDC”) hereby approve and adopt a Revised Investment Policy for DEDC and a list of qualified brokers that are authorized to engage in investment transaction with DEDC, a copy of which is attached hereto as Exhibit “A” and made a part hereof for all purposes.

PASSED, APPROVED AND RESOLVED on this the 12TH day of September, 2016.

Darrell Carney, President
Board of Directors

ATTEST:

Elizabeth Moreno, Secretary

**Dickinson Economic Development
Corporation**

Investment Policy

(Revised September 12, 2016)

Dickinson Economic Development Corporation
Investment Policy
(Revised September 12, 2016)

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I. Policy

It is the policy of the Dickinson Economic Development Corporation (the “DEDC”) to administer and invest its funds in a manner that will preserve the principal and maintain the liquidity while meeting the daily cash flow requirements of the DEDC. The DEDC will conform to all federal, state and local statutes, rules and regulations governing the investment of the DEDC’s funds.

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

II. Purpose

The purpose of this policy is to provide direction for investing the funds of the DEDC and to comply with Chapter 2256 of the Texas Government Code (“Public Funds Investment Act”), which requires each entity to adopt a written investment policy regarding the investment of its funds and any funds under its control. This investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the DEDC’s funds.

III. Scope

This investment policy applies to the safekeeping and investing of all financial assets of the DEDC, including but not limited to sales tax revenues, charges for services, bond proceeds, interest income, loans and funds received by the DEDC where it performs a custodial function. .

IV. General Objectives

The primary objectives, in priority order, of the DEDC’s investment activities shall be safety, liquidity, and yield:

- A. **Safety** – Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.
 - i. **Credit Risk and Concentration of Credit Risk** – The DEDC will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer, by:

- Limiting investments to the safest types of securities,
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the DEDC will do business, and;
 - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- ii. **Interest Rate Risk** – The DEDC will manage the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity,
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and;
 - Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.
- B. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in money market mutual funds that offer same-day liquidity for short-term funds. Additionally, securities held in the portfolio will have active secondary or resale markets.
- C. **Public Trust** – All participants in the DEDC’s investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the DEDC’s ability to carry out its public purpose.
- D. **Yield** – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is restricted to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.
- E. **Investments held to Maturity** - Securities shall not be sold prior to maturity with the following exceptions:
- 1) A security with declining credit may be sold early to minimize loss of principal.

2) Liquidity needs of the portfolio require that the security be sold.

The Board of Directors will be informed promptly in the event that a security is sold prior to maturity.

V. Standards of Care

- A. **Prudence** - The standard of prudence to be used by investing officials shall be the "**prudent investor**" rule. This rule states that "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." The determination of whether an investing official has exercised prudence with respect to an investment decision shall be applied in the context of managing an overall portfolio rather than a consideration as to the prudence of a single investment.

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control unfavorable developments.

- B. **Ethics and Conflicts of Interest** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the DEDC any material interests in financial institutions that conduct business with the DEDC. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. (See Exhibit B.)

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

- C. **Delegation of Authority** - Authority to manage the DEDC's investment program is granted to the Treasurer of the DEDC, hereinafter referred to

as Investment Officer. Responsibility for the operation of the investment program is hereby delegated to the Investment Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. This policy includes explicit delegation of authority to persons responsible for investment transactions. (See Exhibit A) No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officials.

- D. **Training** - Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties, and shall attend an investment training session not less than once in a two year period and receive not less than 8 hours of instruction relating to investment responsibilities. The two year period is measured from the first day of the DEDC's fiscal and continues to the end of two consecutive years.

The DEDC shall provide the training through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the DEDC's investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training included the Government Treasurer's Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, or the Texas Municipal League.

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

VI. Safekeeping and Custody

- A. **Authorized Broker/Dealers and Financial Institutions** -The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment services (Exhibit C) to the DEDC. This list shall be reviewed, revised as necessary and adopted at least annually.

Any person or business entity wishing to be listed as authorized to provide investment services will be required to provide a certification stating the firm has received, read and understood the Entity's investment policy and agree to comply with the policy (Exhibit D). Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule), and qualified depositories. All investment providers, including financial institutions, banks, and money market mutual funds, must sign a certification acknowledging that the organization has received and reviewed the Entity's investment policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Entity's policy. No security, even if otherwise authorized by this policy, may be acquired from an investment provider who has not complied with this requirement.

No securities may be acquired from entities not qualified under this section.

- B. **Competitive Purchasing** – The DEDC's policy requires competitive quotes for all individual security purchases and sales except for a) transactions with money market mutual funds; b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution; and c) exceptions approved by the Investment Officer on a case by case basis. These exceptions will take into consideration the investment type, maturity date, amount to be invested, and disruption to the DEDC's investment strategy.

Quotes may be accepted orally, in writing, electronically or in any combination of these methods.

