Bastrop, TX City Council Meeting Agenda

Bastrop City Hall City Council Chambers
1311 Chestnut Street
Bastrop, TX 78602
(512) 332-8800

BASTROPTX
Heart of the Lost Pines / Est. 1832

August 24, 2021, Executive Session at 5:30 P.M.

Regular Meeting at 6:30 P.M.

City of Bastrop City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at (512) 332-8800 or write 1311 Chestnut Street, 78602, or by calling through a T.D.D. (Telecommunication Device for the Deaf) to Relay Texas at 1-800-735-2989 at least 48 hours in advance of the meeting.

The City of Bastrop reserves the right to reconvene, recess, or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

PLEASE NOTE: ANYONE IN ATTENDANCE WISHING TO ADDRESS THE COUNCIL MUST COMPLETE A CITIZEN COMMENT FORM AND GIVE THE COMPLETED FORM TO THE CITY SECRETARY PRIOR TO THE START OF THE CITY COUNCIL MEETING. ALTERNATELY, IF YOU ARE UNABLE TO ATTEND THE COUNCIL MEETING, YOU MAY COMPLETE A CITIZEN COMMENT FORM WITH YOUR COMMENTS AT WWW.CITYOFBASTROP.ORG/CITIZENCOMMENTFORM BEFORE 5:00 P.M. ON AUGUST 24, 2021. COMMENTS SUBMITTED BY THIS TIME WILL BE DISTRIBUTED TO THE CITY COUNCIL PRIOR TO MEETING COMMENCEMENT, REFERENCED AT THE MEETING, AND INCLUDED WITH THE MEETING MINUTES. COMMENTS FROM EACH INDIVIDUAL WILL BE LIMITED TO THREE (3) MINUTES WHEN READ ALOUD.

1. CALL TO ORDER

2. EXECUTIVE SESSION

2A. City Council shall convene into closed executive session pursuant to Texas Government Code Sections 551.071 and 551.072, to seek the advice of legal counsel, and to deliberate upon the acquisition of real property interests associated with the construction of Wastewater Treatment Plant #3 at 385 SH 304, Unit B, Bastrop, TX 78602, and its collections systems, including all related agreements, authorizations, easements, resolutions, and associated legal actions.

2B. City Council shall convene into closed executive session pursuant to Texas Government Code section 551.071 for a general briefing by the City Attorney regarding pending legal matters, including litigation and administrative law proceedings, such as (but not limited to): Cause 423-7941 Bastrop County, Cause 423-1842 Bastrop County, No 052-21, Bastrop County, No 1:20-cv-00317-LY-AWA U.S. District Court, 1:21-CV-00121-RP U.S. District Court, and EEOC #451-2020-02990.

3. TAKE ANY NECESSARY OR APPROPRIATE ACTION ON MATTERS POSTED FOR CONSIDERATION IN CLOSED/EXECUTIVE SESSION

4. CALL TO ORDER – REGULAR SESSION – 6:30 P.M.

5. PLEDGE OF ALLEGIANCE

TEXAS PLEDGE OF ALLEGIANCE
Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

6. INVOCATION – Cliff Sparks, Police Chaplain

7. PRESENTATIONS

7A. Mayor's Report

7B. Council Members' Report

7C. City Manager's Report

7D. Proclamation of the City Council of the City of Bastrop, Texas recognizing the month of September as National Preparedness Month. (Submitted by: Ann Franklin, City Secretary)

7E. Proclamation of the City Council of the City of Bastrop, Texas recognizing September as the 10-year anniversary of the Bastrop County Complex Fire and Perseverance in the Pines Month. (Submitted by: Ann Franklin, City Secretary)

8. WORK SESSION/BRIEFINGS

8A. Receive presentation from BGE, Inc. on a future request for the creation of Creekside Municipal Utility Districts (MUD) 3 and 4 within the City of Bastrop Voluntary Extraterritorial Jurisdiction. (Submitted by: Jennifer C. Bills, Assistant Planning Director)

9. STAFF AND BOARD REPORTS - NONE

10. CITIZEN COMMENTS

At this time, three (3) minute comments will be taken from the audience on any topic. Anyone in attendance wishing to address the Council must complete a citizen comment form and give the completed form to the City Secretary prior to the start of the City Council meeting. Alternately, if you are unable to attend the council meeting, you may complete a citizen comment form with your comments at www.cityofbastrop.org/citizencommentform before 5:00 p.m. on August 24, 2021. Comments submitted by this time will be distributed to the city council prior to meeting commencement, referenced at the meeting, and included with the meeting minutes. Comments from each individual will be limited to three (3) minutes when read aloud. In accordance with the Texas Open Meetings Act, if a citizen

discusses any item not on the agenda, City Council cannot discuss issues raised or make any decision at this time. Instead, City Council is limited to making a statement of specific factual information or a recitation of existing policy in response to the inquiry. Issues may be referred to City Manager for research and possible future action.

It is not the intention of the City of Bastrop to provide a public forum for the embarrassment or demeaning of any individual or group. Neither is it the intention of the Council to allow a member of the public to slur the performance, honesty and/or integrity of the Council, as a body, or any member or members of the Council individually or collectively, or members of the City's staff. Accordingly, profane, insulting or threatening language directed toward the Council and/or any person in the Council's presence will not be tolerated.

11. APPROVAL OF MINUTES

11A. Consider action to approve City Council minutes from the August 10, 2021, Regular meeting. (Submitted by: Ann Franklin, City Secretary)

12. ITEMS FOR INDIVIDUAL CONSIDERATION

12A. Consider action to approve the first reading of Resolution No. R-2021-66 of the City Council of the City of Bastrop, Texas, approving a Project with Moca Ventures Nebraska, LLC (formerly known as John Baasch Augers and Flighting Inc. and Project Swipe) in the amount of Nine Hundred Thousand Dollars ($900,000.00) for the project; providing an effective date; and move to include on the September 14, 2021, Consent Agenda for second reading. (Submitted by: Genora Young, BEDC Interim Executive Director)

12B. Consider action to approve Resolution No. R-2021-80 of the City Council of the City of Bastrop, Texas, approving the Financial Management Policy, which is attached as Exhibit A; providing for a repealing clause and establishing an effective date. (Submitted by: Paul A. Hofmann, City Manager)

12C. Consider action to approve Resolution No. R-2021-81 of the City Council of the City of Bastrop, Texas approving and adopting the Investment Policy and Investment Strategies attached as Exhibit A; approving the list of Qualified Brokers attached as Exhibit B; making various provisions related to the subject; and establishing an effective date. (Submitted by: Paul A. Hofmann, City Manager)

12D. Consider action to approve Resolution No. R-2021-82 of the City Council of the City of Bastrop, Texas approving the City of Bastrop Purchasing Policy, which is attached as Exhibit A; providing for a repealing clause; and establishing an effective date. (Submitted by: Paul A. Hofmann, City Manager)

13. ADJOURNMENT

I, the undersigned authority, do hereby certify that this Notice of Meeting as posted in accordance with the regulations of the Texas Open Meetings Act on the bulletin board located at the entrance to the City of Bastrop City Hall, a place of convenient and readily accessible to the general public, as well as to the City's website, www.cityofbastrop.org and said Notice was posted on the following date and time: Wednesday, August 18, 2021, at 4:30 p.m. and remained posted for at least two hours after said meeting was convened.

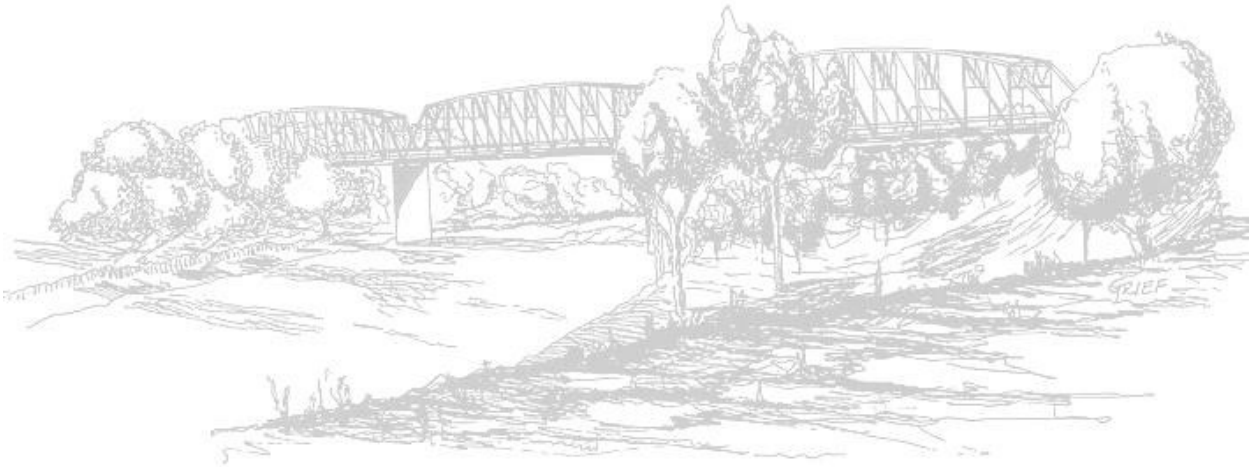
Ann Franklin, City Secretary

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 2A

TITLE:
City Council shall convene into closed executive session pursuant to Texas Government Code Sections 551.071 and 551.072, to seek the advice of legal counsel, and to deliberate upon the acquisition of real property interests associated with the construction of Wastewater Treatment Plant #3 at 385 SH 304, Unit B, Bastrop, TX 78602, and its collections systems, including all related agreements, authorizations, easements, resolutions, and associated legal actions.

STAFF REPRESENTATIVE:
Paul A. Hofmann, City Manager



STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 2B

TITLE:
City Council shall convene into closed executive session pursuant to Texas Government Code section 551.071 for a general briefing by the City Attorney regarding pending legal matters, including litigation and administrative law proceedings, such as (but not limited to): Cause 423-7941 Bastrop County, Cause 423-1842 Bastrop County, No 052-21, Bastrop County, No 1:20-cv-00317-LY-AWA U.S. District Court, 1:21-CV-00121-RP U.S. District Court, and EEOC #451-2020-02990.

STAFF REPRESENTATIVE:
Paul A. Hofmann, City Manager

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 3

TITLE:
Take any necessary or appropriate action on matters posted for consideration in closed/executive session

STAFF REPRESENTATIVE:
Paul A. Hofmann, City Manager

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 7A

TITLE:
Mayor's Report

AGENDA ITEM SUBMITTED BY:
Paul A. Hofmann, City Manager

POLICY EXPLANATION:

Texas Local Government Code, Section 551.045 – Governing Body of Municipality or County: Reports about Items of Community Interest Regarding Which No Action Will Be Taken:

(a) Notwithstanding Sections 551.041 and 551.042, a quorum of the governing body of a municipality or county may receive from staff of the political subdivision and a member of the governing body may make a report about items of community interest during a meeting of the governing body without having given notice of the subject of the report as required by this subchapter if no action is taken and, except as provided by Section 551.042, possible action is not discussed regarding the information provided in the report.

(b) For purposes of Subsection (a), "items of community interest" includes:

(1) expressions of thanks, congratulations, or condolence;
(2) information regarding holiday schedules;
(3) an honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision;
(4) a reminder about an upcoming event organized or sponsored by the governing body;
(5) information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the political subdivision; and
(6) announcements involving an imminent threat to the public health and safety of people in the political subdivision that has arisen after the posting of the agenda.

ATTACHMENTS:

- Power Point Presentation

Mayor's Report
August 24, 2021

BASTROPTX
Heart of the Lost Pines / Est. 1832

Latest Activities

Aug 5 – Aug 16

Events in 2021: *245*

BASTROPTX
Heart of the Lost Pines / Est. 1832

Camp Swift Barracks

Built in 1942

Three Dimensionally printed in 2021

BASTROPTX
Heart of the Lost Pines / Est. 1832

Planned Events

August 17-24

- August 17 – Budget Workshop
- August 18 – Budget Workshop (if needed)
- August 23 –
  - Commissioner's Court Meeting
  - Board and Commissions Applicant Interviews
- August 24 –
  - Rotary Scholarship Presentation
  - City Council Meeting

BASTROPTX
Heart of the Lost Pines / Est. 1832

Upcoming Events & City Meetings

- August 25 – Board and Commission Applicant Interviews (Day 2 if needed)
- August 27 – TEDC Sales Tax Webinar with BEDC Board
- August 30 – Joint Council and Visit Bastrop Board Meeting
- September 1 – Chamber Lunch
- September 2 – Farm Street Opry
- September 4 – Bastrop County Complex Fire 10 Year Anniversary Remembrance Event
- September 6 – Labor Day (City Offices Closed)
- September 7 – Library Board Meeting
- September 9 – Heart of Bastrop Filming
- September 14 – Council Meeting

BASTROPTX
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STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 7B

TITLE:
Council Members' Report

AGENDA ITEM SUBMITTED BY:
Paul A. Hofmann, City Manager

POLICY EXPLANATION:

Texas Local Government Code, Section 551.045 – Governing Body of Municipality or County: Reports about Items of Community Interest Regarding Which No Action Will Be Taken:

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(6) announcements involving an imminent threat to the public health and safety of people in the political subdivision that has arisen after the posting of the agenda.

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 7C

TITLE:
City Manager's Report

AGENDA ITEM SUBMITTED BY:
Paul A. Hofmann, City Manager

POLICY EXPLANATION:

Texas Local Government Code, Section 551.045 – Governing Body of Municipality or County: Reports about Items of Community Interest Regarding Which No Action Will Be Taken:

(a) Notwithstanding Sections 551.041 and 551.042, a quorum of the governing body of a municipality or county may receive from staff of the political subdivision and a member of the governing body may make a report about items of community interest during a meeting of the governing body without having given notice of the subject of the report as required by this subchapter if no action is taken and, except as provided by Section 551.042, possible action is not discussed regarding the information provided in the report.

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(6) announcements involving an imminent threat to the public health and safety of people in the political subdivision that has arisen after the posting of the agenda.

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 7D

TITLE:
Proclamation of the City Council of the City of Bastrop, Texas recognizing the month of September as National Preparedness Month.

STAFF REPRESENTATIVE:
Ann Franklin, City Secretary

PROCLAMATION

BASTROPTX
Heart of the Lost Pines / Est. 1832

WHEREAS, September is National Preparedness Month, which serves as a reminder that we all must take action to prepare, now and throughout the year, for the types of emergencies that could affect us where we live, work, and also where we visit; and

WHEREAS, "National Preparedness Month" creates an opportunity for the residents and businesses in the City of Bastrop to prepare their homes, establishments, and communities for any type of emergency including natural disasters and potential terror attacks; and

WHEREAS, this year it's even more imperative for the City of Bastrop to recognize the need for preparedness. In the midst of this pandemic, keeping our residents informed about public health issues is paramount; and

WHEREAS, the City of Bastrop, along with other regional, state and national partners, support the WarnCentralTexas.org campaign to increase public readiness in preparing for emergencies and educating citizens on how to take action; and

WHEREAS, preparedness is an ongoing effort of all citizens in the CAPCOG region, including youth, older adults, and people with access and functional needs; and

WHEREAS, investing in the preparedness of ourselves, our families, businesses, and communities can reduce fatalities and economic devastation throughout our nation; and

WHEREAS, emergency preparedness is the responsibility of every citizen in the (city/county) and all citizens are encouraged to make preparedness a priority.

NOW, THEREFORE, I, Connie B. Schroeder, Mayor of the City of Bastrop, Texas, do hereby proclaim September 2021 as:

NATIONAL PREPAREDNESS MONTH

and encourage all citizens and businesses to develop their own emergency preparedness plan, go to WarnCentralTexas.org to register to receive emergency alerts, and work as a team towards that end.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Bastrop, Texas to be affixed this 24th day of August, 2021.

_____
Connie B. Schroeder, Mayor

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 7E

TITLE:
Proclamation of the City Council of the City of Bastrop, Texas recognizing September as the 10-year anniversary of the Bastrop County Complex Fire and Perseverance in the Pines Month.

STAFF REPRESENTATIVE:
Ann Franklin, City Secretary

PROCLAMATION

BASTROPTX
Heart of the Lost Pines / Est. 1832

WHEREAS, during 2011, Texas endured its most severe single-year drought since 1956; and

WHEREAS, on September 4th, 2011, spurred on by the dry conditions and high winds, 3 separate wildfires merged into one catastrophic blaze; and

WHEREAS, the wildfire heavily damaged the much loved Lost Pines Forest, a population of loblolly pine trees from the Pleistocene era; and

WHEREAS, the wildfire destroyed the majority of the habitat of the endangered Houston Toad; and

WHEREAS, with 2 deaths, 32,000 acres burned, and the loss of 1,690 residential structures with a damage estimate of $325 million resulting from the wildfire; and

WHEREAS, the Bastrop County Complex Fire was the most destructive wildfire in the history of the State of Texas;

NOW, THEREFORE, I, Connie B. Schroeder, Mayor of the City of Bastrop, Texas, do hereby proclaim September 2021 as:

10 YEAR ANNIVERSARY OF THE BASTROP COUNTY COMPLEX FIRE AND PERSEVERANCE IN THE PINES MONTH

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Bastrop, Texas to be affixed this 24th day of August, 2021.

_____
Connie B. Schroeder, Mayor

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM:** 8A

TITLE:
Receive presentation from BGE, Inc. on a future request for the creation of Creekside Municipal Utility Districts (MUD) 3 and 4 within the City of Bastrop Voluntary Extraterritorial Jurisdiction.

STAFF REPRESENTATIVE:
Jennifer C. Bills, Assistant Planning Director

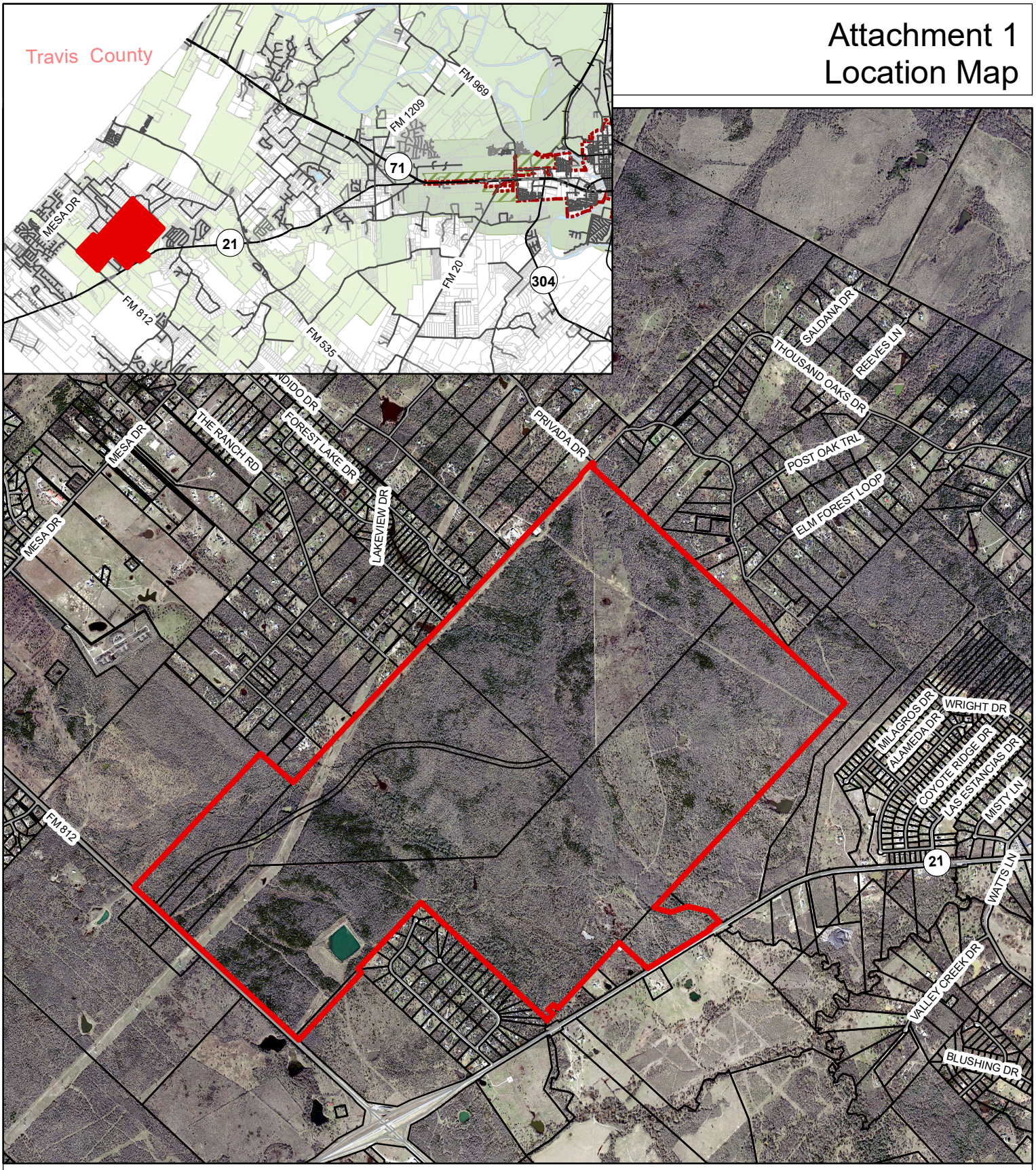
BACKGROUND/HISTORY:
A Municipal Utility District (MUD) is one of several types of special districts that function as independent, limited governments. The purpose of a MUD is to provide a developer an alternate way to finance infrastructure, such as water, sewer, drainage, and road facilities. The developer would like to make a presentation on their future request for a consent agreement to create the Creekside MUDs 3 & 4.

At this point, no petition has been received, and no analysis has been provided by the Planning Department.

POLICY EXPLANATION:
Bastrop Code of Ordinances - Section 13.05 – Creation of Water Districts requires new municipal utility districts created within the city limits or the extraterritorial jurisdiction (ETJ) to petition for the city's consent to create the MUD per the authority in the Texas Water Code.

ATTACHMENTS:
- Location Map
- PowerPoint

Attachment 1
Location Map



Proposed Creekside MUD 3 & 4

Date: 8/13/2021

0 800 1,600 3,200
Feet

1 inch = 2,500 feet

N

The accuracy and precision of this cartographic data is limited and should be used for information /planning purposes only. This data does not replace surveys conducted by registered Texas land surveyors nor does it constitute an "official" verification of zoning, land use classification, or other classification set forth in local, state, or federal regulatory processes. The City of Bastrop, nor any of its employees, do not make any warranty of merchantability and fitness for particular purpose, or assumes any legal liablity or responsibility for the accuracy, completeness or usefullness of any such information, nor does it represent that its use would not infringe upon privately owned rights.

CREEKSIDE

By Lifeside

CTX MGMT HOLDINGS

CITY OF BASTROP

Council Presentation

About Us

- We're a Central Texas based development company focused on developing high quality, **affordable** communities targeting hard-working Central Texans.

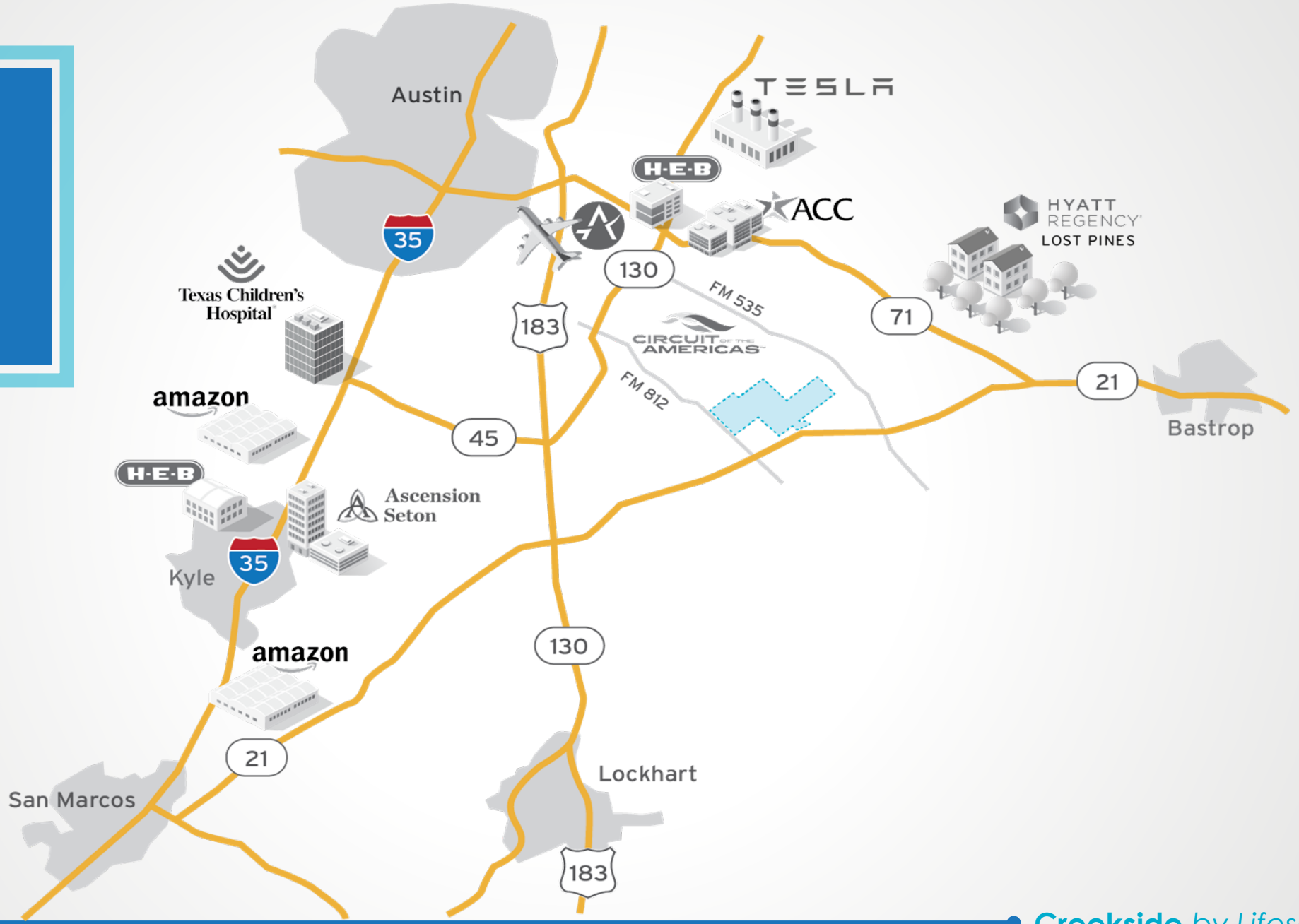
Acquiring & Development Experience

Strong Operating Capabilities

Market Knowledge & Expertise

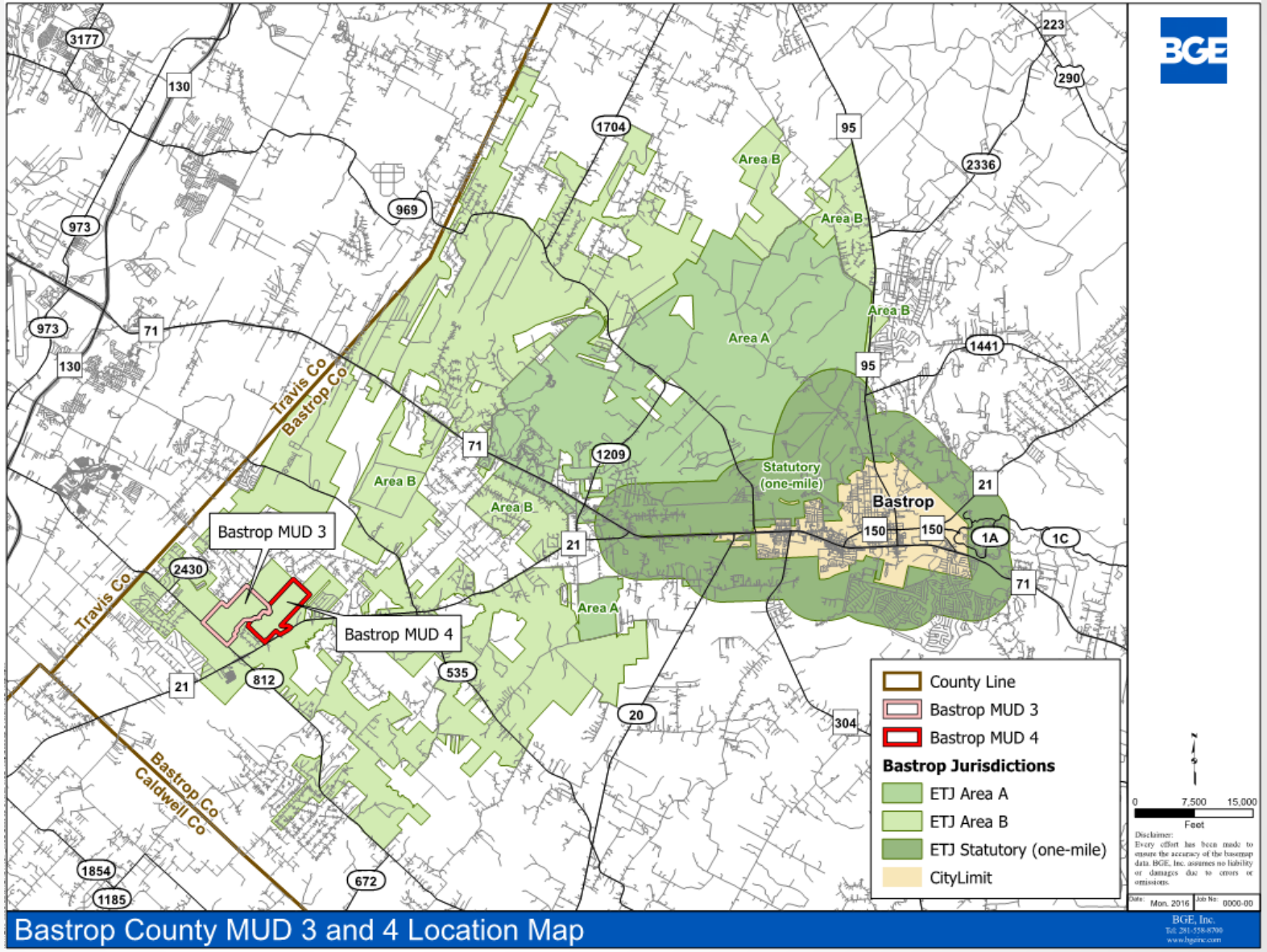
MARKET

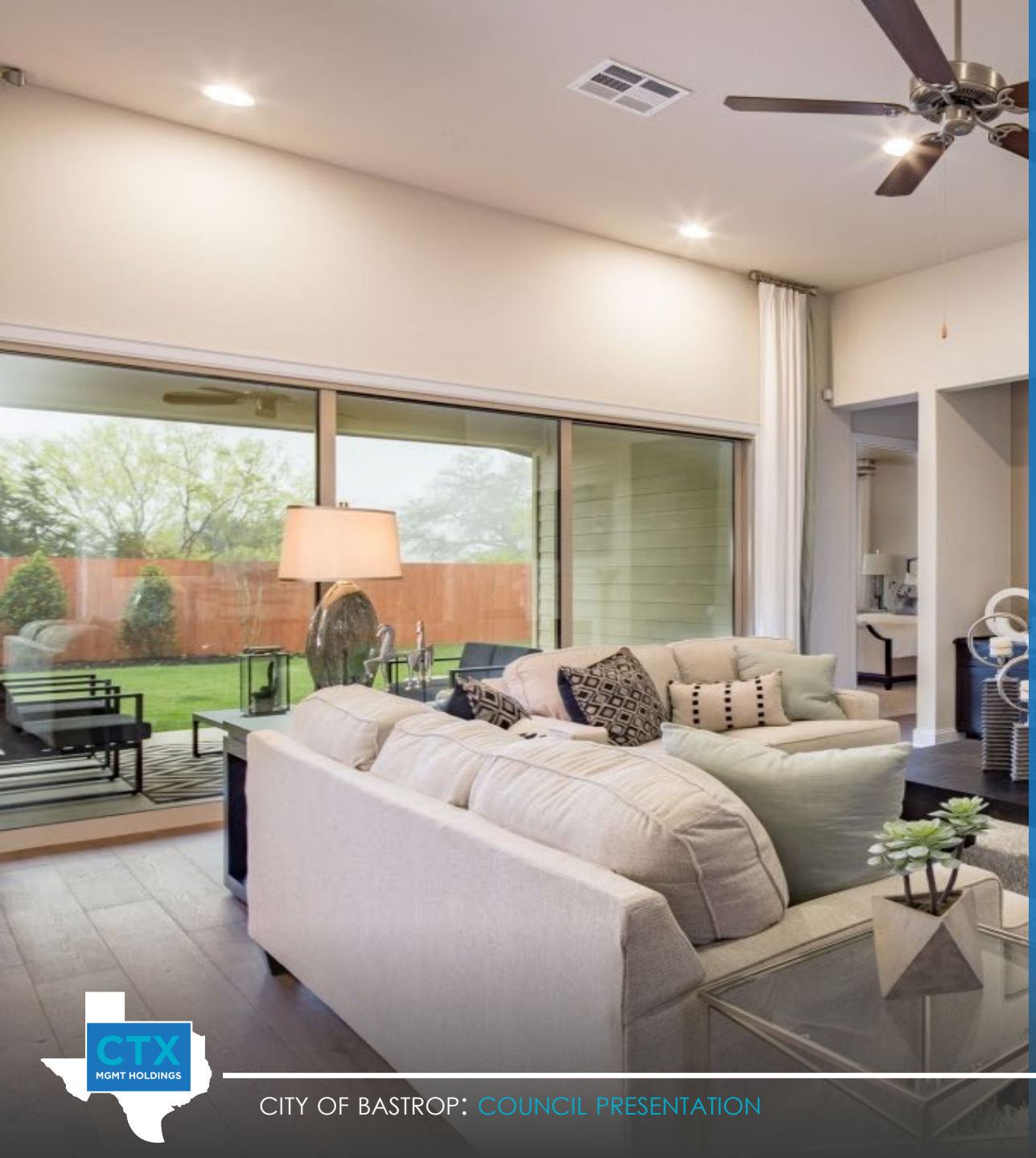
Vicinity Map



JURISDICTIONAL

Vicinity Map





Fact Sheet

- **Name of Developer:** CTX Management Holdings
- **Name of Engineer:** BGE, Inc
- **Size:** Approx, 1,200 Acres
- **Jurisdiction:** City of Bastrop Area B ETJ, Bastrop County
- **Intended Subdivision Regulations/Criteria:** Bastrop County for Review and approval of plans/plats
- **Intended Water Supply:** Agreement with Aqua Water Supply Corporation
- **Intended Wastewater:** Combination of package and permanent wastewater treatment plants to be eventually owned using contracted/licensed operators meeting Colorado River 5/5/2/1 treatment standards.
- **Roadway Infrastructure:** Approximately 5 miles of new arterial and collector roadways within the development providing Regional Connectivity between SH 21 and FM 812 in compliance with the Bastrop County Transportation Plan Data Map
- **Stormwater:** Designed to ATLAS 14 intensities with onsite detention

What are our intentions?