- C. **Delivery vs. Payment** – All trades with the exception of investment pools and mutual funds will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the DEDC's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

VII. Suitable and Authorized Investments

- A. **Eligible Investments** – Assets of the DEDC may be invested in the following instruments described below. All of these investments are authorized by the Public Funds Investment Act. Only those instruments listed in this section are authorized.

1. Obligations of the United States of America, its agencies and instrumentalities

2. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law. In addition, certificates of deposit obtained through a depository institution which are fully collateralized under a pledge agreement approved by the DEDC are authorized investments.
 3. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) seek to maintain a net asset value of \$1.00 per share and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
 4. Local Government Investment Pools, authorized by a separate resolution, which meet the requirements of Chapter 2256.016 of the Public Funds Investment Act and are rated no lower than AAA or an equivalent rating by at least one national recognized rating service.
- B. **Collateralization** – Collateralization will be required on all funds on deposit with a depository bank, other than investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest on the deposits, less an amount insured by the FDIC.

Securities pledged as collateral will be held in the DEDC's name by an independent third party with whom the DEDC has a current custodial agreement. The DEDC Administrator is responsible for entering into collateralization agreements with third party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relation to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the DEDC and retained. Collateral shall be reviewed at least quarterly to assure that the market value of the pledged securities is adequate.

- C. **Existing Investments** – Any investment currently held that does not meet the guidelines of this policy, but were authorized investments at the time of purchase, is not required to be liquidated; however, the DEDC shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not or no longer qualifies as an authorized investment.

VIII. Investment Parameters

- A. **Diversification** – The investments shall be diversified by security type and institution. With the exception of U.S. Treasury securities the DEDC will diversify the entire portfolio to comply with the investment strategy; however, in no case shall any single investment transaction be more than five-percent (5%) of the entire portfolio.
- B. **Maximum Maturities** – To the extent possible, the DEDC shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the DEDC will not directly invest in securities maturing more than three (3) years from the date of purchase. The composite portfolio will have a weighted average maturity of 365 days or less. This dollar weighted average maturity will be calculated using the stated final maturity dates of each security.

IX. Investment Strategies

The investment strategy for the DEDC portfolios established after the annual Investment Policy review and adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set for in this Policy.

X. Reporting

- A. **Methods** – The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the DEDC to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the DEDC Board of Directors.
- B. **Annual Audit** - The DEDC's external independent auditor shall formally review the quarterly reports, compliance with this policy, and internal management controls over investments in conjunction with the annual

financial audit. The results of the review will be reported to the DEDC Council.

- C. **Performance Standards** – The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Investment Officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.
- D. **Marking to Market** – The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from an independent source such as the Wall Street Journal, a reputable brokerage firm or security pricing service and reported on the investment reports.

XI. Record Retention

Records related to the DEDC's investment activities will be maintained for seven years as recommended by the *Texas State Library Municipal Records Manual*. The Director of Finance, in conjunction with the DEDC Secretary is responsible for filing and storing records of investment activity.

EXHIBIT A

**Dickinson Economic Development Corporations
Authorized Investment Officials**

Stephanie Russell, Administrative Services Manager

Julie M. Robinson, City Administrator

EXHIBIT B

**Dickinson Economic Development Corporation
Statement of Ethics and Conflicts of Interest**

Investment officials for the DEDC shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make partial investment decisions. This would only apply to personal business relationships with business organizations that have been approved by the Board of Directors to conduct investment transactions with the DEDC.

An investment official is considered to have a personal business relationship with a business organization if:

- (1) The investment official owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment official from the business organization exceed 10 percent of the investment official's gross income for the previous year.
- (3) The investment official has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment official.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the Dickinson Economic Development Corporation, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the Dickinson as of the date of this statement.

Dickinson Economic Development Corporation
Investment Officials

Stephanie Russell, Admin. Svcs. Mgr.

Date

Julie M. Robinson, City Administrator.

Date

EXHIBIT C

**Dickinson Economic Development Corporation
Approved Broker/Dealers, Financial Institutions and Money Market Funds**

Broker/Dealers

Michael Bell/Stifel Nicolaus
Tony Sekaly/Coastal Securities
Blake Bihm/Amegy Bank
Texas First Bank
HomeTown Bank, N.A.

Public Depositories

Capital One Bank (Primary Depository)
BBVA Compass Bank
HomeTown Bank, N.A.

Money Market Mutual Funds

BBVA Compass Bank

Investment Pools

TexPool

EXHIBIT D

Dickinson Economic Development Corporation
Certification by Broker/Dealers and Financial Institutions
(date)

Dickinson Economic Development Corporation
(Attn: Stephanie Russell)
4403 Highway 3
Dickinson TX 77539
Dear Ms. Russell:

This certification is executed on behalf of the Dickinson Economic Development Corporation (the Investor) and _____ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and Business Organization.