Requesting consent for creation of two ETJ Area B MUDS:

- BCMUD 3
  (Approximate Size: +/- 639 acres)
- BCMUD 4
  (Approximate Size: +/- 576 acres)

Offering a Strategic Partnership Agreement with the City to allow limited purpose annexation for imposition of sales tax

MUD Information

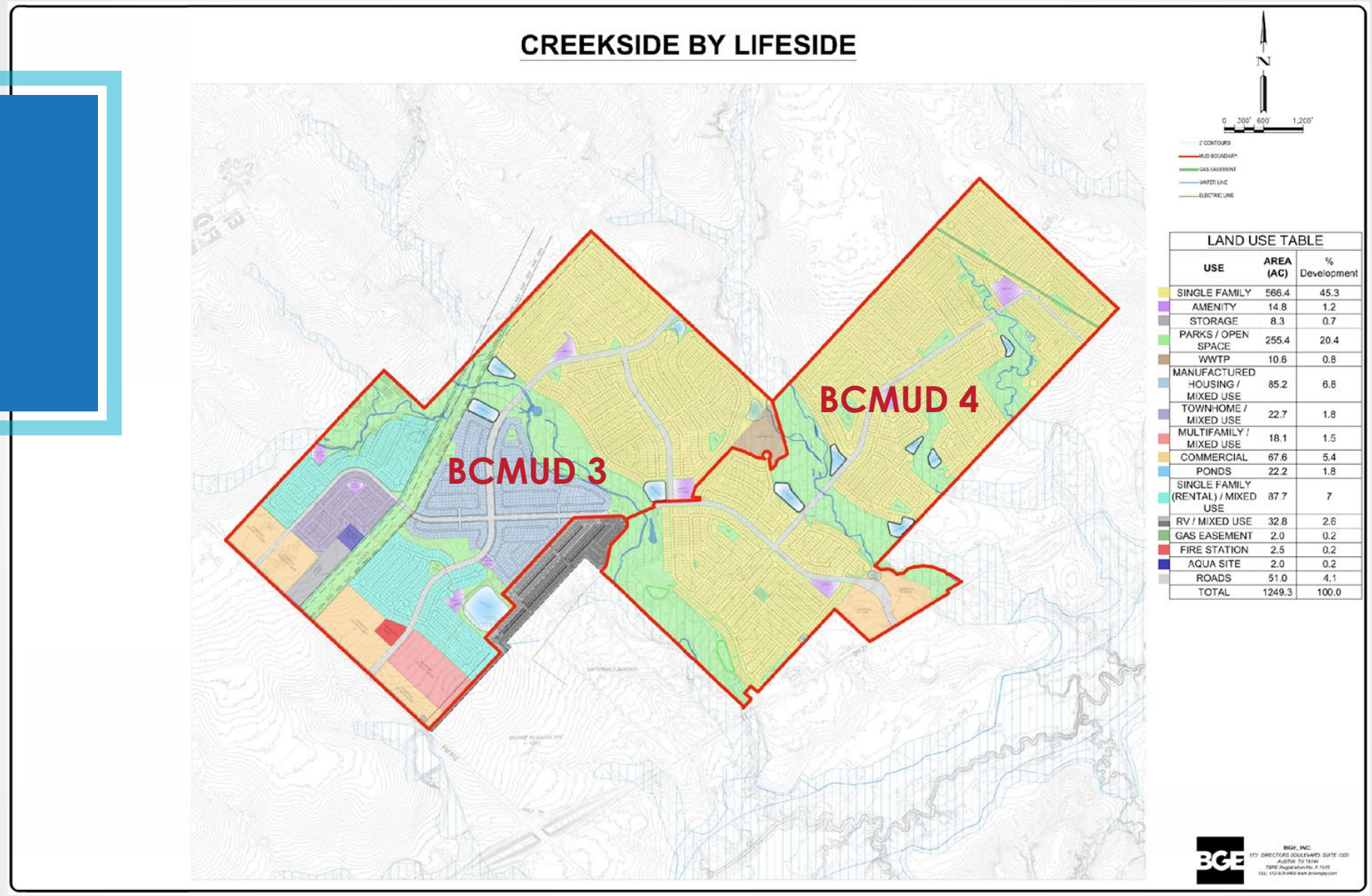
Maximum MUD tax rate as set forth by Texas

ADMINISTRATIVE CODE CHAPTER 293.59 K3B

- $1.00 *max* (actual proposed tax rate is undetermined at this time)

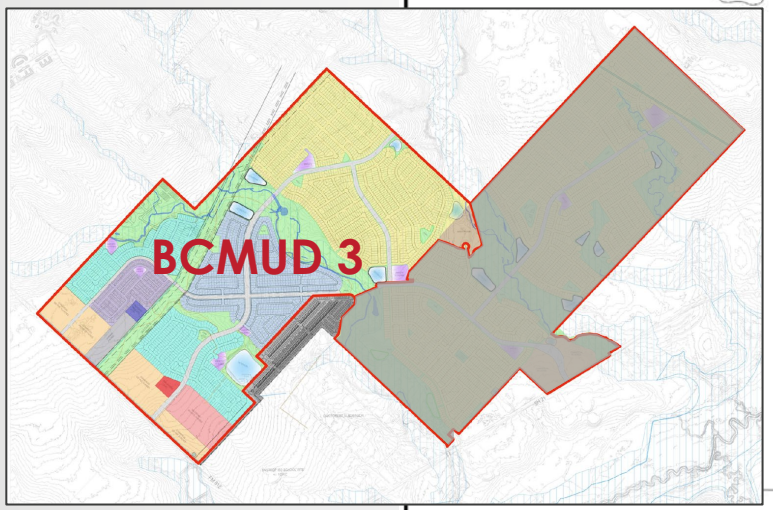
Intended Water and Sewer Rates – Comparable with nearby developments

Land Plan


CREEKSIDE BY LIFESIDE
N
0 300' 600' 1,200'
2' CONTOURS
MUD BOUNDARY
GAS EASEMENT
WATER LINE
ELECTRIC LINE
BCMUD 3
BCMUD 4
LAND USE TABLE
USE | AREA (AC) | % Development
SINGLE FAMILY | 566.4 | 45.3
AMENITY | 14.8 | 1.2
STORAGE | 8.3 | 0.7
PARKS / OPEN SPACE | 255.4 | 20.4
WWTP | 10.6 | 0.8
MANUFACTURED HOUSING / MIXED USE | 85.2 | 6.8
TOWNHOME / MIXED USE | 22.7 | 1.8
MULTIFAMILY / MIXED USE | 18.1 | 1.5
COMMERCIAL | 67.6 | 5.4
PONDS | 22.2 | 1.8
SINGLE FAMILY (RENTAL) / MIXED USE | 87.7 | 7
RV / MIXED USE | 32.8 | 2.6
GAS EASEMENT | 2.0 | 0.2
FIRE STATION | 2.5 | 0.2
AQUA SITE | 2.0 | 0.2
ROADS | 51.0 | 4.1
TOTAL | 1249.3 | 100.0
BGE, INC.

BCMUD 3

Bastrop County Municipal Utility District 3

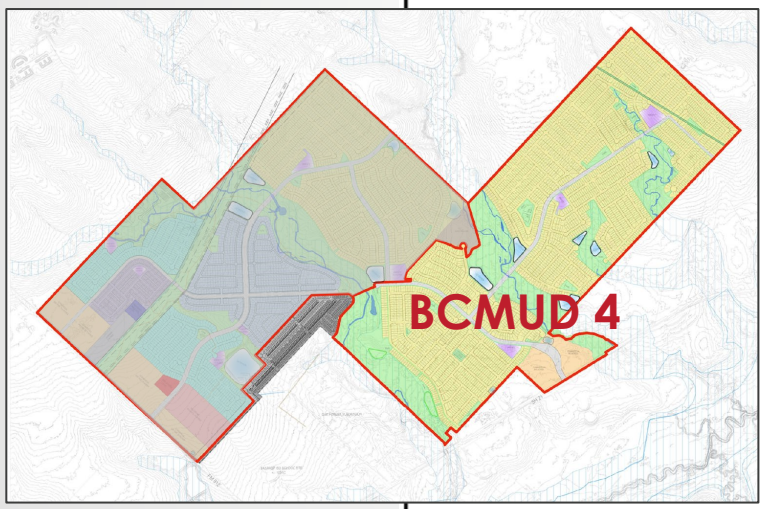


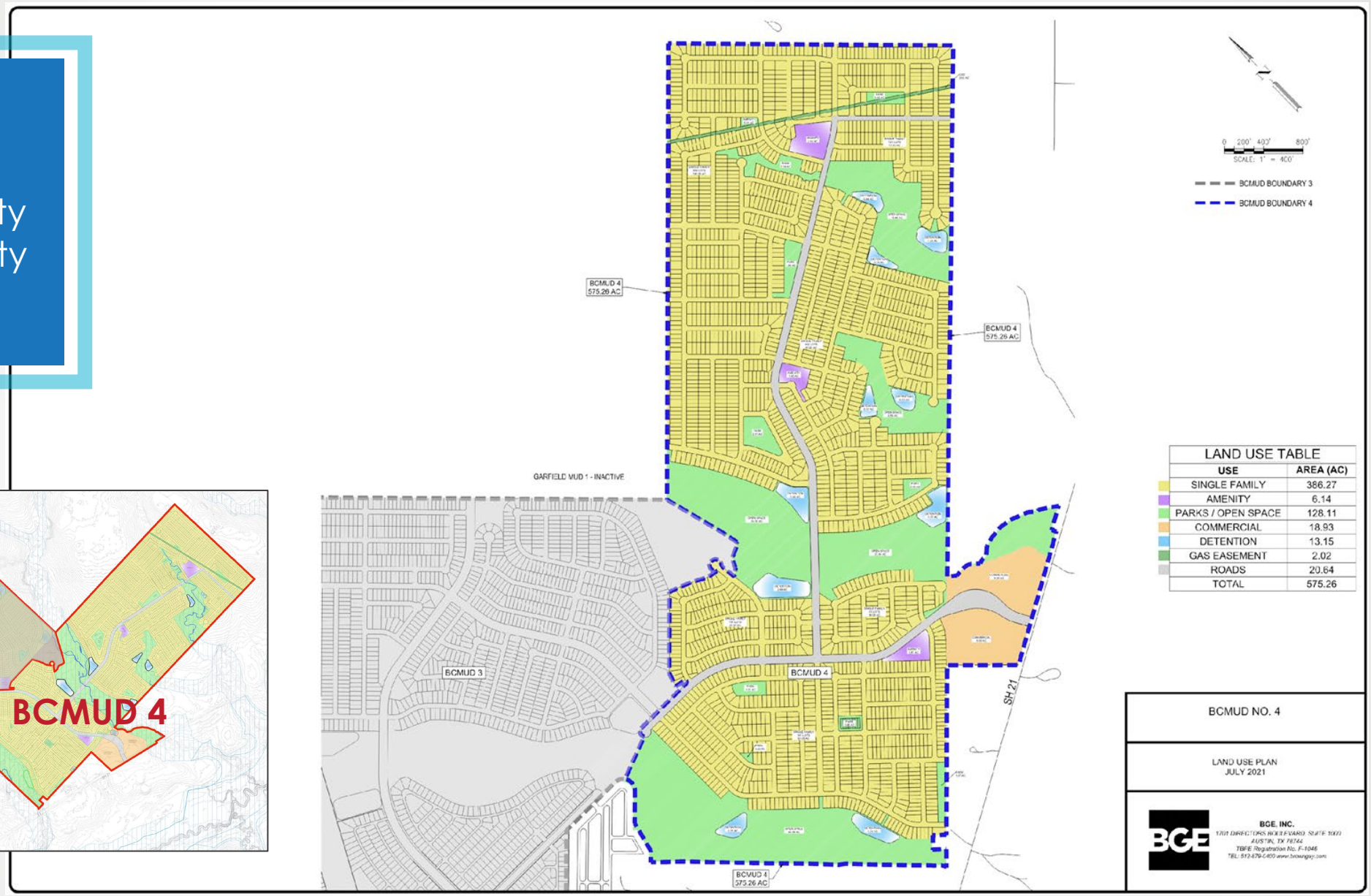
LAND USE TABLE

USE	AREA (AC)
SINGLE FAMILY	179.97
AMENITY	8.70
STORAGE	10.21
PARKS / OPEN SPACE	85.73
WWTP	10.64
MANUFACTURED HOUSING	85.24
TOWNHOME	22.70
MULTIFAMILY	18.08
COMMERCIAL	50.59
DETENTION	9.07
SINGLE FAMILY (RENTAL)	87.91
WATER & ELECTRIC PUE	37.85
ROADS	30.29
TOTAL	636.98

BCMUD 4

Bastrop County Municipal Utility District 4





SAMPLE

Single Family

SAMPLE

Multi-Family

SAMPLE

Multi-Use/

Commercial

MODERN Kitchens

SPACIOUS
Backyards

COMMUNITY

Amenities

RESORT-STYLE

Pool

Meet the Consultants

BGE:
Engineering, Environmental Services and Surveying

Seth Mearig, *VP Land Development*

https://www.bgeinc.com/

Baird Financial:
MUD Investment Bank

David Smalling
Partner

https://www.rwbaird.com/

ABHR:
MUD Formation

D. Ryan Harper, J.D.
Partner

https://abhr.com/

CTX

MGMT HOLDINGS

- Allen Cowden: Allen@ctxmgmt.com
- Josh Thornton: Josh@ctxmgmt.com
- Craig Benson: Craig@ctxmgmt.com

3500 Oakmont Blvd. Ste. 200 | Austin, Texas 78731

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 10

TITLE:

CITIZEN COMMENTS

At this time, three (3) minute comments will be taken from the audience on any topic. Anyone in attendance wishing to address the Council must complete a citizen comment form and give the completed form to the City Secretary prior to the start of the City Council meeting. Alternately, if you are unable to attend the council meeting, you may complete a citizen comment form with your comments at www.cityofbastrop.org/citizencommentform before 5:00 p.m. on August 24, 2021. Comments submitted by this time will be distributed to the city council prior to meeting commencement, referenced at the meeting, and included with the meeting minutes. Comments from each individual will be limited to three (3) minutes when read aloud. In accordance with the Texas Open Meetings Act, if a citizen discusses any item not on the agenda, City Council cannot discuss issues raised or make any decision at this time. Instead, City Council is limited to making a statement of specific factual information or a recitation of existing policy in response to the inquiry. Issues may be referred to City Manager for research and possible future action.

It is not the intention of the City of Bastrop to provide a public forum for the embarrassment or demeaning of any individual or group. Neither is it the intention of the Council to allow a member of the public to slur the performance, honesty and/or integrity of the Council, as a body, or any member or members of the Council individually or collectively, or members of the City's staff. Accordingly, profane, insulting or threatening language directed toward the Council and/or any person in the Council's presence will not be tolerated.

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 11A

TITLE:
Consider action to approve City Council minutes from the August 10, 2021, Regular meeting.

AGENDA ITEM SUBMITTED BY:
Ann Franklin, City Secretary

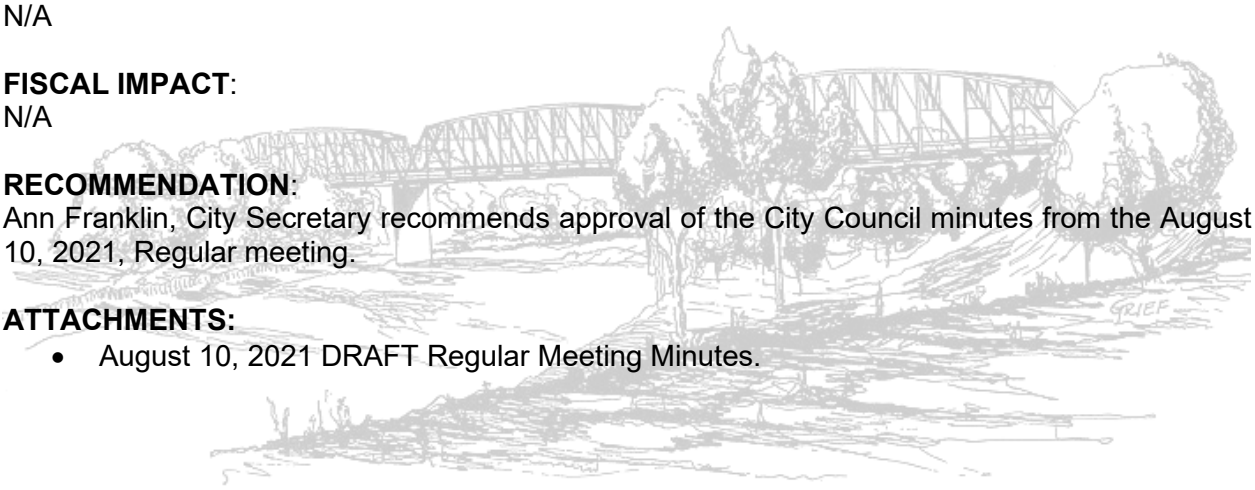
BACKGROUND/HISTORY:
N/A

FISCAL IMPACT:
N/A

RECOMMENDATION:
Ann Franklin, City Secretary recommends approval of the City Council minutes from the August 10, 2021, Regular meeting.

ATTACHMENTS:

- August 10, 2021 DRAFT Regular Meeting Minutes.



AUGUST 10, 2021

The Bastrop City Council met in a regular meeting on Tuesday, August 10, 2021, at 5:30 p.m. at the Bastrop City Hall Council Chambers, located at 1311 Chestnut Street, Bastrop, Texas. Members present were: Mayor Schroeder, Mayor Pro Tem Nelson and Council Members Jackson, Crouch, Rogers, and Peterson. Officers present were City Manager, Paul A. Hofmann; Deputy City Secretary, Victoria Psencik; and City Attorney, Alan Bojorquez.

CALL TO ORDER – EXECUTIVE SESSION

Mayor Schroeder called the meeting to order at 5:30 p.m. with a quorum present.

EXECUTIVE SESSION

The City Council met at 5:30 p.m. in a closed/executive session pursuant to the Texas Government Code, Chapter 551, et seq, to discuss the following:

2A. City Council shall convene into closed executive session pursuant to Section 551.074 to conduct the first annual performance evaluation of the City Manager as described in his employment agreement.

Mayor Schroeder recessed the Executive Session at 6:30 p.m.

TAKE ANY NECESSARY OR APPROPRIATE ACTION ON MATTERS POSTED FOR CONSIDERATION IN CLOSED/EXECUTIVE SESSION

2A. City Council shall convene into closed executive session pursuant to Section 551.074 to conduct the first annual performance evaluation of the City Manager as described in his employment agreement.

A motion was made by Mayor Pro Tem Nelson to approve Resolution No. R-2021-83 that increases the City Manager's salary by $5,000 and approves an additional contribution to his retirement account from February and authorizes the Mayor to sign an amendment to the said agreement, seconded by Council Member Jackson, motion was approved on a 5-0 vote.

CALL TO ORDER

At 6:35 p.m. Mayor Schroeder called the regular meeting to order with a quorum being present.

PLEDGE OF ALLEGIANCE

INVOCATION

Grady Chandler, Police Chaplain, gave the invocation.

PRESENTATIONS

7A. Mayor's Report

7B. Council Members' Report

7C. City Manager's Report

WORK SESSION/BRIEFINGS – NONE

CITIZEN COMMENTS – NONE

STAFF AND BOARD REPORTS

9A. Receive presentation on the FY 2021 Third Quarterly Report. (Submitted by: Rebecca Gleason, Assistant City Manager)
Presentation was made by Rebecca Gleason, Assistant City Manager.

CONSENT AGENDA

A motion was made by Council Member Jackson to approve Items 11A, 11B, and 11C as listed on the Consent Agenda after being read into the record by Deputy City Secretary, Victoria Psencik. Seconded by Council Member Peterson, motion was approved on a 5-0 vote.

11A. Consider action to approve City Council minutes from the July 27, 2021 Regular meeting. (Submitted by: Ann Franklin, City Secretary)

11B. Consider action to approve Resolution No. R-2021-74 of the City Council of the City of Bastrop, Texas, approving an Interlocal Agreement to support 9-1-1 Geographic Information System Database Management with Bastrop County, including addressing and boundary updates, as attached in Exhibit A, authorizing the City Manager to execute all necessary documents; providing for a repealing clause; and establishing an effective date. (Submitted by: Allison Land, Senior Planner and GIS Coordinator)

11C. Consider action to approve Resolution No. R-2021-75 of the City Council of the City of Bastrop, Texas approving a Public Improvement Plan Agreement with Hunt Communities Bastrop, LLC for The Colony MUD 1F Section 1, as attached in Exhibit A; authorizing the City Manager to execute all necessary documents; providing for a repealing clause; and establishing an effective date. (Submitted by: Jennifer C. Bills, Assistant Planning Director)

ITEMS FOR INDIVIDUAL CONSIDERATION

12A. Consider action to approve Resolution No. R-2021-76 of the City Council of the City of Bastrop, Texas acknowledging proposed tax rate, no-new-revenue tax rate and voter-approval tax rate for Fiscal Year 2021-2022 (FY 2022), calling for a public hearing, and authorizing a public notice. (Submitted by: Tracy Waldron, Chief Financial Officer)
Presentation was made by Tracy Waldron, Chief Financial Officer.

A motion was made by Mayor Pro Tem Nelson to approve Resolution No. R-2021-76 to acknowledge the proposed tax rate of $0.5794, seconded by Council Member Peterson, motion was approved on a 5-0 vote.

12B. Consider action to approve Resolution No. R-2021-79 of the City Council of the City of Bastrop, Texas confirming an appointment by the Mayor of Richard Smarzik to Place 1 on the Zoning Board of Adjustment, as required in Section 3.08 of the City's Charter, and establishing an effective date. (Submitted by: Ann Franklin, City Secretary)
A motion was made by Council Member Rogers to approve Resolution No. R-2021-79, seconded by Council Member Peterson, motion was approved on a 5-0 vote.

12C. Consider action to approve Resolution No. R-2021-78 of the City Council of the City of Bastrop, Texas to award a Professional Service contract to GrantWorks, Inc. for professional services for administering the American Rescue Plan Program; authorizing the City Manager to execute all necessary documents; providing for a repealing clause; and establishing an effective date. (Submitted by: Tracy Waldron, Chief Financial Officer)
Presentation was made by Tracy Waldron, Chief Financial Officer.

A motion was made by Council Member Rogers to approve Resolution No. R-2021-78, seconded by Mayor Pro Tem Nelson, motion was approved on a 5-0 vote.

Adjourned at 7:57 p.m. without objection.

APPROVED: ATTEST:

_____ _____
Mayor Connie B. Schroeder Victoria Psencik, Deputy City Secretary

The Minutes were approved on August 24, 2021, by Council Member Name('s) motion, Council Member Name('s) second. The motion was approved on a 0-0 vote.

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 12A

TITLE:
Consider action to approve the first reading of Resolution No. R-2021-66 of the City Council of the City of Bastrop, Texas, approving a Project with Moca Ventures Nebraska, LLC (formerly known as John Baasch Augers and Flighting Inc. and Project Swipe) in the amount of Nine Hundred Thousand Dollars ($900,000.00) for the project; providing an effective date; and move to include on the September 14, 2021, Consent Agenda for second reading.

STAFF REPRESENTATIVE:
Genora Young, BEDC Interim Executive Director

BACKGROUND/HISTORY:
The BEDC is seeking approval of a project under Section 505.158 of the Texas Local Government Code. The BEDC Board approved an Economic Development Performance Agreement with Moca Ventures Nebraska, LLC ("Developer") at a board meeting on August 16, 2021.

Through the performance agreement, the BEDC is offering incentives to the Developer by rebating the purchase price of the property that they are purchasing in the Bastrop Business and Industrial Park, upon the Developer's successful completion of the project.

The item was pulled from the July 13th agenda due to the name of the Developer being changed after the BEDC had approved the original performance agreement on June 30, 2021. The BEDC Board has approved an updated performance agreement reflecting the new name of the Developer on August 16th with a new resolution.

POLICY EXPLANATION:
Section 505.158 of the Local Government Code mandates that prior to the BEDC funding a project involving an expenditure by the BEDC of more than $10,000, per project, the City Council shall adopt a Resolution authorizing the project, which Resolution shall be read by the City Council on two separate occasions.

FUNDING SOURCE:
Approved by Bastrop EDC Board on August 16, 2021

RECOMMENDATION:
Recommend approval of first reading of Resolution No. R-2021-66 of the City Council of the City of Bastrop, Texas, approving a Project with Moca Ventures Nebraska, LLC, in an amount exceeding Ten Thousand Dollars ($10,000.00) for the project; providing an effective date; and move to include on the September 14, 2021, Consent Agenda for second reading.

ATTACHMENTS:
- Draft Resolution R-2021-66
- Economic Development Performance Agreement

RESOLUTION NO. R-2021-66

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING A PROJECT WITH MOCA VENTURES NEBRASKA, LLC, IN AN AMOUNT EXCEEDING TEN THOUSAND DOLLARS ($10,000.00) FOR THE PROJECT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Bastrop Economic Development Corporation ("BEDC") is a public instrumentality and non-profit industrial development corporation duly established and operating under Local Government Code, Chapters 501 and 505, *et seq*., as amended, known as the Development Corporation Act of 1979 (the "Act"), and is acting with the approval of the governing body of the City of Bastrop, Texas (the "City"); and

WHEREAS, the BEDC Board of Directors met on August 16, 2021, and took formal action to support and provide funds for various economic development projects (the "Project") under Chapters 501 and 505 of the Texas Local Government Code; and

WHEREAS, Section 505.158 of the Local Government Code mandates that prior to the BEDC funding a project involving an expenditure by the BEDC of more than $10,000, per project, the City Council shall adopt a Resolution authorizing the project, which Resolution shall have two separate readings by the City Council; and

WHEREAS, Moca Ventures Nebraska, LLC ("Developer") desires to purchase approximately 26.5 acres of land BEDC for Nine Hundred Thousand Dollars ($900,000.00) and develop an office complex and campus for software engineering, call center, and other business development, location, and/or expansion, as well as substantial capital improvements within the Bastrop Business and Industrial Park, a target area for development for the BEDC; and

WHEREAS, the BEDC Board of Directors approved an Economic Development Performance Agreement with the Developer via Resolution R-2021-0011 on August 16, 2021; and

WHEREAS, the City has reviewed the August 16, 2021, actions of the BEDC related to the Project noted herein below, has considered and evaluated that project, and has found it meritorious of the Council's approval; and

WHEREAS, the BEDC desires to offer incentives to be paid in accordance with the project's goals and objections, as well as being conducted in accordance with the BEDC's strategic plan; and

WHEREAS, the BEDC is awarding more than $10,000 for this project under this Resolution, which requires the City of Bastrop City Council to approve the project at two readings; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose at which it was read was given in accordance with Chapter 551, Texas Government Code.

DRAFT

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, THAT:

SECTION 1. The City Council of the City of Bastrop, Texas, hereby approves of the Project and Resolution 2021-0011 passed by the BEDC Board of Directors on August 16, 2021.

SECTION 2. The City Manager is hereby authorized to convey a copy of this Resolution of approval, as appropriate.

SECTION 3. This resolution shall take effect immediately from and after its passage, and it is duly resolved.

READ and ACKNOWLEDGED on First Reading on the 24th day of August 2021.

READ and APPROVED on the Second Reading on the 14th day of September 2021.

APPROVED:

_____
Connie B. Schroeder, Mayor

ATTEST:

_____
Ann Franklin, City Secretary

APPROVED AS TO FORM:

_____
Alan Bojorquez, City Attorney

DRAFT

RESOLUTION NO. R-2021-0011

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BASTROP ECONOMIC DEVELOPMENT CORPORATION APPROVING THE TERMS OF A PERFORMANCE AGREEMENT WITH MOCA VENTURES NEBRASKA, LLC; AUTHORIZING ALL NECESSARY ACTIONS, INCLUDING EXECUTION OF NECESSARY DOCUMENTATION; REPEALING ALL RESOLUTIONS IN CONFLICT; AND, PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Development Corporation Act of 1979, as amended (Section 501.001 et seq., Texas Local Government Code, formerly the Development Corporation Act of 1979) (the "Act") authorizes a development corporation to fund certain projects as defined by the Act and requires development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires a performance agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained, capital investment, and workforce training and development are all factors to consider for any direct incentives provided or expenditures made by the Bastrop Economic Development Corporation (the "BEDC") under an agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, Moca Ventures Nebraska, LLC ("Developer") desires to purchase approximately 26.5 acres of land (the "Property") from BEDC for Nine Hundred Thousand Dollars ($900,000.00) and develop an office complex and campus for software engineering, call center, and other business development, location, and/or expansion, as well as substantial capital improvements within the Bastrop Business and Industrial Park, a target area for development for the BEDC; and

WHEREAS, the improvements made to Property, as proposed, will contribute to the infrastructure needs and economic development of the City of Bastrop by promoting and developing expanded business enterprises, increased development, increased real property value and tax revenue for the City of Bastrop, and will have both a direct and indirect positive overall improvement/stimulus in the local and state economy; and

WHEREAS, the BEDC desires to offer incentives to Developer to enable Developer to develop and attract additional operations and business enterprises, and to expand its operations within the City of Bastrop pursuant to the Agreement in substantial conformity with the Act; and

WHEREAS, the BEDC previously approved an Economic Development Performance Agreement with John Baasch Augers and Flighting Inc, via Resolution R-2021-0009 on June 30, 2021; and

WHEREAS, the Developer has requested a change in the corporate entity into which the agreement will be entered, requiring a new Performance Agreement with the new Company; and

RESOLUTION NO. R-2021-0011

WHEREAS, the Board has reviewed the terms and conditions of a proposed Economic Development Performance Agreement ("Agreement") by and between the BEDC and Developer, and determined that it fully complies with the statutory requirements that govern the BEDC and is in the best interest of the BEDC to enter into such Agreement.

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

SECTION 1. The findings set out above are hereby found to be true and correct and are incorporated herein for all purposes.

SECTION 2. Resolution No. R-2021-0009 is hereby repealed.

SECTION 3. The BEDC hereby approves the terms of the negotiated Agreement, attached hereto as Exhibit "A", between BEDC and the Developer.

SECTION 4. The Board authorizes the Board Chair or Interim Executive Director to take all necessary actions, including the execution of all necessary and related documentation to finalize the Agreement contingent upon its approval by the Bastrop City Council.

SECTION 5. This Resolution is effective upon passage.

DULY RESOLVED AND ADOPTED by the Board of Directors of the Bastrop Economic Development Corporation, this ____ day of _____ 2021.

BASTROP ECONOMIC
DEVELOPMENT CORPORATION

_____
Kathryn Nash, Board Chair

ATTEST:

_____
Sam Kier, Board Secretary

APPROVED AS TO FORM:

_____
Denton, Navarro, Rocha, Bernal & Zech, P.C.

DRAFT

RESOLUTION NO. R-2021-0011

EXHIBIT "A"

Economic Development Performance Agreement by and between the BEDC and Moca Ventures Nebraska, LLC

DRAFT

ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT

This Performance Agreement ("Agreement") is entered into to be effective as of the Effective Date (as defined in Article III below), by and between the Bastrop Economic Development Corporation, located in Bastrop County, Texas (hereinafter called "BEDC"), a Texas non-profit industrial development corporation under the Development Corporation Act and governed by TEX. LOC. GOV. CODE chapters 501, 502 and 505 and the Texas Non-Profit Corporation Act, and Moca Ventures Nebraska, LLC, a Texas entity (hereinafter called "Developer"), otherwise known as the "Parties" to this Agreement.

RECITALS

WHEREAS, the Development Corporation Act of 1979, as amended (Section 501.001 et seq., Texas Local Government Code, formerly the Development Corporation Act of 1979) (the "Act") authorizes a development corporation to fund certain projects as defined by the Act and requires development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires a performance agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained, capital investment, and workforce training and development are all factors to consider for any direct incentives provided or expenditures made by the BEDC under the agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, Developer desires to purchase approximately 26.5 acres of land from BEDC for Nine Hundred Thousand Dollars ($900,000.00) pursuant to the Commercial Contract-Unimproved Property between the Parties attached as Exhibit A and develop and construct a corporate headquarters, office complex, and campus that would be designed for, and to be leased by, Moca Financial Inc, a Delaware corporation, on a long-term basis for software engineering and development, call center operations; and

WHEREAS, the improvements made to Property, as proposed, will contribute to the infrastructure needs and economic development of the City of Bastrop by promoting and developing expanded business enterprises, increased development, increased real property value and tax revenue for the City of Bastrop, and will have both a direct and indirect positive overall improvement/stimulus in the local and state economy; and

WHEREAS, the BEDC desires to offer incentives to Developer to enable Developer to develop and attract additional operations and business enterprises, to bring corporate headquarters and to expand its operations within the City pursuant to this Agreement in substantial conformity with the Act; and

WHEREAS, the Parties are executing and entering into this Agreement to set forth certain terms and obligations of the Parties with respect to such matters; and

WHEREAS, the Parties recognize that all agreements of the Parties hereto and all terms and provisions hereof are subject to the laws of the State of Texas and all rules, regulations and interpretations of any agency or subdivision thereof at any time governing the subject matters hereof; and

WHEREAS, the Parties agree that all conditions precedent for this Agreement to become a binding agreement have occurred and been complied with, including all requirements pursuant to the Texas Open Meetings Act and all public notices and hearings, if any, have been conducted in accordance with Texas law; and

WHEREAS, on the Effective Date, the commitments contained in this Agreement shall become legally binding obligations of the Parties.

NOW, THEREFORE, in consideration of the mutual covenants, benefits and agreements described and contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and further described herein, the Parties agree as follows:

ARTICLE I
RECITALS

1. Recitals. The recitals set forth above are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

ARTICLE II
AUTHORITY AND TERM

1. Authority. The BEDC's execution of this Agreement is authorized by the Act and constitutes a valid and binding obligation of the BEDC. The BEDC acknowledges that Developer is acting in reliance upon the BEDC's performance of its obligations under this Agreement in making the decision to commit substantial resources to the establishment of the Project, hereinafter established.

2. Term. This Agreement shall become enforceable upon the Effective Date, hereinafter established, and shall continue until the terminated herein or extended by mutual agreement of the Parties in the manner provided for herein.

3. Purpose. The purpose of this Agreement is to formalize the agreements between the Developer and the BEDC for the granting of funds to cover certain costs associated with the Project and specifically state the covenants, representations of the Parties, and the incentives associated with Developer's commitment to abide by the provisions of the Act and to abide by the terms of this Agreement, which has been approved by the BEDC and the Developer as complying with the specific requirements of the Act. It is expressly agreed that this Agreement constitutes a single transaction. A failure to perform any obligation by the Developer may constitute a breach of the entire Agreement and terminate any further commitments (if any) by the BEDC unless an alternative penalty or remedy is provided for herein.

4. Administration of Agreement. Upon the Effective Date, the BEDC delegates the administration and oversight of this Agreement to the Executive Director of the BEDC, or its designee. Any proposed amendments to the Agreement shall require the approval of the Board of Directors of the BEDC.

ARTICLE III
DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed below. All undefined terms shall retain their usual and customary meaning as ascribed by common and ordinary usage.

"Bankruptcy" shall mean the dissolution or termination of a Party's existence as a going business, insolvency, appointment of receiver for any part of such Party's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

"Capital Investment" shall mean the investment of a minimum of ten million seven hundred thousand dollars ($10,700,000) in capital improvements in the Structures.

"Certificate of Occupancy" shall mean the signed certificate issued by the City of Bastrop Planning & Development Department granting the Developer the right to occupy a Structure and confirming that the entire work covered by the permits and plans are in place.

"Closing Costs" shall mean those final costs paid by the BEDC as established on the final closing disclosure statement in the sale of the Property to Developer.

"Commencement of Construction" shall mean the issuance of the building permit.

"Effective Date" shall be the date of the last signing by a party to this Agreement.

"Force Majeure" shall mean any contingency or cause beyond the reasonable control of a party, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, terrorism, insurrection, epidemics, pandemics, government, or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of a party), fires, explosions or floods, strikes, slowdowns or work stoppages.

"Incentive Payment" means nine hundred thousand dollars ($900,000.00) less Closing Costs on the Property and $3,500.00 which represents the BEDC's reasonable attorney's fees associated with the closing and the negotiation of this Agreement to be paid as an incentive for developing and constructing the Structures and completing the Capital Investment.

"Property/Location" these terms, interchangeably, mean the 26.5 Acres, more or less, located at the Bastrop Business and Industrial Park, Phase 1, Block A, Lot 1, all in Bastrop, Texas.

"Purchase Price" means nine hundred thousand dollars ($900,000.00).

"Structures" shall mean the office complex/campus consisting of a minimum of forty thousand (40,000) square feet which may be split between multiple buildings and related improvements.

ARTICLE IV
BEDC OBLIGATIONS

1. BEDC Performance Obligations.

   BEDC shall pay the Developer the Incentive Payment within thirty (30) days following the BEDC's receipt, from the Developer, of a copy of a Certificate of Occupancy(s) issued for the Structures and Developer's written, notarized verification, and evidence of, the Capital Investment prior to January 1st, 2026. Payment subject to BEDC's right to access and inspect the books and records of Developer for the purpose of ensuring compliance as to the Capital Investment.

2. Confidentiality. The BEDC agrees to the extent allowed by law to keep all tax information and documentation received, pursuant to this Agreement hereof, confidential. In the event a request is made for such information, BEDC will not disclose the information unless required to do so by the Attorney General of Texas.

3. Current Revenue. The funds distributed hereunder shall be paid solely from lawfully available funds of the BEDC. Under no circumstances shall the obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of the obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

ARTICLE V
PERFORMANCE OBLIGATIONS OF DEVELOPER

The obligation of the BEDC to pay the Incentive Payment shall be conditioned upon Developer's continued compliance with and satisfaction of each of the performance obligations set forth below in this Agreement.

1. Construction of Improvements. Developer shall construct the Structures.

2. Capital Investment. Developer shall make the Capital Investment into the Structures.

3. Completion Date. A Certificate of Occupancy(s) for the Structures shall be obtained, and the Capital Investment shall be completed prior to January 1st, 2026.

4. Additional Payroll or Jobs to be Created or Retained. This Agreement does not require the creation or retention of additional payroll or jobs.

5. Payment of Legal Fees. Developer commits to reimburse the BEDC for the necessary legal fees, in the amount of two hundred seventy-five dollars ($275.00) an hour, in the preparation of any amendment to this Agreement requested by Developer. Timely payment shall be made within sixty (60) days of submittal of invoice to Developer by the BEDC or its assigns. Each Party shall bear its own legal fees in connection with the negotiation of this Agreement.

ARTICLE VI
COVENANTS AND DUTIES

1. Developer's Covenants and Duties. Developer makes the following covenants and warranties to the BEDC and agrees to timely and fully perform the obligations and duties contained in Article V of this Agreement. Any false or substantially misleading statements contained herein or failure to timely and fully perform those obligations and duties within this Agreement shall be an act of Default by the Developer.