The undersigned Registered Principal of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Registered Principal of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Local Government Code) and;
2. The Registered Principal of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and;
3. The Registered Principal of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the investor's entire portfolio or requires and interpretation of the subjective investment standards.

Registered Principal

Broker Assigned to the Account

Signed By: _____

Printed Name _____

Title _____

Date _____

EXHIBIT E

INVESTMENT STRATEGY

The Dickinson Economic Development Corporation's investment portfolio will be designed and managed to ensure that it will meet all the requirements established by the DEDC's investment policy and the Public Funds Investment Act. The overall investment strategy outlined in the investment policy has been further refined in this investment strategy statement by the following fund types.

Funds Held for Operations:

Funds held for operations generally have greater cash flow needs than other funds types. The operating fund portfolio may consist of any approved investment type with the understanding that the financial requirements of the operating funds will dictate the maturity dates of the investment. At utmost importance is the preservation and safety of the investment principal.

Additionally each investment will be viewed for its liquidity and marketability of the investment if the need arises to liquidate the investment before maturity. The final determining factors for the investment strategy will be the diversification of the investment portfolio and the yield of the investment.

To achieve short-term needs of one (1) to one hundred and eighty (180) days, funds will be invested in approved investment pools. For longer-term needs of six (6) months to five (5) years, funds will be invested in approved investments with objectives prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the Dickenson Economic Development Corporation;
- 2) preservation and safety of principal;
- 3) liquidity;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) yield.

INVESTMENT STRATEGY (Continued)

Funds Held for Capital Improvements:

The investment objective of the funds set aside for capital improvements is to schedule maturities to maximize investment earnings while preserving principle. The key to an effective strategy is to be aware of the project needs and match maturities to the period funds are needed.

The investment objective for capital projects funds is still to match investment maturities with funding needs. As short-term needs are recognized investment maturities will be moved into approved investment pools to meet financial requirements. Longer-term needs will be invested with the following objectives as prioritized for capital improvement funds:

- 1) understanding the suitability of the investment to the financial requirements of the Dickinson Economic Development Corporation;
- 2) preservation and safety of principal;
- 3) diversification of the investment portfolio;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

INVESTMENT STRATEGY (Continued)

Funds Held in Reserve:

Certain reserve funds have been established as required by the Board of Directors. The investment objective is to invest reserve funds to the extent that maturities are established to the limit of the investment policy or to the end of the bond requirements whichever is shorter.

The overall investment strategy for reserve funds will not rely on investment pools; however, the use of pools is not prohibited. Longer-term investment objectives are prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the Dickinson Economic Development Corporation;
- 2) diversification of the investment portfolio;
- 3) preservation and safety of principal;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

DIVIDER PAGE

Dickinson Economic Development Corporation

Investment Policy

(Revised ~~April-September 132, 2015~~September 132, 2016)

Dickinson Economic Development Corporation
Investment Policy
(Revised ~~April-September 132~~, 20152016)

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I. Policy

It is the policy of the Dickinson Economic Development Corporation (the “DEDC”) to administer and invest its funds in a manner that will preserve the principal and maintain the liquidity while meeting the daily cash flow requirements of the DEDC. The DEDC will conform to all federal, state and local statutes, rules and regulations governing the investment of the DEDC’s funds.

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

II. Purpose

The purpose of this policy is to provide direction for investing the funds of the DEDC and to comply with Chapter 2256 of the Texas Government Code (“Public Funds Investment Act”), which requires each entity to adopt a written investment policy regarding the investment of its funds and any funds under its control. This investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the DEDC’s funds.

III. Scope

This investment policy applies to the safekeeping and investing of all financial assets of the DEDC, including but not limited to sales tax revenues, charges for services, bond proceeds, interest income, loans and funds received by the DEDC where it performs a custodial function. .

IV. General Objectives

The primary objectives, in priority order, of the DEDC’s investment activities shall be safety, liquidity, and yield:

- A. **Safety** – Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.
 - i. **Credit Risk and Concentration of Credit Risk** – The DEDC will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer, by:

- Limiting investments to the safest types of securities,
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the DEDC will do business, and;
 - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- ii. **Interest Rate Risk** – The DEDC will manage the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity,
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and;
 - Diversify maturities and stagger purchase dates to minimize the impact of market movements over time.
- B. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in money market mutual funds that offer same-day liquidity for short-term funds. Additionally, securities held in the portfolio will have active secondary or resale markets.
- C. **Public Trust** – All participants in the DEDC’s investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the DEDC’s ability to carry out its public purpose.
- D. **Yield** – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is restricted to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.
- E. **Investments held to Maturity** - Securities shall not be sold prior to maturity with the following exceptions:
- 1) A security with declining credit may be sold early to minimize loss of principal.

2) Liquidity needs of the portfolio require that the security be sold.

The Board of Directors will be informed promptly in the event that a security is sold prior to maturity.