   (a) Developer is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas and the United States of America during any term of this Agreement.

   (b) The execution of this Agreement has been duly authorized by Developer's authorized agent, and the individual signing this Agreement is empowered to execute such Agreement and bind the entity. Said authorization, signing, and binding effect is not in contravention of any law, rule, regulation, or of the provisions of Developer's formation documents, or of any agreement or instrument to which Developer is a party to or by which it may be bound.

   (c) Developer is not a party to any Bankruptcy proceedings currently pending or contemplated, and Developer has not been informed of any potential involuntary Bankruptcy proceedings.

   (d) To its current, actual knowledge, and subject to the Certificate of Occupancy (or other approvals and permits to be obtained under subpart (f) immediately below), Developer has acquired and maintained all necessary rights, licenses, permits, and authority to carry on its business in the City of Bastrop and will continue to use its best efforts to maintain all necessary rights, licenses, permits, and authority.

   (e) Developer shall timely and fully comply with all the terms and conditions of Article V of this Agreement.

   (f) Developer agrees to obtain, or cause to be obtained, all necessary permits and approvals from the City of Bastrop and/or all other governmental agencies having jurisdiction over the construction of any improvements to the Locations.

   (g) Developer shall be responsible for paying, or causing to be paid, to the City of Bastrop and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project. Developer agrees to develop the Project in

accordance with the ordinances, rules, and regulations of the City of Bastrop in effect on the date the Project was designated, unless specified otherwise in this Agreement. Developer, in its sole discretion, may choose to comply with any or all City of Bastrop rules promulgated after the Effective Date of this Agreement.

(h) Developer agrees to commence and complete the Project in strict accordance with the Agreement.

(i) Developer shall cooperate with the BEDC in providing all necessary information to assist them in complying with this Agreement.

(j) During the term of this Agreement, Developer agrees to not knowingly employ any undocumented workers as part of the Project, and, if convicted of a violation under 8 U.S.C. Section 1324a(1), Developer shall be in Default (subject to the obligations in Article V and the remedies in Article VIII). Developer is not liable for an unknown violation of this Section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts; provided, however, that identical federal law requirements provided for herein shall be included as part of any agreement or contract which Developer enters into with any subsidiary, assignee, affiliate, or franchisee for which funds provided herein will be used.

(k) Developer shall not be in arrears and shall be current in the payment of all City taxes and fees.

(l) BEDC has the right to periodically (and with reasonable advance notice) verify the terms and conditions of this Agreement.

2. BEDC's Covenants and Duties. BEDC agrees to timely and fully perform the obligations and duties contained in Article IV of this Agreement. Any false or substantially misleading statements contained herein or failure to timely and fully perform those obligations and duties within this Agreement shall be an act of Default by the BEDC.

3. Compliance and Default. Failure by Developer to timely comply with any performance requirement, duty, or covenant set forth in Article VIII shall be considered an Event of Default and shall relieve the BEDC of any Default and give the BEDC the right to terminate this Agreement and collect the Recapture Amount, as determined by the Board of Directors of the BEDC.

ARTICLE VII
TERMINATION

1. Termination. This Agreement shall terminate upon the earliest occurrence of any one or more of the following:

(a) The written agreement of the Parties;
(b) Completion of the obligations of the Parties; or

(c) Default by Developer, at the option of the BEDC.

ARTICLE VIII
DEFAULT/RECAPTURE

1. Developer Events of Default.

   (a) Failure of Developer to perform any term, covenant or agreement contained in Article V;

   (b) The BEDC determines that any representation or warranty contained herein or in any financial statement, certificate, report or opinion submitted to BEDC in connection with or pursuant to the requirements of this Agreement was incorrect or misleading in any material respect when made;

   (c) Any judgment is assessed against Developer or any attachment or other levy against the property of Developer with respect to a claim remains unpaid, unstayed on appeal, undischarged, not bonded or not dismissed for a period of thirty (30) days; or

   (d) Developer makes an assignment for the benefit of creditors; admits in writing its inability to pay its debts generally as they become due; files a petition in bankruptcy; is adjudicated insolvent or bankrupt; petitions or applies to any tribunal for any receiver or any trustee of Developer or any substantial part of its property, commences any action relating to Developer under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect; or if there is commenced against Developer any such action and such action remains undismissed or unanswered for a period of sixty (60) days from such filing, or Developer by any act indicates its consent to or approval of any trustee of Developer or any substantial part of its property; or suffers any such receivership or trustee to and such appointment remains unvacated for a period of sixty (60) days.

2. BEDC Events of Default.

   (a) BEDC materially fails to fulfill an obligation set forth within Article IV.

3. Remedies for Default; Recapture.

   (a) Developer's sole remedy under this Agreement is specific performance for BEDC's default of its obligations under Section IV of this Agreement, and only in the event Developer is not in Default of this Agreement.

   (b) In the event of Default by the Developer under subsections 1 (b), (c), or (d) under this Article prior to the Commencement of Construction, the BEDC shall have the right to terminate this Agreement and ownership of the Property shall revert to the BEDC. Upon reacquiring ownership of the Property, the BEDC shall return to Developer the Purchase Price paid for the Property less Closing Costs and $3,500 in reasonable attorney's fees associated with the closing and the negotiation of this Agreement. Developer shall be

obligated to perform any act required to assist in transferring ownership of the Property to the BEDC.

(c) In the event Developer does not Commence Construction within one (1) year of the Effective Date of this Agreement, or longer if agreed to by the Parties, the BEDC shall have the right to terminate this Agreement, and ownership of the Property shall revert to the BEDC. Upon reacquiring ownership of the Property, the BEDC shall return to Developer the Purchase Price paid for the Property less Closing Costs and $3,500 in reasonable attorney's fees associated with the closing and the negotiation of this Agreement. Developer shall be obligated to perform any act required to assist in transferring ownership of the Property to the BEDC.

(d) In the event of Default after Commencement of Construction by the Developer under subsection 1 (a) of this Article (i.e., failure to perform under Article V), the BEDC may terminate this Agreement and shall have no obligation to pay the Incentive Payment.

4. Limitation on Use of Funds & Property in the Event of Default.

Under no circumstances will the funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding regarding this Agreement against the City of Bastrop or the BEDC.

ARTICLE IX
MISCELLANEOUS

1. Binding Agreement. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and assigns. The undersigned CEO or Board Chair of the BEDC shall be responsible for the administration of this Agreement and shall have the authority to execute any instruments, duly approved by the BEDC, on behalf of the Parties related thereto.

2. Mutual Assistance. The Parties will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

3. Representations and Warranties. The BEDC represents and warrants to Developer that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Developer represents and warrants to the BEDC that it has the requisite authority to enter into this Agreement.

4. Assignment. Developer shall have the right to assign all of its rights, duties, and obligations under this Agreement to a duly qualified third party with the prior written approval of the BEDC, which approval will not be unreasonably withheld or delayed. Any assignment provided for herein shall not serve to enlarge or diminish the obligations and requirements of this Agreement, nor shall they relieve Developer of any liability to the BEDC, unless agreed

to in writing by the BEDC, which agreement will not be unreasonably withheld, including any required indemnity in the event that any Assignee hereof shall at any time be in Default of the terms of this Agreement. The BEDC may demand and receive adequate assurance of performance including the deposit or provision of financial security by any proposed Assignee prior to its approval of an assignment.

5. Independent Contractors.

   (a) It is expressly understood and agreed by all Parties hereto that in performing their services hereunder, Developer at no time will be acting as an agent of the BEDC and that all consultants or contractors engaged by Developer will be independent contractors of Developer; and nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties and any implication to the contrary is hereby expressly disavowed. The Parties hereto understand and agree that the BEDC will not be liable for any claims that may be asserted by any third party occurring in connection with services performed by Developer under this Agreement, unless any such claims are due to the fault or Default of the BEDC.

   (b) By entering into this Agreement, except as specifically set forth herein, the Parties do not waive, and shall not be deemed to have waived, any rights, immunities, or defenses either may have, including the defense of parties, and nothing contained herein shall ever be construed as a waiver of sovereign or official immunity by the BEDC with such rights being expressly reserved to the fullest extent authorized by law and to the same extent which existed prior to the execution hereof.

   (c) No employee of the BEDC, or any board member, or agent of the BEDC, shall be personally responsible for any liability arising under or growing out of this Agreement.

6. Notice. Any notice required or permitted to be delivered hereunder shall be deemed delivered by actual delivery, or on the third business day after depositing the same in the hands of a reputable overnight courier (such as United States Postal Service, FedEx or UPS) and addressed to the Party at the address set forth below:

If intended for BEDC:	Bastrop Economic Development Corporation Attention: Executive Director 301 Highway 71 W, Suite 214 Bastrop TX 78602 jean@bastropedc.org
With a copy to:	Denton, Navarro, Rocha, Bernal, & Zech PC Attention: Charles E. Zech 2500 W. William Cannon Drive, Suite 609 Austin, TX 78745 cezech@rampagelaw.com

If to the Developer: Moca Ventures Nebraska, LLC
114 N. Custer Avenue
Grand Island, Nebraska 68803
(308) 382-9071
john@johnbaaschauger.com

Any Party may designate a different address at any time upon written notice to the other Parties.

7. Governmental Records. All invoices, records and other documents required for submission to the City pursuant to the terms of this Agreement are Governmental Records for the purposes of Texas Penal Code Section 37.10.

   (a) Governing Law. The Agreement shall be governed by the laws of the State of Texas, and the venue for any action concerning this Agreement (subject to the dispute resolution mechanisms of Article VIII above) shall be in the Courts of Bastrop County. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

   (b) Amendment. This Agreement may be amended by mutual written agreement of the Parties, as approved by the Board of Directors of the BEDC and paid for by the Developer.

8. Legal Construction. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement, and it is the intention of the Parties to this Agreement that, in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid, or unenforceable.

   Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which Party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, whatever its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party.

9. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by the Board of Directors of the BEDC.

10. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

11. Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

12. Exhibits. Any Exhibits attached hereto are incorporated by reference for all purposes.

13. Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

14. Indemnification.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE BEDC AND THE CITY OF BASTROP ("CITY"), AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS FROM AND AGAINST ANY AND ALL REASONABLE LIABILITIES, DAMAGES, CLAIMS, LAWSUITS, JUDGMENTS, ATTORNEY FEES, COSTS, EXPENSES AND ANY CAUSE OF ACTION THAT DIRECTLY RELATES TO ANY OF THE FOLLOWING: ANY CLAIMS OR DEMANDS BY THE STATE OF TEXAS THAT THE BEDC HAS BEEN ERRONEOUSLY OR OVER-PAID SALES AND USE TAX FOR ANY PERIOD DURING THE TERM OF THIS AGREEMENT, OR AS A RESULT OF ANY ACT OR OMISSION OR BREACH OR NON-PERFORMANCE BY DEVELOPER UNDER THIS AGREEMENT EXCEPT THAT THE INDEMNITY PROVIDED HEREIN SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE ACTION OR OMISSIONS OF THE BEDC OR CITY. THE PROVISIONS OF THIS SECTION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY, IT BEING THE INTENTION OF THE PARTIES THAT DEVELOPER SHALL BE RESPONSIBLE FOR THE REPAYMENT OF ANY FUNDS PAID AND PROPERTY GRANTED TO DEVELOPER HEREIN THAT INCLUDES CITY SALES TAX RECEIPTS THAT THE STATE OF TEXAS HAS DETERMINED WAS ERRONEOUSLY PAID, DISTRIBUTED OR ALLOCATED TO THE BEDC.

15. Additional Instruments. The Parties agree and covenant to cooperate, negotiate in good faith, and to execute such other and further instruments and documents as may be reasonably required to fulfill the public purposes provided for and included within this Agreement.

16. Force Majeure. Whenever a period of time is herein prescribed for action to be taken by the Developer, the Developer shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to causes of any kind whatsoever which are caused by Force Majeure.

[SIGNATURE PAGES FOLLOW]

Executed on this 3rd day of August, 2021.

MOCA VENTURES NEBRASKA, LLC

By: John D Baasch
Name: John Baasch
Title: President

STATE OF Nebraska }
COUNTY OF Hall }

This information was acknowledged before me on this 3rd day of August, 2021, by John D. Baasch for Moca Ventures Nebraska, LLC a Texas limited liability company, on behalf of said company.

GENERAL NOTARY - State of Nebraska
EDWARD M O'BOYLE
My Comm. Exp. October 4, 2021

Notary Public, State of Nebraska

Edward M. O'Boyle
Notary's typed or printed name

10-4-2021
My commission expires

Executed on this _____ day of _____, 2021.

BASTROP ECONOMIC DEVELOPMENT CORPORATION

By: _____
Name: Genora Young
Title: Interim Executive Director

STATE OF TEXAS }
COUNTY OF BASTROP }

This information was acknowledged before me on this _____ day of _____, _____, by _____ for the Bastrop Economic Development Corporation, a Texas non-profit industrial development corporation, on behalf of said agency.

_____
Notary Public, State of Texas

_____
Notary's typed or printed name

_____
My commission expires

APPROVED AS TO FORM:

By: _____
Charlie Zech, BEDC Counsel
DNRB&Z P.C.

Exhibit A

Commercial Contract - Unimproved Property (Purchase and Sale Agreement)
with Amendment and Rider

[SEE ATTACHED]

TEXAS REALTORS

COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS®, INC. IS NOT AUTHORIZED.
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1. PARTIES: Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: **Bastrop Economic Development Corporation**

Address: **301 Hwy 71 W, Suite 214, Bastrop, TX 78602**
Phone: **(512)303-9700** E-mail: **jean@bastropedc.org**
Fax: _____ Other: **angela@bastropedc.org**

Buyer: **Moca Ventures Nebraska, LLC**

Address: **114 N Custer Avenue, Grand Island, NE 68803**
Phone: **(308)382-9071** E-mail: **john@johnbaaschauger.com**
Fax: _____ Other: _____

2. PROPERTY:

A. "Property" means that real property situated in **Bastrop** County, Texas at **26.5 acres M/L TBD Jackson Street, Bastrop, Texas** *(address)* and that is legally described on the attached Exhibit **A** or as follows: **Bastrop Business And Industrial Park, Phase 1, BLOCK A, Lot 1 (FR), ACRES 26.5 acres M/L, includes Pipeline & LCRA Electrical Easements.**

Bastrop Industrial Park Tract located South of State Highway 71 East off of Jackson Street, Bastrop, Bastrop County, Texas.

B. Seller will sell and convey the Property together with:
(1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
(2) Seller's interest in all leases, rents, and security deposits for all or part of the Property; and
(3) Seller's interest in all licenses and permits related to the Property.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
(If mineral rights are to be reserved an appropriate addendum should be attached.)

3. SALES PRICE:

A. At or before closing, Buyer will pay the following sales price for the Property:

(1) Cash portion payable by Buyer at closing . . . . . $ **900,000.00**

(2) Sum of all financing described in Paragraph 4 . . . . . $ _____

(3) Sales price (sum of 3A(1) and 3A(2)) . . . . . $ **900,000.00**

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B. Adjustment to Sales Price: *(Check (1) or (2) only.)*

☐ (1) The sales price will not be adjusted based on a survey.
☒ (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of $ **0.78** per:
☒ (i) square foot of ☒ total area ☐ net area.
☐ (ii) acre of ☐ total area ☐ net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:
☐ (i) public roadways;
☐ (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and
☐ (iii) _____
_____.

(c) If the sales price is adjusted by more than **10.000** % of the stated sales price, either party may terminate this contract by providing written notice to the other party within **5** days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

☐ A. Third Party Financing: One or more third party loans in the total amount of $ _____ .
This contract:
☐ (1) is not contingent upon Buyer obtaining third party financing.
☐ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TXR-1931).

☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TXR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be $ _____ .

☐ C. Seller Financing: The delivery of a promissory note and deed of trust to Seller under the terms of the attached Commercial Contract Financing Addendum (TXR-1931) in the amount of $ _____ .

5. EARNEST MONEY:

A. Not later than 3 days after the effective date, Buyer must deposit $ **$9,000.00** as earnest money with **Independence TItle Company** (title company) at **301 Hwy 71 W, Ste 106, Bastrop TX 78602** (address) **Ed Rivers** (closer).
If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of $ _____ with the title company to be made part of the earnest money on or before:
☐ (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
☐ (ii) _____ .
Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

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6. TITLE POLICY AND SURVEY:

A. Title Policy:

(1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
(a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
(b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.

(2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
☐ (a) will not be amended or deleted from the title policy.
☒ (b) will be amended to read "shortages in areas" at the expense of ☐ Buyer ☒ Seller.

(3) Within **14** days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within **35** days after the effective date:

☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer _____ *(insert amount)* of the cost of the survey at closing, if closing occurs.

☒ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

☐ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, ☐ Seller ☐ Buyer (updating party), will, at the updating party's expense, obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to the other party and the title company within 20 days after the title company notifies the parties that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for the updating party to deliver an acceptable survey within the time required. The other party will reimburse the updating party _____ *(insert amount or percentage)* of the cost of the new or updated survey at closing, if closing occurs.

C. Buyer's Objections to the Commitment and Survey:

(1) Within **14** days after Buyer receives the last of the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If the commitment or survey is revised or any new document evidencing a title exception is delivered, Buyer may object to any new matter revealed in such revision or new document. Buyer's objection must be made within the same number of days stated in this paragraph, beginning when the revision or new

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document is delivered to Buyer. If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

(2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

(3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: **N/A**

B. Feasibility Period: Buyer may terminate this contract for any reason within **45** days after the effective date (feasibility period) by providing Seller written notice of termination.

(1) Independent Consideration. *(Check only one box and insert amounts.)*

[X] (a) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less $ **2,500.00** that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

[ ] (b) Not later than 3 days after the effective date, Buyer must pay Seller $ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

(2) Feasibility Period Extension: Prior to the expiration of the initial feasibility period, Buyer may extend the feasibility period for a single period of an additional **25** days by depositing additional earnest money in the amount of $**3,000.00** with the title company. If no dollar amount is stated in this Paragraph or if Buyer fails to timely deposit the additional earnest money, the extension of the feasibility period will not be effective.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

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(2) Buyer must:
(a) employ only trained and qualified inspectors and assessors;
(b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
(c) abide by any reasonable entry rules or requirements of Seller;
(d) not interfere with existing operations or occupants of the Property; and
(e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within **20** days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*
[X] (a) copies of all current leases, including any mineral leases, pertaining to the Property, including any modifications, supplements, or amendments to the leases;
[X] (b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
[X] (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
[X] (d) copies property tax statements for the Property for the previous 2 calendar years;
[X] (e) plats of the Property;
[X] (f) copies of current utility capacity letters from the Property's water and sewer service provider; and
[ ] (g) _____
_____
_____.