V. Standards of Care

- A. **Prudence** - The standard of prudence to be used by investing officials shall be the "**prudent investor**" rule. This rule states that "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." The determination of whether an investing official has exercised prudence with respect to an investment decision shall be applied in the context of managing an overall portfolio rather than a consideration as to the prudence of a single investment.

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control unfavorable developments.

- B. **Ethics and Conflicts of Interest** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the DEDC any material interests in financial institutions that conduct business with the DEDC. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. (See Exhibit B.)

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

- C. **Delegation of Authority** - Authority to manage the DEDC's investment program is granted to the ~~Executive Director~~Treasurer of the DEDC,

hereinafter referred to as Investment Officer. Responsibility for the operation of the investment program is hereby delegated to the Investment Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. This policy includes explicit delegation of authority to persons responsible for investment transactions. (See Exhibit A) No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officials.

- D. **Training** - Investment officials must complete at least 10 hours of investment training within 12 months of taking office or assuming duties, and shall attend an investment training session not less than once in a two year period and receive not less than ~~10-8~~ hours of instruction relating to investment responsibilities. The two year period is measured from the first day of the DEDC's fiscal and continues to the end of two consecutive years.

The DEDC shall provide the training through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the DEDC's investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training included the Government Treasurer's Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, or the Texas Municipal League.

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

VI. Safekeeping and Custody

- A. **Authorized Broker/Dealers and Financial Institutions** -The Investment Officer will maintain a list of financial institutions and security broker/dealers authorized to provide investment services (Exhibit C) to the DEDC. This list shall be reviewed, revised as necessary and adopted at least annually.

Any person or business entity wishing to be listed as authorized to provide investment services will be required to provide a certification stating the firm has received, read and understood the Entity's investment policy and agree to comply with the policy (Exhibit D). Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule), and qualified depositories. All investment providers, including financial institutions, banks, and money market mutual funds, must sign a certification acknowledging that the organization has received and reviewed the Entity's investment policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the Entity's policy. No security, even if otherwise authorized by this policy, may be acquired from an investment provider who has not complied with this requirement.

No securities may be acquired from entities not qualified under this section.

- B. **Competitive Purchasing** – The DEDC's policy requires competitive quotes for all individual security purchases and sales except for a) transactions with money market mutual funds; b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution; and c) exceptions approved by the Investment Officer on a case by case basis. These exceptions will take into consideration the investment type, maturity date, amount to be invested, and disruption to the DEDC's investment strategy.

Quotes may be accepted orally, in writing, electronically or in any combination of these methods.

- C. **Delivery vs. Payment** – All trades with the exception of investment pools and mutual funds will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the DEDC's name by a third-party custodian as evidenced by safekeeping receipts of the institution with which the securities are deposited.

VII. Suitable and Authorized Investments

- A. **Eligible Investments** – Assets of the DEDC may be invested in the following instruments described below. All of these investments are authorized by the Public Funds Investment Act. Only those instruments listed in this section are authorized.

1. Obligations of the United States of America, its agencies and instrumentalities

2. Certificates of Deposit issued by a depository institution that has its main office or a branch in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor and secured by obligations in a manner and amount as provided by law. In addition, certificates of deposit obtained through a depository institution which are fully collateralized under a pledge agreement approved by the DEDC are authorized investments.
 3. No-load Money Market Mutual Funds that 1) are registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) seek to maintain a net asset value of \$1.00 per share and 4) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.
 4. Local Government Investment Pools, authorized by a separate resolution, which meet the requirements of Chapter 2256.016 of the Public Funds Investment Act and are rated no lower than AAA or an equivalent rating by at least one national recognized rating service.
- B. **Collateralization** – Collateralization will be required on all funds on deposit with a depository bank, other than investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest on the deposits, less an amount insured by the FDIC.

Securities pledged as collateral will be held in the DEDC's name by an independent third party with whom the DEDC has a current custodial agreement. The DEDC Administrator is responsible for entering into collateralization agreements with third party custodians in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relation to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the DEDC and retained. Collateral shall be reviewed at least quarterly to assure that the market value of the pledged securities is adequate.

- C. **Existing Investments** – Any investment currently held that does not meet the guidelines of this policy, but were authorized investments at the time of purchase, is not required to be liquidated; however, the DEDC shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not or no longer qualifies as an authorized investment.

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The investment strategy for the DEDC portfolios established after the annual Investment Policy review and adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set for in this Policy.

X. Reporting

- A. **Methods** – The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the DEDC to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the DEDC Board of Directors.
- B. **Annual Audit** - The DEDC's external independent auditor shall formally review the quarterly reports, compliance with this policy, and internal management controls over investments in conjunction with the annual

financial audit. The results of the review will be reported to the DEDC Council.