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*
[X] (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
[X] (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied in any format; and
[X] (c) deliver to Seller copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.
This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller

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must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:
(1) any failure by Seller to comply with Seller's obligations under the leases;
(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;
(3) any advance sums paid by a tenant under any lease;
(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. Estoppel Certificates: Within 20 days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than January 1, 2021 by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TXR Form 1938 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: N/A	**Cooperating Broker:** Susan Nogues Real Estate LLC
Agent:	Agent: Susan Nogues, Broker
Address:	Address: 115 Loop 150 West Bastrop, TX 78602
Phone & Fax:	Phone & Fax: (512)913-9463
E-mail:	E-mail: snogues@sbcglobal.net
License No.:	License No.: 9008018 & 429381

Principal Broker: *(Check only one box)*
- [ ] represents Seller only.
- [X] represents Buyer only.
- [ ] is an intermediary between Seller and Buyer.

Cooperating Broker represents Buyer.

B. Fees: *(Check only (1) or (2) below.)*
(Complete the Agreement Between Brokers on page 14 only if (1) is selected.)

- [ ] (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

- [X] (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:
- [ ] _____ % of the sales price.
- [ ] _____ .

Cooperating Broker a total cash fee of:
- [X] 6.000 % of the sales price.
- [ ] _____ .

The cash fees will be paid in Bastrop County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

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NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:
(1) [X] **15** days after the expiration of the feasibility period.
[ ] _____ *(specific date)*.
[ ] _____ .
(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver, at Seller's expense, a [ ] general [X] special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
(2) without any assumed loans in default; and
(3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
(1) tax statements showing no delinquent taxes on the Property;
(2) an assignment of all leases to or on the Property;
(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;
(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;
(5) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply with applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and
(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:
(1) pay the sales price in good funds acceptable to the title company;
(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
(3) sign and send to each tenant in a lease for any part of the Property a written statement that:
(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
(b) specifies the exact dollar amount of the security deposit;
(4) sign an assumption of all leases then in effect; and
(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

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11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*
If Property is determined to be in a prohibited construction site due to a Houston Toad Habitat or subsurface pit/dump site, then Buyer may terminate the Contract at any time prior to Closing, and have all Earnest Money and feasibility money refunded.

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:
(1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
(2) release of Seller's loan liability, if applicable;
(3) tax statements or certificates;
(4) preparation of the deed;
(5) one-half of any escrow fee;
(6) costs to record any documents to cure title objections that Seller must cure; and
(7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:
(1) all loan expenses and fees;
(2) preparation of any deed of trust;
(3) recording fees for the deed and any deed of trust;
(4) premiums for flood insurance as may be required by Buyer's lender;
(5) one-half of any escrow fee;
(6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:
(1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
(2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
(3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

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C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(3) which Seller may pursue; or

(Check if applicable)

☐ enforce specific performance, or seek such other relief as may be provided by law.

B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.

C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or

B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
(1) Seller and the sales price will be reduced by the same amount; or
(2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.

B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.

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C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.

D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursal of the earnest money.

E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.

F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

☒ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TXR-1408).

☐ B. Except as otherwise provided in this contract, Seller is not aware of:
(1) any subsurface: structures, pits, waste, springs, or improvements;
(2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
(3) any environmental hazards or conditions that materially affect the Property;
(4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
(5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
(6) any wetlands, as defined by federal or state law or regulation, on the Property;
(7) any threatened or endangered species or their habitat on the Property;
(8) any present or past infestation of wood-destroying insects in the Property's improvements;
(9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
(10) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

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22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

[X] (1) Property Description Exhibit identified in Paragraph 2;
[ ] (2) Commercial Contract Financing Addendum (TXR-1931);
[X] (3) Commercial Property Condition Statement (TXR-1408);
[ ] (4) Commercial Contract Addendum for Special Provisions (TXR-1940);
[ ] (5) Notice to Purchaser of Real Property in a Water District (MUD);
[ ] (6) Addendum for Coastal Area Property (TXR-1915);
[ ] (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916);
[X] (8) Information About Brokerage Services (TXR-2501);
[ ] (9) Information About Mineral Clauses in Contract Forms (TXR-2509); and
[X] (10) **Environmental & Endangered Species Addendum, Continued... See Addendum Other 1** .

(Note: Counsel for Texas REALTORS® has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by Texas REALTORS® are appropriate for use with this form.)

E. Buyer [X] may [ ] may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receipts this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.

B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.

C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you

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will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract *(the Addendum for Coastal Area Property (TXR-1915) may be used).*

E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract *(the Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916) may be used).*

F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.

G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.

H. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

I. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: **N/A**.

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on **July 20, 2021**, the offer will lapse and become null and void.

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READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: Bastrop Economic Development Corporation	**Buyer:** Moca Ventures Nebraska, LLC
By:	By: John D Baasch
By (signature):	By (signature): John D. Baasch
Printed Name:	Printed Name: John D Baasch
Title:	Title: President
By:	By:
By (signature):	By (signature):
Printed Name:	Printed Name:
Title:	Title:

DocuSigned by:
5D8A0D899CB1449...

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AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- ☐ $ _____ , or
- ☐ _____ % of the sales price, or
- ☐ _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: _____ Cooperating Broker: _____

_____ _____

By: _____ By: _____

ATTORNEYS

Seller's attorney: _____ Buyer's attorney: _____

_____ _____

Address: _____ Address: _____

_____ _____

Phone & Fax: _____ Phone & Fax: _____

E-mail: _____ E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Seller.
- ☐ Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Buyer.
- ☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- ☐ A. the contract on this day _____ (effective date);
- ☐ B. earnest money in the amount of $ _____ in the form of _____ on _____ .

Title company: _____ Address: _____

_____

By: _____ Phone & Fax: _____

Assigned file number (GF#): _____ E-mail: _____

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ADDENDUM

PROPERTY: **TBD (26 +/- acres) Jackson Street, Bastrop, TX 78602**

1) Other
(11)Economic Development Performance Agreement
(12) Special Warranty Deed
(13) Unimproved Property Amendment and Rider

Date: _____ Date: _____

DocuSigned by:
John D. Baasch 7/15/2021
5D8ADDB69CBA449...
Signature

Signature

Date: _____ Date: _____

Signature

Signature

Susan Nogues Real Estate, 927 Main Street Bastrop TX 78602 Phone: **512.321.9463** Fax: **512.332.7081** **TBD Jackson St.**
Susan Nogues
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Special Warranty Deed

Notice of confidentiality rights: If you are a natural person, you may remove or strike any or all of the following information from any instrument that transfers an interest in real property before it is filed for record in the public records: your Social Security number or your driver's license number.

Date:	_____, 2021
Grantor:	Bastrop Economic Development Corporation
Grantor's Mailing Address:	301 Hwy 71 W, Suite 214, Bastrop, Texas 78602
Grantee:	Moca Ventures Nebraska, LLC
Grantee's Mailing Address:	114 N. Custer Avenue, Grand Island, Nebraska 68803
Consideration:	TEN AND NO/100 DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION

Property (including any improvements):

26.5 Acres, more or less of land located on Jackson Street, Bastrop, Texas, and commonly known as BASTROP BUSINESS AND INDUSTRIAL PARK, Phase 1, BLOCK A, Lot 1 (FR), includes Pipeline and LCRA Electrical Easements, and more fully described in Exhibit A ("Land").

Reservations from Conveyance: None

Exceptions to Conveyance and Warranty: None

Grantor, for the Consideration stated herein, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise.

When the context requires, singular nouns and pronouns include the plural.

Grantor:

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_____
Bastrop Economic Development Corporation
By: Genora Young

THE STATE OF TEXAS §
COUNTY OF BASTROP §

This instrument was acknowledged before me on this the _____ day of _____, A.D. 2021 by Genora Young, Interim Executive Director, Bastrop Economic Development Corporation.

(seal)

_____
Notary Public

Grantee:

_____
Moca Ventures Nebraska, LLC

THE STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this the _____ day of _____, A.D. 2021 by _____, of Moca Ventures Nebraska, LLC.

(seal)

_____
Notary Public

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Exhibit A
26.5 Acres m/l - TBD Jackson St, Bastrop Texas

Bastrop Business and Industrial Park, Phase 1, Block A, Lot 1 (FR), 26.5 acre M/L. To be Surveyed.

Red-lined area, includes Pipeline and LCRA Electrical Easements.

DS
JDB

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COMMERCIAL CONTRACT-
UNIMPROVED PROPERTY AMENDMENT AND RIDER

PARTIES

Seller: Bastrop Economic Development Corporation
301 Hwy 71 W, Suite 214
Bastrop, Texas 78602
(512) 303-9700
gyoung@bastropedc.org

Buyer: Moca Ventures Nebraska, LLC
114 N. Custer Avenue
Grand Island, Nebraska 68803
(308) 382-9071
john@johnbaaschauger.com

1) **Application.** The terms and conditions provided for in this Commercial Contract-Unimproved Property Amendment and Rider applies to, is part of, and takes precedence over any conflicting provision in or attachment to the Commercial Contract-Unimproved property (the "Contract") (attached hereto) by and between the Parties and the below terms are binding on the Parties and supersede any and all other conflicting terms and/or conditions in the Contract and otherwise, whether oral or written.

2) **Sale Price; Incentive Payment.** Section 3 of the Contract is hereby amended to provide for the Sale Price of $900,000.00, to be paid in cash by Buyer to Seller, and is subject to subsequent payment by the Seller to the Buyer in the form of an Incentive Payment as provided by and conditioned upon completion of Buyer's Performance Obligations contained in the Performance Agreement entered into between Buyer and Seller dated _____.

3) **Deed.** At closing, Seller will execute and deliver, at Seller's expense, a Special Warranty Deed conveying the Property to Buyer in fee simple.

BUYER:

Signature: DocuSigned by: John Baasch 5D9ADDB69CBA449...

Print Name: John Baasch

Date: 7/1/2021

SELLER:

Signature: _____

Print Name: _____

Date: _____

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TEXAS REALTORS

COMMERCIAL PROPERTY CONDITION STATEMENT

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS®, INC. IS NOT AUTHORIZED.
©Texas Association of REALTORS®, Inc. 2018

CONCERNING THE PROPERTY AT: **26.5 acres M/L TBD Jackson Street, Bastrop, Texas**

THIS IS A DISCLOSURE OF THE SELLER'S OR LANDLORD'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED. IT IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES A BUYER OR TENANT MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER, SELLER'S AGENTS, LANDLORD, LANDLORD'S AGENTS OR ANY OTHER AGENT.

PART I - Complete if Property is Improved or Unimproved

Are you (Seller or Landlord) aware of:	Aware	Not Aware
(1) any of the following environmental conditions on or affecting the Property:		
(a) radon gas?	[ ]	[X]
(b) asbestos components:		
(i) friable components?	[ ]	[X]
(ii) non-friable components?	[ ]	[X]
(c) urea-formaldehyde insulation?	[ ]	[X]
(d) endangered species or their habitat?	[X]	[ ]
(e) wetlands?	[X]	[ ]
(f) underground storage tanks?	[ ]	[X]
(g) leaks in any storage tanks (underground or above-ground)?	[ ]	[X]
(h) lead-based paint?	[ ]	[X]
(i) hazardous materials or toxic waste?	[ ]	[X]
(j) open or closed landfills on or under the surface of the Property?	[ ]	[X]
(k) external conditions materially and adversely affecting the Property such as nearby landfills, smelting plants, burners, storage facilities of toxic or hazardous materials, refiners, utility transmission lines, mills, feed lots, and the like?	[ ]	[X]
(l) any activity relating to drilling or excavation sites for oil, gas, or other minerals?	[ ]	[X]
(2) previous environmental contamination that was on or that materially and adversely affected the Property, including but not limited to previous environmental conditions listed in Paragraph 1(a)-(l)?	[ ]	[X]
(3) any part of the Property lying in a special flood hazard area (A or V Zone)?	[ ]	[X]
(4) any improper drainage onto or away from the Property?	[ ]	[X]
(5) any fault line at or near the Property that materially and adversely affects the Property?	[ ]	[X]
(6) air space restrictions or easements on or affecting the Property?	[ ]	[X]
(7) unrecorded or unplatted agreements for easements, utilities, or access on or to the Property?	[ ]	[X]

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Susan Nogues
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	Aware	Not Aware
(8) special districts in which the Property lies (for example, historical districts, development districts, extraterritorial jurisdictions, or others)?	[X]	[ ]
(9) pending changes in zoning, restrictions, or in physical use of the Property? The current zoning of the Property is: Industrial or EC (Employment Center)	[ ]	[X]
(10) your receipt of any notice concerning any likely condemnation, planned streets, highways, railroads, or developments that would materially and adversely affect the Property (including access or visibility)?	[ ]	[X]
(11) lawsuits affecting title to or use or enjoyment of the Property?	[ ]	[X]
(12) your receipt of any written notices of violations of zoning, deed restrictions, or government regulations from EPA, OSHA, TCEQ, or other government agencies?	[ ]	[X]
(13) common areas or facilities affiliated with the Property co-owned with others?	[ ]	[X]
(14) an owners' or tenants' association or maintenance fee or assessment affecting the Property?	[ ]	[X]
If aware, name of association: _____ Name of manager: _____ Amount of fee or assessment: $ _____ per _____ Are fees current through the date of this notice? [___] yes [___] no [___] unknown		
(15) subsurface structures, hydraulic lifts, or pits on the Property?	[ ]	[X]
(16) intermittent or weather springs that affect the Property?	[ ]	[X]
(17) any material defect in any irrigation system, fences, or signs on the Property?	[ ]	[X]
(18) conditions on or affecting the Property that materially affect the health or safety of an ordinary individual?	[ ]	[X]
(19) any of the following rights vested in others:		
(a) outstanding mineral rights?	[ ]	[X]
(b) timber rights?	[ ]	[X]
(c) water rights?	[ ]	[X]
(d) other rights?	[ ]	[X]
(20) any personal property or equipment or similar items subject to financing, liens, or lease(s)?	[ ]	[X]
If aware, list items: _____		

If you are aware of any of the conditions listed above, explain. *(Attach additional information if needed.)* _____

(d) Property is within the boundaries of the Houston Toad Habitat.

(e) There is a small pond on the property.

(8) The property is in the Bastrop Business and Industrial Park, in the city limits of the City of Bastrop.
(9) The property is currently zoned industrial/employment center (EC).

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PART 2 - Complete only if Property is Improved

A. Are you (Seller or Landlord) aware of any material defects in any of the following on the Property?

	Aware	Not Aware	Not Appl.
(1) Structural Items:			
(a) foundation systems (slabs, columns, trusses, bracing, crawl spaces, piers, beams, footings, retaining walls, basement, grading)?	[ ]	[ ]	[X]
(b) exterior walls?	[ ]	[ ]	[X]
(c) fireplaces and chimneys?	[ ]	[ ]	[X]
(d) roof, roof structure, or attic (covering, flashing, skylights, insulation, roof penetrations, ventilation, gutters and downspouts, decking)?	[ ]	[ ]	[X]
(e) windows, doors, plate glass, or canopies	[ ]	[ ]	[X]
(2) Plumbing Systems:			
(a) water heaters or water softeners?	[ ]	[ ]	[X]
(b) supply or drain lines?	[ ]	[ ]	[X]
(c) faucets, fixtures, or commodes?	[ ]	[ ]	[X]
(d) private sewage systems?	[ ]	[ ]	[X]
(e) pools or spas and equipments?	[ ]	[ ]	[X]
(f) sprinkler systems (fire, landscape)?	[ ]	[ ]	[X]
(g) water coolers?	[ ]	[ ]	[X]
(h) private water wells?	[ ]	[ ]	[X]
(i) pumps or sump pumps?	[ ]	[ ]	[X]
(3) HVAC Systems: any cooling, heating, or ventilation systems?	[ ]	[ ]	[X]
(4) Electrical Systems: service drops, wiring, connections, conductors, plugs, grounds, power, polarity, switches, light fixtures, or junction boxes?	[ ]	[ ]	[X]
(5) Other Systems or Items:			
(a) security or fire detection systems?	[ ]	[ ]	[X]
(b) porches or decks?	[ ]	[ ]	[X]
(c) gas lines?	[ ]	[ ]	[X]
(d) garage doors and door operators?	[ ]	[ ]	[X]
(e) loading doors or docks?	[ ]	[ ]	[X]
(f) rails or overhead cranes?	[ ]	[ ]	[X]
(g) elevators or escalators?	[ ]	[ ]	[X]
(h) parking areas, drives, steps, walkways?	[ ]	[ ]	[X]
(i) appliances or built-in kitchen equipment?	[ ]	[ ]	[X]

If you are aware of material defects in any of the items listed under Paragraph A, explain. *(Attach additional information if needed.)* _____

_____

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B. Are you (Seller or Landlord) aware of:	Aware	Not Aware
(1) any of the following water or drainage conditions materially and adversely affecting the Property:		
(a) ground water?	[ ]	[X]
(b) water penetration?	[ ]	[X]
(c) previous flooding or water drainage?	[ ]	[X]
(d) soil erosion or water ponding?	[ ]	[X]
(2) previous structural repair to the foundation systems on the Property?	[ ]	[X]
(3) settling or soil movement materially and adversely affecting the Property?	[ ]	[X]
(4) pest infestation from rodents, insects, or other organisms on the Property?	[ ]	[X]
(5) termite or wood rot damage on the Property needing repair?	[ ]	[X]
(6) mold to the extent that it materially and adversely affects the Property?	[ ]	[X]
(7) mold remediation certificate issued for the Property in the previous 5 years? *if yes, attach a copy of the mold remediation certificate.*	[ ]	[X]
(8) previous termite treatment on the Property?	[ ]	[X]
(9) previous fires that materially affected the Property?	[ ]	[X]
(10) modifications made to the Property without necessary permits or not in compliance with building codes in effect at the time?	[ ]	[X]
(11) any part, system, or component in or on the Property not in compliance with the Americans with Disabilities Act or the Texas Architectural Barrier Statute?	[ ]	[X]

If you are aware of any conditions described under Paragraph B, explain. *(Attach additional information, if needed.)* _____

_____

The undersigned acknowledges receipt of the foregoing statement.

Seller or Landlord: _____ **Buyer or Tenant:** _____

By: _____ By: _____

By (signature): _____ By (signature): _____
Printed Name: _____ Printed Name: _____
Title: _____ Title: _____

By: _____ By: _____

By (signature): _____ By (signature): _____
Printed Name: _____ Printed Name: _____
Title: _____ Title: _____

NOTICE TO BUYER OR TENANT: The broker representing Seller or Landlord, and the broker representing you advise you that this statement was completed by Seller or Landlord, as of the date signed. The brokers have relied on this statement as true and correct and have no reason to believe it to be false or inaccurate. YOU ARE ENCOURAGED TO HAVE AN INSPECTOR OF YOUR CHOICE INSPECT THE PROPERTY.