- C. **Performance Standards** – The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The Investment Officer shall determine whether market yields are being achieved by comparing the portfolio market yield to the three (3) month U.S. Treasury Bill, the six (6) month U.S. Treasury Bill and the two (2) year U.S. Treasury Note.
- D. **Marking to Market** – The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from an independent source such as the Wall Street Journal, a reputable brokerage firm or security pricing service and reported on the investment reports.

XI. Record Retention

Records related to the DEDC's investment activities will be maintained for seven years as recommended by the *Texas State Library Municipal Records Manual*. The Director of Finance, in conjunction with the DEDC Secretary is responsible for filing and storing records of investment activity.

EXHIBIT A

**Dickinson Economic Development Corporations
Authorized Investment Officials**

| ~~Stephanie Russell, Administrative Services Manager~~

| Julie M. Robinson, ~~Executive Director~~ City Administrator

| ~~Stephanie Russell, Administrative Services Manager~~

EXHIBIT B

**Dickinson Economic Development Corporation
Statement of Ethics and Conflicts of Interest**

Investment officials for the DEDC shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make partial investment decisions. This would only apply to personal business relationships with business organizations that have been approved by the Board of Directors to conduct investment transactions with the DEDC.

An investment official is considered to have a personal business relationship with a business organization if:

- (1) The investment official owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment official from the business organization exceed 10 percent of the investment official's gross income for the previous year.
- (3) The investment official has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment official.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the Dickinson Economic Development Corporation, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the Dickinson as of the date of this statement.

Dickinson Economic Development Corporation
Investment Officials

~~Julie M. Robinson, Executive Director~~ Stephanie Russell, Admin. Svcs. Mgr.

Date

~~Julie M. Robinson, City Administrator~~ Stephanie Russell, Admin. Svcs. Mgr.

Date

EXHIBIT C

**Dickinson Economic Development Corporation
Approved Broker/Dealers, Financial Institutions and Money Market Funds**

Broker/Dealers

Michael Bell/Stifel Nicolaus
Tony Sekaly/Coastal Securities
Blake Bihm/Amegy Bank
[Texas First Bank](#)
[HomeTown Bank, N.A.](#)

Public Depositories

[Capital One Bank \(Primary Depository\)](#)
BBVA Compass Bank (~~Primary Depository~~)
[HomeTown Bank, N.A.](#)

Money Market Mutual Funds

BBVA Compass Bank
[Investment Pools](#)
[TexPool](#)

EXHIBIT D

Dickinson Economic Development Corporation
Certification by Broker/Dealers and Financial Institutions
(date)

Dickinson Economic Development Corporation
(Attn: Stephanie Russell)
4403 Highway 3
Dickinson TX 77539
Dear Ms. Russell:

This certification is executed on behalf of the Dickinson Economic Development Corporation (the Investor) and _____ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and Business Organization.

The undersigned Registered Principal of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Registered Principal of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Local Government Code) and;
2. The Registered Principal of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and;
3. The Registered Principal of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the investor's entire portfolio or requires and interpretation of the subjective investment standards.

Registered Principal

Broker Assigned to the Account

Signed By: _____

Printed Name _____

Title _____

Date _____

EXHIBIT E

INVESTMENT STRATEGY

The Dickinson Economic Development Corporation's investment portfolio will be designed and managed to ensure that it will meet all the requirements established by the DEDC's investment policy and the Public Funds Investment Act. The overall investment strategy outlined in the investment policy has been further refined in this investment strategy statement by the following fund types.

Funds Held for Operations:

Funds held for operations generally have greater cash flow needs than other funds types. The operating fund portfolio may consist of any approved investment type with the understanding that the financial requirements of the operating funds will dictate the maturity dates of the investment. At utmost importance is the preservation and safety of the investment principal.

Additionally each investment will be viewed for its liquidity and marketability of the investment if the need arises to liquidate the investment before maturity. The final determining factors for the investment strategy will be the diversification of the investment portfolio and the yield of the investment.

To achieve short-term needs of one (1) to one hundred and eighty (180) days, funds will be invested in approved investment pools. For longer-term needs of six (6) months to five (5) years, funds will be invested in approved investments with objectives prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the Dickinson Economic Development Corporation;
- 2) preservation and safety of principal;
- 3) liquidity;
- 4) marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) diversification of the investment portfolio; and
- 6) yield.

INVESTMENT STRATEGY (Continued)

Funds Held for Capital Improvements:

The investment objective of the funds set aside for capital improvements is to schedule maturities to maximize investment earnings while preserving principle. The key to an effective strategy is to be aware of the project needs and match maturities to the period funds are needed.

The investment objective for capital projects funds is still to match investment maturities with funding needs. As short-term needs are recognized investment maturities will be moved into approved investment pools to meet financial requirements. Longer-term needs will be invested with the following objectives as prioritized for capital improvement funds:

- 1) understanding the suitability of the investment to the financial requirements of the Dickinson Economic Development Corporation;
- 2) preservation and safety of principal;
- 3) diversification of the investment portfolio;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

INVESTMENT STRATEGY (Continued)

Funds Held in Reserve:

Certain reserve funds have been established as required by the Board of Directors. The investment objective is to invest reserve funds to the extent that maturities are established to the limit of the investment policy or to the end of the bond requirements whichever is shorter.

The overall investment strategy for reserve funds will not rely on investment pools; however, the use of pools is not prohibited. Longer-term investment objectives are prioritized as follows:

- 1) understanding the suitability of the investment to the financial requirements of the Dickinson Economic Development Corporation;
- 2) diversification of the investment portfolio;
- 3) preservation and safety of principal;
- 4) yield;
- 5) liquidity; and
- 6) marketability of the investment if the need arises to liquidate the investment before maturity.

EXHIBIT “A”

TO

RESOLUTION XXX-2015

AGENDA

ITEM 5

**Dickinson Economic Development Corporation
Agenda Item Data Sheet**

MEETING DATE	September 12, 2016	
TOPIC:	Briefing and Discussion Concerning Quarterly Investment Report & Financials For Period Ending June 30, 2016.	
BACKGROUND:	Per the Corporation's Investment Policy, the Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This investment report covers the quarter ending June 30, 2016.	
RECOMMENDATION:	None.	
ATTACHMENTS:	<ul style="list-style-type: none"> • Quarterly Investment and Financial Report For FY2015-2016 Quarter Ending June 30, 2016. 	
FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -	
SUBMITTING STAFF MEMBER Stephanie Russell, Administrative Services Manager	INTERIM EXECUTIVE DIRECTOR APPROVAL <i>Angela Forbes</i>	

ACTIONS TAKEN		
APPROVAL <input type="checkbox"/> YES <input type="checkbox"/> NO	READINGS PASSED <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	OTHER

Dickinson Economic Development Corporation

Quarterly Investment & Financial Report

Period Ending June 30, 2016

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
INVESTMENT REPORT
JUNE 30, 2016

<u>Account</u>	<u>Interest Rate</u>	<u>Purchase Date</u>	<u>Due Date</u>	<u>Days to Maturity</u>	<u>Book Value</u>	<u>Beginning Market Value</u>	<u>Ending Market Value</u>	<u>Market Value Change</u>	<u>Interest Paid Year to Date</u>
BBVA Compass - Operating	0.00%	4/7/2009	Demand	1	512,925	284,582	512,925	228,343	-
BBVA Compass - MMA	0.20%	4/7/2009	Demand	1	285,428	285,288	285,428	140	428
Hometown - Checking	0.00%	8/8/2013	Demand	1	15,962	15,647	15,962	315	-
TexPool - Investment	0.03%	7/31/2013	Demand	1	116,729	116,628	116,729	101	226
Hometown - CD	0.50%	8/7/2015	8/7/2016	38	250,000	250,000	250,000	-	938
Texas 1st - CD	0.20%	8/6/2015	8/6/2016	37	250,000	250,000	250,000	-	270
Total (all cash & investments)					1,431,044	1,202,146	1,431,044	228,899	1,862

Weighted Average Rate (WAR) 0.16%

Weighted Average Maturity (WAM) 13.75 days

Stephanie Russell

Prepared by: Stephanie Russell, Administrative Services Manager

9/6/2016

Date

Julie M. Robinson

Julie M. Robinson, City Administrator

9/7/2016

Date

2015 PFIA Legislative Changes

Two Legislative bills were passed that will impact the Texas Public Funds Investment Act 2256 effective September 1, 2015:

HB 870

Reduces the amount of Public Funds Investment Act (Chapter 2256.008, Texas Government Code) training hours for city and school district finance and investment officers from ten hours every two years to eight hours every two years. City and school district finance and investment officers must still initially receive ten hours of training within 12 months after taking office or assuming investment duties. Effective September 1, 2015.

HB 1148

Provides that a city finance or investment officer must take only the initial 10 hour training under the Public Funds Investment Act (Chapter 2256.008, Texas Government Code) but no continuing investment training if the city: (1) does not invest city funds; or (2) only deposits city funds in interest-bearing deposit accounts or certificates of deposit. Effective September 1, 2015.

Since the phrase “does not invest city funds” is not defined in the bill, any city finance or investment officer desiring to forgo investment training under this bill may want to provide a definition of this phrase in the city’s approved investment policy, which is still a requirement under the Public Funds Investment Act.

Additionally, it is recommended that any city finance or investment officer desiring to forgo investment training under this bill may want to confirm the applicability of the training hour changes with their local attorney/auditor.