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EQUAL HOUSING OPPORTUNITY

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 12-05-2011

ENVIRONMENTAL ASSESSMENT, THREATENED OR ENDANGERED SPECIES, AND WETLANDS ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

TBD (26 +/- acres) Jackson Street, Bastrop, TX 78602
(Address of Property)

[X] A. ENVIRONMENTAL ASSESSMENT: Buyer, at Buyer's expense, may obtain an environmental assessment report prepared by an environmental specialist.

[X] B. THREATENED OR ENDANGERED SPECIES: Buyer, at Buyer's expense, may obtain a report from a natural resources professional to determine if there are any threatened or endangered species or their habitats as defined by the Texas Parks and Wildlife Department or the U.S. Fish and Wildlife Service.

[X] C. WETLANDS: Buyer, at Buyer's expense, may obtain a report from an environmental specialist to determine if there are wetlands, as defined by federal or state law or regulation.

Within **45** days after the effective date of the contract, Buyer may terminate the contract by furnishing Seller a copy of any report noted above that adversely affects the use of the Property and a notice of termination of the contract. Upon termination, the earnest money will be refunded to Buyer.

DocuSigned by:
John D Baasch 4/6/2021
5D8ADDB69CBA449...
Buyer
John Baasch President, Moca Ventures Nebraska, LLC

Seller

Buyer

Seller

This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate licensees. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not suitable for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 512-936-3000 (http://www.trec.texas.gov) TREC No. 28-2. This form replaces TREC No. 28-1.

11/2/2015

EQUAL HOUSING OPPORTUNITY

Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Susan Nogues Real Estate LLC	**9008018**	**snogues@sbcglobal.net**	**(512)321-9463**
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Susan Nogues, Broker	**0429381**	**snogues@sbcglobal.net**	**(512)913-9463**
Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Susan Nogues	**0429381**	**snogues@sbcglobal.net**	**512.321.9463**
Sales Agent/Associate's Name	License No.	Email	Phone

DS JDB — 4/6/2021

Buyer/Tenant/Seller/Landlord Initials — Date

Regulated by the Texas Real Estate Commission **Information available at www.trec.texas.gov**

IABS 1-0 Date

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 12B

TITLE:
Consider action to approve Resolution No. R-2021-80 of the City Council of the City of Bastrop, Texas, approving the Financial Management Policy, which is attached as Exhibit A; providing for a repealing clause and establishing an effective date.

AGENDA ITEM SUBMITTED BY:
Tracy Waldron, Chief Financial Officer

BACKGROUND/HISTORY:
This policy was previously adopted on September 8, 2020. This policy is to be reviewed and approved by City Council annually as a part of the budget process.

Since the last adoption, there have been several items for inclusion into this policy. Below represent the additions and updates made to the policy:

Transfer from Electric Fund – There will be a transfer from the Electric Fund to the City's General Fund which represents a Return on Investment (payment in lieu of taxes). This transfer should not exceed 11% of the total proposed revenue of the Electric Fund for that budget year.

Hotel Occupancy Tax Fund – The Fund reserve level needs to be sufficient to allow the fund to operate if a downturn in the economy occurred. Sufficient level of reserves should be a minimum of the annual Convention Center debt payment, Community Asset funding, and fifty percent (50%) of Visit Bastrop funding for the current year of expenditures to allow the City to ensure continuity of the organizations promoting tourism. Policy makers will need to determine priorities and funding levels should the economic downturn be expected to exceed this minimum reserve amount.

Donations – Several subsections were added to allow the City Manager to accept donations up to $25,000 without City Council approval. The policy included the requirements for reporting to City Council when donations like these occur. Any donations over this amount will need to be brought to City Council for approval.

This policy should be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget and brought to City Council for approval.

FISCAL IMPACT:
N/A

RECOMMENDATION:
Tracy Waldron, CFO recommends approval of Resolution No. R-2021-80 of the City Council of the City of Bastrop, Texas, approving the Financial Management Policy, which is attached as Exhibit A; providing for a repealing clause and establishing an effective date.

ATTACHMENTS:

- Resolution 2021-80
- Financial Management Policy

RESOLUTION NO. R-2021-80

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING THE FINANCIAL MANAGEMENT POLICY, WHICH IS ATTACHED AS EXHIBIT A; PROVIDING FOR A REPEALING CLAUSE AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, it is the responsibility of local government to ensure that public funds are managed in a prudent and financially sound manner; and

WHEREAS, the City of Bastrop Financial Management Policy was last adopted by City Council in September 8, 2020; and

WHEREAS, financial policies provide guidelines for managing risk and assisting the City in complying with established public management best practices, while ensuring compliance with federal, state and local laws and reporting requirements; and

WHEREAS, this policy has been updated to reflect additional sections that were requested by the City Council; and

WHEREAS, the City Council requests that the Financial Management Policy be reviewed and adopted annually by Council as a part of the budget adoption process to ensure this policy is current with State Law and appropriately addresses operational needs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:

SECTION 1: The City Council hereby approves the City of Bastrop Financial Management Policy, which is attached as Exhibit A, and requests that it be reviewed and adopted annually as a part of the Budget adoption process.

SECTION 2: Any prior resolution of the City Council in conflict with the provisions contained in this resolution are hereby repealed and revoked.

SECTION 3: Should any part of this resolution be held to be invalid for any reason, the remainder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

SECTION 4: This resolution shall take effect immediately from and after its passage, and it is duly resolved.

DULY RESOLVED AND ADOPTED by the City Council of the City of Bastrop, Texas on the 24th day of August 2021.

APPROVED:

_____
Connie B. Schroeder, Mayor

ATTEST:

_____
Ann Franklin, City Secretary

APPROVED AS TO FORM:

_____
Alan Bojorquez, City Attorney

BASTROPTX
Heart of the Lost Pines
Est. 1832

Financial Management Policy

Draft
August 24, 2021

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PURPOSE STATEMENT

The overriding goal of the Financial Management Policy is to enable the City to achieve a long- term stable and positive financial condition while conducting its operations consistent with the Council-Manager form of government established in the City Charter. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Financial Management Policy is to provide guidelines for the financial management staff in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager.

The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control and debt management.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

ACCOUNTING

The City of Bastrop finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board. The fiscal year of the City shall begin on October first of each calendar year and shall end on September thirtieth of the following calendar year. This fiscal year shall also be established as the accounting and budget year. Governmental fund types use the modified accrual basis of accounting, revenues are recognized when susceptible to accrue (i.e., when they are measurable and available. Expenditures are recognized when the related funds liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due.

Proprietary fund types are accounted for on a full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred

FUNDS

Self-balancing groups of accounts are used to account for city financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the General Fund, which is used to account for all transactions not accounted for in other funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project funds.

EXTERNAL AUDITING

The City will be audited annually by outside independent auditors. The auditors must be a CPA firm of national reputation and must demonstrate that they have the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements. The auditors' report on the City's financial statements including any federal grant single audits will be completed within 120 days of the City's fiscal year end, and the auditors' management letter will be presented to the city staff within 150 days after the City's fiscal year end. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The city staff and auditors will jointly review the

management letter with the City Council within 60 days of its receipt by the staff.

EXTERNAL AUDITORS RESPONSIBLE TO CITY COUNCIL

The external auditors are accountable to the City Council and will have access to direct communication with the City Council if the city staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities.

EXTERNAL AUDITOR ROTATION

The City will not require external auditor rotation but will circulate requests for proposal for audit services periodically, normally at five-year intervals or less.

EXTERNAL FINANCIAL REPORTING

The City will prepare and publish a Comprehensive Annual Financial Report (CAFR). The CAFR will be prepared in accordance with generally accepted accounting principles and may be presented annually to the Government Finance Officers Association (GFOA) for evaluation and possibly awarding of the Certification of Achievement for Excellence in Financial Reporting. The CAFR will be published and presented to the City Council within 180 days after the end of the fiscal year. City staffing and auditor availability limitations may preclude such timely reporting. In such case, the Chief Financial Officer will inform the City Manager and the City Manager will inform the City Council of the delay and the reasons, therefore.

INTERNAL CONTROLS

WRITTEN POLICIES & PROCEDURES

The Finance Department is responsible for developing city-wide written policies & procedures on accounting, cash handling, and other financial matters. The Policies will be reviewed by the City Manager and approved by the City Council. The procedures will only need approval by the City Manager.

The Finance Department will assist department managers as needed in tailoring these written procedures to fit each department's requirements.

INTERNAL AUDIT

The Finance Department may conduct reviews of the departments to determine if the departments are following the written procedures as they apply to the departments.

Finance will also review the written policies and procedures on accounting, cash handling and other financial matters. Based on these reviews Finance will recommend internal control improvements as needed.

DEPARTMENT MANAGERS RESPONSIBLE

Each department manager is responsible to the City Manager to ensure that good internal controls are followed throughout his or her department, that all guidelines on accounting and internal controls are implemented, and that all independent and internal control recommendations are addressed.

OPERATING BUDGET

PREPARATION

The City's "operating budget" is the City's annual financial operating plan. It consists of governmental and proprietary funds, including the general obligation debt service fund. The budget is prepared using the same basis of accounting as the audited financial statements. The budget is prepared by the City Manager with the assistance of the Chief Financial Officer and cooperation of all city departments. The City Manager transmits the document to the City Council thirty (30) days prior to the commencement of the fiscal year per the City Charter. The budget should be enacted by the City Council prior to the fiscal year beginning. The operating budget may be submitted to the GFOA annually for evaluation and possible awarding of the Award for Distinguished Budget Presentation.

The budget document presented to Council will be in compliance with Article VI Section 6.02 of the City Charter.

A copy of the proposed budget shall be filed with the City Secretary, at the Public Library and available on the City's website when it is submitted to the City Council in accordance with the provisions of the City Charter Article VI Section 6.03.

At the Council meeting at which time the budget is submitted, the Council shall, in conformance with the requirements of state law, cause to be published the date, time, and place of a Public Hearing. At this hearing, interested citizens may express their opinions concerning items of expenditure, giving reasons for wishing to increase or decrease any such items. This is in accordance with the provisions of the City Charter Article VI Section 6.04.

After a public hearing, the Council shall analyze the budget, making any additions or deletions considered appropriate, and shall, at least three (3) days prior to the beginning of the fiscal year, adopt the budget by a favorable vote. This in accordance with the provisions of the City Charter Article VI Section 6.05.

On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by City Council shall constitute the official appropriations of proposed expenditures for the year and shall constitute the basis of the official levy of the property tax as the amount of tax to be assessed and collected for that tax year. This in accordance with City Charter Article VI Section 6.06.

BALANCED BUDGETS

An operating budget will be balanced, with current revenues, inclusive of beginning resources, greater than or equal to current operating expenditures/expenses.

PLANNING

The budget process will begin with a Staff Budget Retreat followed by a Council Budget Workshop to provide direction to the City Manager on goals of the organization. From Jan. – April, each Department Director will enter their line item budgets into the budget software. Starting in June, meetings are scheduled with the City Manager, Chief Financial Officer and Department Directors, to review their budget submittals. The City Manager submits a proposed budget to the City Council before the end of July. The City Council will conduct budget workshops as necessary.

Deleted: draft budgets. A summary of this draft budget is presented to City Council by the City Manager, at a Budget workshop. There will be several more Council budget workshops as the City Manager and staff work through estimating revenue and making the necessary expense cuts to prepare a balanced budget for final approval…

Deleted: .

REPORTING

Periodic financial reports are available within INCODE to enable the department managers to manage their budgets and to enable the Finance Department to monitor and control the budget as approved by the City Council. Summary monthly financial reports will be presented to the City Council within 45 days after the end of each month, if council meetings do not interfere with reporting requirement. Such reports will include current year revenue and expenditure budgets and year-to-date actual figures for all major funds.

CONTROL

Operating Expenditure Control is addressed in another section of the Policies.

PERFORMANCE MEASURES

Where appropriate, performance measures and productivity indicators will be used as guidelines and reviewed for efficiency and effectiveness. This information will be included in the final budget document.

CAPITAL BUDGET

PREPARATION

The City's Capital Budget will be included in the City's Operating Budget. The Capital Budget will be prepared by the City Manager with assistance from the Finance Department and involvement of all required city departments.

APPROPRIATION

An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned

CONTROL

All capital project expenditures must be appropriated in the capital budget. Finance must certify the availability of resources so an appropriation can be made before a capital project contract is presented by the City Manager to the City Council for approval.

ALTERNATE RESOURCES

Where applicable, assessments, impact fees, or other user- based fees should be used to fund capital projects which have a primary benefit to certain property owners.

DEBT FINANCING

Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for design and construction of capital projects, and small component parts which are attached to major equipment purchases.

REPORTING

Financial reports will be available to enable the department managers to manage their capital budgets and to enable the finance department to monitor the capital budget as authorized by the City Manager.

REVENUE MANAGEMENT

SIMPLICITY

The City will strive to keep the revenue system simple which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay.

CERTAINTY

An understanding of the revenue source increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies so that assurances can be provided that the revenue base will materialize according to budgets and plans.

EQUITY

The City will strive to maintain equity in the revenue system structure. It is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., Over 65 property tax exemptions.

ADMINISTRATION

The benefits of revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed annually for cost effectiveness as a part of the indirect cost, and cost of services analysis.

REVENUE ADEQUACY

The City will require that there be a balance in the revenue system. That is, the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

COST/BENEFIT OF ABATEMENT

The City will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development. A cost/benefit (fiscal impact) analysis will be performed as a part of such analysis and presented to the appropriate entity considering using such incentive.

DIVERSIFICATION AND STABILITY

In order to protect the government from fluctuations in revenue source due to fluctuations in the economy, and variations in weather (in the case of water and wastewater), a diversified revenue system will be sought.

NON-RECURRING REVENUES

One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used only for non-recurring expenditures. Care will be taken not to use these revenues for budget balancing purposes.

PROPERTY TAX REVENUES

For every annual budget, the City shall levy two property tax rates: Maintenance & Operations and Interest & Sinking (debt service). The debt service levy shall be sufficient for meeting all principal and interest payments associated with the City's outstanding general debt obligations for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The maintenance and operations levy shall be accounted for in the General Fund. The City will adhere to state law when calculating these tax rates. Property shall be assessed at 100% of the fair market value as appraised by the Bastrop Central Appraisal District. Reappraisal and reassessment shall be done regularly as required by State law. A 97% collection rate will serve as a minimum goal for tax collection, with the delinquency rate of 4% or less. The 97% rate is calculated by dividing total current year tax collections for a fiscal year by the total tax levy for the fiscal year.

All delinquent taxes will be pursued as part of the collection contract the City has with the Bastrop County Tax Assessor/Collector.

USER-BASED FEES

For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of costs and services.

GENERAL AND ADMINISTRATIVE CHARGES

A method will be maintained whereby the General Fund can impose a charge to the enterprise/ proprietary funds for general and administrative services (overhead allocation) performed on the funds' behalf. The details will be documented and said information will be maintained in the Finance Department.

TRANSFER FROM ELECTRIC FUND

There will be a transfer from the Electric Fund to the City's General Fund which represents a Return on Investment (payment in lieu of taxes). This transfer should not exceed 11% of the total proposed revenue of the Electric Fund for that budget year.

UTILITY RATES

The City will strive to review utility rates annually and, if necessary, adopt new rates to generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects.

INTEREST INCOME

Interest earned from investment of available monies that are pooled will be distributed to the funds monthly in accordance with the claim on cash balance of the fund from which monies were provided to be invested.

REVENUE MONITORING

Revenues received will be regularly compared to budgeted revenues and variances will be investigated. This process will be summarized in the monthly financial report to Council.

EXPENDITURE CONTROL

OPERATING EXPENDITURES

Shall be accounted, reported, and budgeted for in the following categories:

1. Personnel Costs
2. Supplies and Materials
3. Maintenance and Repairs
4. Occupancy
5. Contractual Services
6. Other Charges
7. Contingency

APPROPRIATIONS

The level of budgetary control is the department level budget in all Funds. Transfers between expenditure accounts within a department may occur with the approval of the Department Director. City Manager approval is required if transferring from a personnel or capital accounts within a department. When budget adjustments (i.e., amendments), are required between departments and/or funds, these must be approved by the City Council through an Ordinance

CONTINGENCY ACCOUNT

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The General Fund Contingency Account will be budgeted at a minimal amount ($35,000). Increases to the contingency account must be approved by City Council.

CONTINGENCY ACCOUNT EXPENDITURES

The City Council must approve all contingency account expenditures over $35,000. The City Manager must approve all other contingency account expenditures and report them to City Council.

PURCHASING CONTROL

All purchases shall be made in accordance with the City's Purchasing Policy. Authorization levels for appropriations previously approved by the City Council are as follows: below Directors $1,000 (Directors can request to have this amount raised by submitting a written request to the Finance Department), for Directors up to $9,999, for Chief Financial Officer up to $14,999, and with any purchases exceeding $15,000 to be approved by the City Manager.

PROFESSIONAL SERVICES

Professional services will generally be processed through a request for proposals process, except for smaller contracts. The City Manager may execute any professional services contract less than $50,000 provided there is an appropriation for such contract.

PROMPT PAYMENT

All invoices will be paid within 30 days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the City's investable cash, where such delay does not violate the agreed upon terms.

ASSET MANAGEMENT

INVESTMENTS

The City's investment practices will be conducted in accordance with the City Council approved Investment Policies.

CASH MANAGEMENT

The timing and amount of cash needs and availability shall be systematically projected in order to maximize interest earnings from investments.

INVESTMENT PERFORMANCE

A quarterly report on investment performance will be provided by the Chief Financial Officer to the City Council in accordance with the City's Investment Policy.

FIXED ASSETS AND INVENTORY

The City of Bastrop's Purchasing Policy defines Fixed Assets and "Minor Capital Outlay" items as items with a value over $1,000 and with a life expectancy of two (2) of more years. Asset control will be conducted in accordance with the City Council approved Purchasing Policy Sec. IV which includes annual inventory count, proper disposal and security measures. The Finance Department has procedures in place to capture these types of purchases, make sure they are added to the Fixed Asset List and be placed on the insurance. All departments should have procedures in place for proper maintenance of all city assets.

FINANCIAL CONDITION AND RESERVES

NO OPERATING DEFICITS

Current expenditures should be paid with current revenues. Deferrals, short-term loans, or one-time sources should be avoided as budget balancing technique. Reserves will be used only for emergencies on non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.