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JUNE 30, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
REVENUE				
Sales Tax Revenue	1,472,200	1,123,895	348,305	76.3%
Rental Income	6,520	5,500	1,020	84.4%
Interest Income	1,800	1,721	79	95.6%
Miscellaneous Income	490	490	-	100.0%
TOTAL REVENUE	1,481,010	1,131,606	349,404	76.4%
EXPENDITURES				
Capital Outlays				
Computers/Office Equipment	3,000	-	3,000	0.0%
Contractual Payments	27,427	27,427	(0)	100.0%
Real Property Acquisition	884,061	601,585	282,476	68.0%
Total Capital Outlays	914,488	629,013	285,475	68.8%
Contract Services				
ED Consulting	20,915	10,415	10,500	49.8%
Financial & Auditing	1,000	750	250	75.0%
GIS	2,900	-	2,900	0.0%
Legal	7,500	2,384	5,116	31.8%
Multimedia Services	500	-	500	0.0%
Branding & Marketing Study	-	-	-	10000.0%
Demolition Services	54,525	-	54,525	0.0%
Total Contract Services	87,340	13,549	73,791	15.5%
Debt Service				
Interest	10,993	12,705	(1,712)	115.6%
Principal	55,000	50,000	5,000	90.9%
Total Debt Service	65,993	62,705	3,288	95.0%
Projects & Programs				
Cedar Oaks	75,000	44,981	30,019	60.0%
Hughes Road	10,000	3,240	6,760	32.4%
Hwy 3 Façade Improvement Prgm	28,000	-	28,000	0.0%
Business Retention Prgm	1,000	-	1,000	0.0%
Visual Improvement Prgm	40,000	-	40,000	0.0%
Visitor Information Kiosk	-	-	-	10000.0%
Adopt-A-Street Program	3,820	1,383	2,437	36.2%
Project & Property Design Fees	50,000	-	50,000	0.0%
Retail Trade Center	30,000	10,680	19,320	35.6%
ED Grants & Projects	189,500	128,057	61,443	67.6%
Total Projects & Programs	427,320	188,341	238,979	44.1%

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JUNE 30, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
Museum-Tourism				
Building & Property Maintenance	35,950	31,026	4,924	86.3%
Dues, Subscriptions & Books	900	420	480	46.7%
Marketing & Advertising	5,000	-	5,000	0.0%
Museum Exhibits	-	-	-	10000.0%
Office Supplies	5,500	3,670	1,830	66.7%
Property/Liability Insurance	6,200	6,161	39	99.4%
Storage Rental	2,400	-	2,400	0.0%
Utilities	20,000	9,147	10,853	45.7%
Total Museum-Tourism	75,950	50,424	25,526	66.4%
DEDC Administration/Operations				
Building Maintenance	500	-	500	0.0%
Bank Service Charges	367	157	210	42.9%
Dues, Subscriptions & Books	5,500	1,793	3,707	32.6%
Information Technology	13,850	8,472	5,378	61.2%
Marketing & Promotions	20,000	19,675	325	98.4%
Office Space Rental	3,000	2,250	750	75.0%
Office Supplies & Postage	2,502	955	1,547	38.2%
Personnel Services	192,231	138,173	54,058	71.9%
Public Official/E&O Insurance	1,167	-	1,167	0.0%
Travel & Training	25,000	14,856	10,144	59.4%
Utilities	2,492	1,635	857	65.6%
Total Admin./Operations	266,609	187,968	78,641	70.5%
TOTAL EXPENDITURES	1,837,700	1,131,999	705,701	
REVENUE - EXPENDITURES	(356,690)	(392)	(356,298)	

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016*
BALANCE SHEET
PERIOD ENDING JUNE 30, 2016

ASSETS

Current Assets

Cash & Investments

BBVA Operating Account	449,464
BBVA Money Market Account	285,428
Hometown Bank - Checking	15,962
Hometown Bank - CD	250,000
Texas First Bank - CD	250,000
TexPool	116,729
Total Cash	1,367,583

Accounts Receivable

Sales Tax Receivable	261,411
Other Accounts Receivable	-
Total Accounts Receivable	261,411

Total Current Assets

\$ 1,628,994

TOTAL ASSETS

\$ 1,628,994

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Due to City of Dickinson	-
Accounts Payable	-
Rental Deposits	875
Total Accounts Payable	\$ 875

Total Current Liabilities

\$ 875

Total Liabilities

\$ 875

Equity

Fund Balance	1,628,512
Net Income	(392)
Total Equity	\$ 1,628,119

TOTAL LIABILITIES & EQUITY

\$ 1,628,994

**Unaudited*

AGENDA

ITEM 6

EXECUTIVE SESSION

RECESS TIME: _____

AGENDA

ITEM 7

RECONVENE

TIME: _____

AGENDA

ITEM 8

AGENDA

ITEM 9

AGENDA

ITEM 10

ADJOURN

TIME: _____

MOTION: _____

SECOND: _____

VOTE _____

FYI

Dickinson Economic Development Corporation

Monthly Financial Report

Period Ending July 31, 2016

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JULY 31, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
REVENUE				
Sales Tax Revenue	1,472,200	1,123,895	348,305	76.3%
Rental Income	6,520	5,755	765	88.3%
Interest Income	1,800	1,895	(95)	105.3%
Miscellaneous Income	490	490	-	100.0%
TOTAL REVENUE	1,481,010	1,132,035	348,975	76.4%
EXPENDITURES				
Capital Outlays				
Computers/Office Equipment	3,000	-	3,000	0.0%
Contractual Payments	27,427	27,427	(0)	100.0%
Real Property Acquisition	884,061	621,101	262,960	70.3%
Total Capital Outlays	914,488	648,529	265,959	70.9%
Contract Services				
ED Consulting	20,915	10,477	10,438	50.1%
Financial & Auditing	1,000	750	250	75.0%
GIS	2,900	-	2,900	0.0%
Legal	7,500	2,384	5,116	31.8%
Multimedia Services	500	-	500	0.0%
Branding & Marketing Study	-	-	-	10000.0%
Demolition Services	54,525	-	54,525	0.0%
Total Contract Services	87,340	13,611	73,729	15.6%
Debt Service				
Interest	10,993	12,705	(1,712)	115.6%
Principal	55,000	50,000	5,000	90.9%
Total Debt Service	65,993	62,705	3,288	95.0%
Projects & Programs				
Cedar Oaks	75,000	46,731	28,269	62.3%
Hughes Road	10,000	3,747	6,253	37.5%
Hwy 3 Façade Improvement Prgm	28,000	-	28,000	0.0%
Business Retention Prgm	1,000	-	1,000	0.0%
Visual Improvement Prgm	40,000	-	40,000	0.0%
Visitor Information Kiosk	-	-	-	10000.0%
Adopt-A-Street Program	3,820	1,439	2,381	37.7%
Project & Property Design Fees	50,000	-	50,000	0.0%
Retail Trade Center	30,000	20,903	9,097	69.7%
ED Grants & Projects	189,500	128,831	60,669	68.0%
Total Projects & Programs	427,320	201,651	225,669	47.2%

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016
BUDGET VS. ACTUALS
PERIOD ENDING JULY 31, 2016

Account Name	FY 15-16 Amended Budget	FY 15-16 Actuals Period to Date	Actuals (Over)/Under Budget	% of Budget
Museum-Tourism				
Building & Property Maintenance	35,950	31,636	4,314	88.0%
Dues, Subscriptions & Books	900	420	480	46.7%
Marketing & Advertising	5,000	35	4,965	0.7%
Museum Exhibits	-	-	-	10000.0%
Office Supplies	5,500	4,612	888	83.9%
Property/Liability Insurance	6,200	6,161	39	99.4%
Storage Rental	2,400	-	2,400	0.0%
Utilities	20,000	12,646	7,354	63.2%
Total Museum-Tourism	75,950	55,510	20,440	73.1%
DEDC Administration/Operations				
Building Maintenance	500	-	500	0.0%
Bank Service Charges	367	195	172	53.0%
Dues, Subscriptions & Books	5,500	1,793	3,707	32.6%
Information Technology	13,850	8,472	5,378	61.2%
Marketing & Promotions	20,000	20,040	(40)	100.2%
Office Space Rental	3,000	2,250	750	75.0%
Office Supplies & Postage	2,502	965	1,537	38.6%
Personnel Services	192,231	138,173	54,058	71.9%
Public Official/E&O Insurance	1,167	-	1,167	0.0%
Travel & Training	25,000	16,704	8,296	66.8%
Utilities	2,492	1,635	857	65.6%
Total Admin./Operations	266,609	190,229	76,380	71.4%
TOTAL EXPENDITURES	1,837,700	1,172,234	665,466	
REVENUE - EXPENDITURES	(356,690)	(40,199)	(316,491)	

DICKINSON ECONOMIC DEVELOPMENT CORPORATION
FISCAL YEAR 2015-2016*
BALANCE SHEET
PERIOD ENDING JULY 31, 2016

ASSETS

Current Assets

Cash & Investments

BBVA Operating Account	533,394
BBVA Money Market Account	285,454
Hometown Bank - Checking	16,065
Hometown Bank - CD	250,000
Texas First Bank - CD	250,000
TexPool	116,766
Total Cash	1,451,678

Accounts Receivable

Sales Tax Receivable	137,434
Other Accounts Receivable	-
Total Accounts Receivable	137,434

Total Current Assets

\$ 1,589,112

TOTAL ASSETS

\$ 1,589,112

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Due to City of Dickinson	-
Accounts Payable	-
Rental Deposits	800
Total Accounts Payable	\$ 800

Total Current Liabilities

\$ 800

Total Liabilities

\$ 800

Equity

Fund Balance	1,628,512
Net Income	(40,199)
Total Equity	\$ 1,588,312

TOTAL LIABILITIES & EQUITY

\$ 1,589,112

**Unaudited*