OPERATING RESERVES

Failure to meet these standards will be disclosed to the City Council as soon as the situation is recognized and a plan to replenish the ending resources over a reasonable time frame shall be adopted. This should be followed by a plan to mitigate the re-occurrence of this type of shortfall in the future.

1. The General Fund ending fund balance will be maintained at an amount up to three months' worth of estimated expenditures or at a level of 25% of budgeted operating expenditures.

2. The Enterprise/ Proprietary Funds will be maintained at a minimum level of 35% of budgeted operating expenditures.

3. Fund balances which exceed the minimum level established for each fund may be appropriated for non-recurring capital projects.

RISK MANAGEMENT PROGRAM

The City Council adopts an Investment Policy annually that outlines the investment strategy guidelines with the first goal being the safety of public funds. These policies mitigate the risk associated with investing these public funds.

LOSS FINANCING

All reasonable options will be investigated to finance losses. Such options may include risk transfer, insurance, and risk retention. Where risk is retained, reserves will be established based on a calculation of incurred but not reported claims, and actuarial determinations and such reserves will not be used for

any purpose other than for financing losses.

ENTERPRISE/ PROPRIETARY FUND SELF-SUFFICIENCY

The City's enterprise funds' resources will be sufficient to fund operating and capital expenditures. The enterprise funds will pay (where applicable) their fair share of general and administrative expenses, in-lieu-of-property taxes and/or franchise fees. If an enterprise fund is temporarily unable to pay all expenses, then the City Council may waive general and administrative expenses, in- lieu-of-property taxes and/or franchise fees until the fund is able to pay them.

HOTEL OCCUPANCY TAX FUND

The Hotel Occupancy Tax Fund reserve level needs to be sufficient to allow the fund to operate if a downturn in the economy occurred. Sufficient level of reserves should be a minimum of the annual Convention Center debt payment, Community Asset funding, and fifty percent (50%) of Visit Bastrop funding for the current year of expenditures to allow the City to ensure continuity of the organizations promoting tourism. Policy makers will need to determine priorities and funding levels should the economic downturn be expected to exceed this minimum reserve amount.

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DEBT MANAGEMENT

SELF-SUPPORTING DEBT

When appropriate, self-supporting revenues will pay debt service in lieu of tax revenues.

ANALYSIS OF FINANCING ALTERNATIVES

The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves or current monies.

VOTER AUTHORIZATION

The City shall obtain voter authorization before issuing General Obligation Bonds as required by law. Voter authorization is not required for the issuance of Revenue Bonds and Certificates of Obligation. However, the City may elect to obtain voter authorization for Revenue Bonds.

BOND DEBT

The City of Bastrop will attempt to maintain base bond ratings of AA2(Moody's Investors Service) and AA (Standard & Poor's) on its general obligation debt, and AA- on its revenue bonds. In an attempt to keep the debt service tax rate flat, retirement of debt principal will be structured to ensure constant annual debt payments when possible.

IRS COMPLIANCE

The City will maintain written procedures for Post Bond Issuance Federal Tax compliance with IRS laws and regulations for tax exempt debt.

STAFFING AND TRAINING

ADEQUATE STAFFING

Staffing levels will be adequate for the fiscal functions of the City to function effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload scheduling alternatives will be explored before adding staff.

TRAINING

The City will support the continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.

GRANTS/FUNDING REQUESTS FINANCIAL MANAGEMENT

GRANT SOLICITATION

Each department is responsible for researching and applying for grants that support needs within their department. The purpose of this policy is to ensure grant funding is solicited with prior approval of the City Manager. The grant application should only be made with input from pertinent departments. The grants should be cost beneficial and meet the City's objectives. Communication will be made with City Council to keep them informed on what grants are being solicited.

GRANT ACCEPTANCE

All grants awarded to the City of Bastrop must be accepted by action of the City Council. If the grant opportunity is identified early enough for inclusion in the annual budget, is shall be identified and budgeted in revenue and expenditure accounts. If the grant is accepted but has not been included in the annual budget, a budget amendment shall be requested to reflect the revenues and expenditures associated with the grant.

RESPONSIBILITY

Departments will oversee the day-to-day operations of grant programs, will monitor performance and compliance, and will also keep the Finance Department informed of significant grant-related plans and activities. Finance Department staff members will serve as liaisons with grantor financial management personnel, will prepare invoices, and will keep the books of account for all grants.

FUNDING REQUESTS FROM PARTNER ORGANIZATIONS

These organizations are identified as the Bastrop Economic Development Corporation and Visit Bastrop. The City Council will be informed of a funding request from a Partner Organization through an agenda item at a public meeting.

DONATIONS

LESS THAN $25, 000

The City Manager is authorized to accept or reject any and all offers of donations made to the City having a monetary value of less than $25,000 after due and proper consideration of the following factors:

1. Whether the proposed donation would be of a true benefit to the community or City government;
2. Whether the proposed donation is appropriate or has practical use to the City's current or planned operations;
3. Whether the City already possesses similar items making the donated items(s) surplus;
4. Whether the proposed donation would require any undesirable or unreasonably high maintenance costs and efforts; and
5. Whether the required recognition, or stipulation, of the donor exceeds the vlue of the proposed donation or an acceptable level of recognition.

The City Manager shall prepare a report to be submitted to the City Council on a regular basis, not less than quarterly, detailing any offers of donations made to the City during the previous quarter, indicating whether such offer was accepted or rejected and, if rejected, stating the reason for same.

MORE THAN $25, 000

The City Manager shall review proposals for donations having a monetary value of $25,000 and greater to the City and shall prepare a recommendation to the City Council on such proposals. City Council action shall be required for acceptance of any such proposal. Prior to submittal to the City Council, the City Manager may invite comments from all affected City Department Heads and related Advisory Boards.

ACCEPTANCE

Upon acceptance by the City, the donor shall coordinate with City staff for the acceptance of the donation and specify a time frame for the expenditure or use of the donation. If a donation us not used for the intended specific purpose, within the approved amount of time, the donation may be returned to the donor upon request, or an extension of time may be permitted upon approval of the City and the donor.

All donations of any type in any amount of value shall be received and processed in accordance with proper and accepted accounting procedures.

ANNUAL REVIEW AND REPORTING

ANNUAL REVIEW

These Policies will be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget.

REPORTING

The Chief Financial Officer will report annually to the City Manager on compliance with these policies.

_____
Tracy Waldron, Chief Financial Officer

_____
Paul A. Hofmann, City Manager

History of Financial Policies:
Previously Approved 9/23/14
Previously Approved 10/25/16
Previously Approved 5/9/17
Previously Approved with Budget 9/25/18
Previously Approved 10/22/19
Previously Approved 9/8/20

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 12C

TITLE:
Consider action to approve Resolution No. R-2021-81 of the City Council of the City of Bastrop, Texas approving and adopting the Investment Policy and Investment Strategies attached as Exhibit A; approving the list of Qualified Brokers attached as Exhibit B; making various provisions related to the subject; and establishing an effective date.

AGENDA ITEM SUBMITTED BY:
Tracy Waldron, Chief Financial Officer

BACKGROUND/HISTORY:
This policy is required to be reviewed and approved annually by the governing body. There were no legislative updates to the Public Funds Investment Act this year and no changes to the policy are recommended.

This policy is in compliance with the Public Funds Investment Act. This policy will be submitted to the Governmental Treasurer's Organization of Texas once approved for review.

According to the Public Funds Investment Act section 2256.005(e), the governing body will review the Investment Policy annually and provide a written instrument stating that it has reviewed the Policy. The Act requires that a list of qualified brokers be approved annually. No changes are recommended to this list.

FISCAL IMPACT:
N/A

RECOMMENDATION:
Tracy Waldron, CFO recommends approval of Resolution No. R-2021-81 of the City Council of the City of Bastrop, Texas approving and adopting the Investment Policy and Investment Strategies attached as Exhibit A; approving the list of Qualified Brokers attached as Exhibit B; making various provisions related to the subject; and establishing an effective date.

ATTACHMENTS:
- Resolution No. R-2021-81
- Investment Policy and Investment Strategies – Exhibit A
- List of Qualified Brokers – Exhibit B

RESOLUTION NO. R-2021-81

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING AND ADOPTING THE INVESTMENT POLICY AND INVESTMENT STRATEGIES ATTACHED AS EXHIBIT A; APPROVING THE LIST OF QUALIFIED BROKERS ATTACHED AS EXHIBIT B; MAKING VARIOUS PROVISIONS RELATED TO THE SUBJECT; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Public Funds Investment Act, Texas Government Code Ann., Chapter 2256 (the "Act"), provides that the governing body of an investment entity shall adopt a written investment policy and investment strategies regarding the investment of its funds; and

WHEREAS, the Act provides that the governing body of an investing entity shall review its investment policy and investment strategies not less than annually; and

WHEREAS, the City Council has reviewed the investment policy and investment strategies; and

WHEREAS, the Act provides that the governing body of an investing entity shall review, revise and adopt its list of qualified brokers at least annually.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS THAT:

Section 1: The City Council of the City of Bastrop, Texas, approves and adopts the Investment Policy and Investment strategies attached hereto as Exhibit A and list of Qualified Brokers Exhibit B made a part hereof by this reference.

Section 2: Any prior resolution of the City Council in conflict with the provisions contained in this resolution are hereby repealed and revoked.

Section 3: Should any part of this resolution be held to be invalid for any reason, the reminder shall not be affected thereby, and such remaining portions are hereby declared to be severable.

Section 4: This resolution shall take effect immediately from and after its passage, and duly resolved.

DULY RESOLVED AND ADOPTED by the City Council of the City of Bastrop, Texas this 24th day of August 2021.

APPROVED:

_____
Connie B. Schroeder, Mayor

ATTEST:

_____
Ann Franklin, City Secretary

APPROVED AS TO FORM:

_____
Alan Bojorquez, City Attorney

BASTROPTX
Heart of the Lost Pines
Est. 1832

Investment Policy

Draft
August 24, 2021

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INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Bastrop in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The City Council of the City of Bastrop shall review its investment strategies and policy annually. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act. Texas Government Code, Chapter 2256 (the "Act") to define, adopt and review a formal investment strategy and policy. The policy provides conformance to all statutes, rules, and regulations governing the investment of public funds.

INVESTMENT STRATEGY

The City of Bastrop may maintain separate portfolios, or one commingled portfolio which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. The investment objective for each portfolio will maintain the following priorities in order of importance: preservation and safety of principle, liquidity, diversification, understanding of the suitability of the investment to the financial requirements of the City, marketability of the investment and lastly yield.

The objective for all operating fund accounts will be to ensure that anticipated cash flows are matched with adequate investment liquidity. An additional objective is to create a diversified portfolio structure, which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short- to medium-term securities, which will complement each other in a laddered or barbell maturity structure. The maximum dollar weighted average maturity of 1 year or less will be calculated using the stated final maturity date of each security.

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Debt service funds shall have as their objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. No extended investment may be made unless the prior debt service dates are fully funded.

Debt service reserve fund's primary objective is the ability to generate a revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Securities should be high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities. Volatility shall be further controlled through the purchase of securities, within the desired maturity and quality range.

Special projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The state final maturity dates of securities held should not exceed the estimated project completion date.

Perpetual Care funds will have as the primary objective to ensure that the preservation and safety of the principle is the highest priority while experiencing higher yield over a longer period of time due to nature of the fund.

SCOPE

This investment policy applies to all financial assets of the City of Bastrop. These funds are accounted for in the City's Annual Financial Report and include the General Fund, Special Revenue Funds, Debt

Service Funds, Capital Projects Funds, Enterprise/ Proprietary Funds, Fairview Cemetery Perpetual Care Funds and any new fund unless specifically exempted by the City Council.

OBJECTIVES

The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from securities defaults or erosion of market value. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and local law.

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

The City's investment portfolio shall be structured such that the City is able to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements, by investing in securities with active secondary markets.

The City's cash management portfolio shall be designed with the objective of regularly matching or exceeding the yield on comparable U.S. Treasury Bill. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

DELEGATION OF RESPONSIBILITY

INVESTMENT OFFICER

Under the direction of the City Manager, the Chief Financial Officer is designated as investment officer of the City and is responsible for investment decisions and activities. The investment officer shall attend at least ten (10) hours of training relating to the officer's responsibility under the Act within 12 months of taking officer or assuming duties. Thereafter, ten (10) hours of training must be completed every two fiscal years. The training cycle is concurrent with the city's fiscal year. Training must be received from an independent source, approved by the entity's governing body or investment committee, and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with PFIA.

The Investment Officer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City, and they shall further disclose positions that could be related to the performance of the City's portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to timing of purchases and sales.
An investment officer of the City who has a personal business relationship with an organization seeking to sell an investment to the City shall file statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity.

CITY COUNCIL

The City Council holds ultimate fiduciary responsibility for the portfolio. It will receive and review quarterly reporting, approve broker/dealers, and review and adopt the Investment Policy and Strategy at least annually.

PRUDENCE

The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule, which states:

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

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

1. The investment of all funds, or funds under the City's control, over which the officer has responsibility rather than a consideration as to the prudence of single investment.

2. Whether the investment decision was consistent with the written investment policy of the City.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately, and that appropriate action is taken to control adverse developments.

REPORTING

The Chief Financial Officer shall submit a written and signed quarterly investment report of investment transactions for the preceding reporting period to the City Manager and City Council. The report will include a description in detail of the investment position of the City, to include:

1. describe in detail the investment position of the entity on the date of the report;
2. a summary of investments, and their beginning market value, additions and changes to the market value during the period, ending market value;
3. fully accrued interest for the reporting period;
4. a description of each investment;
5. The market value of the portfolio must be determined at least monthly. Market prices will be obtained from an independent source.
6. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
7. state the maturity date of each separately invested asset that has a maturity date;
8. state the compliance of the investment portfolio to the investment policy and strategy and the Act.

If the City invests in other than money market mutual funds, investment pools or bank time and demand

accounts in any bank the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

INVESTMENT PORTFOLIO

ACTIVE PORTFOLIO MANAGEMENT

The City shall pursue a conservative pro-active versus passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will adjust the portfolio accordingly. The City is not required to liquidate investments that were authorized investments at the time of the purchase. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

INVESTMENTS

Assets of the City of Bastrop may be invested only in the following instruments as further defined in the Act. At least 3 competitive offers or bids must be obtained for all individual security purchases and sales. These bids can be obtained orally, in writing, electronically or any combination of these methods. (Transactions with money market mutual funds, local government investment pools and when- issued securities shall also be evaluated with comparable investments).

AUTHORIZED

a. Obligations of the United States Government, or its agencies and instrumentalities, including the Federal Home Loan Banks.

b. General debt obligations of any US state or political subdivision rated AA or better.

c. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States .

d. FDIC insured or collateralized depository certificates of deposit from banks collateralized in accordance with this policy and with a maximum maturity of three years.

e. FDIC insured brokered certificate of deposit securities issued by any US state delivered versus payment to the City's safekeeping agent not to exceed three years to maturity. Before purchase, the investment officer must verify the FDIC status of the bank on www.fdic.gov to assure the bank is FDIC insured.

f. AAA-rated, Local government investment pools in Texas which strive to maintain a $1 net asset value (NAV) as defined by the Act and authorized by resolution of the City Council.

g. Commercial paper rated A1/P1 or equivalent by two rating agencies with a maximum maturity

of 365 days or fewer from the date of the issuance.

h. FDIC insured or collateralized Interest bearing and money market accounts in any bank in Texas.

i. AAA-rated, SEC registered money market funds striving to maintain a $1 NAV.

j. No-load Money Market Mutual Fund for investment of the perpetual care funds only, that is registered with and regulated by the Securities and Exchange Commission, provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 and complies with Federal Securities and Exchange Commission Rules 2a-7.

NOT AUTHORIZED

The City's authorized investments options are more restrictive than those allowed by state law. State law specifically prohibits investment in the following investment securities:

a. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

c. Collateralized mortgage obligations that have a state final maturity date of greater than 10 years.

d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

HOLDING PERIOD

The City of Bastrop intends to match the maturities with liability and liquidity needs of the City. In no case, will the average dollar-weighted maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed three years.

RISK AND DIVERSIFICATION

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification, which shall be achieved by the following general guidelines:

Risk of issuer default is controlled by limiting investments to those high credit quality instruments allowed by the Act, further restricted by policy.

Market risk can be limited by avoiding over-concentration assets in a specific maturity sector and limitation of average maturity of operating funds investment to two years.

SELECTION OF BANKS AND DEALERS

DEPOSITORY

At least every five years a Depository shall be selected through the City's banking services procurement process, which shall include a formal request for proposal (RFP). In selecting a depository, the services, costs, earning potential and credit worthiness of institutions shall be considered. The Chief Financial Officer shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

SECURITY BROKER/DEALERS

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- audited financial statements
- proof of Financial Industry Regulatory Authority (FINRA) certification
- proof of Texas registration
- policy certification of review of the City's investment policy signed by an authorized representative of the organization to include acknowledgment that the firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards .

LIST OF QUALIFIED BROKERS

The City Council will annually adopt, by resolution a list of authorized brokers to engage in investment transactions with the City. Each broker/dealer will provide the required policy certification before any transaction can be executed.

COLLATERAL, SAFEKEEPING AND CUSTODY

TIME AND DEMAND DEPOSIT PLEDGED COLLATERAL

All bank time and demand deposits shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less an amount insured by the FDIC. Evidence of the pledged collateral shall be provided by the Custodian. Reports of collateral shall be provided directly from the custodian on a monthly basis.

Collateral pledged to secure deposits of the City shall be held by an independent financial institution outside the holding company of the depository in accordance with a written safekeeping agreement under the terms of FIRREA. The safekeeping agreement shall clearly define the procedural steps for gaining access to the collateral should the City determine that the City's funds are in jeopardy. The safekeeping institution shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral.

AUTHORIZED COLLATERAL DEFINED

The City of Bastrop shall accept only the following securities as collateral:

1. FDIC insurance coverage.
2. Obligations of the US Government, its agencies and instrumentalities including mortgage-backed securities and CMO which pass the bank test.
3. Obligations, the principal and interest on which, are unconditionally guaranteed or insured by the State of Texas.
4. Securities from any US state and its subdivisions rated as A or better by two national recognized rating agencies.

SUBJECT TO AUDIT

All collateral shall be subject to inspection and audit by the Chief Financial Officer or the City's independent auditors.

INTERNAL CONTROLS

The Chief Financial Officer 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 (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Chief Financial Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion.
- Separation of transaction authority from accounting and record keeping.
- Custodial safekeeping.
- Clear delegation of authority to subordinate staff members.
- Written confirmation for telephone (voice) transactions for investments and wire transfers.

Annually the Investment Officer shall perform an internal compliance audit to assure compliance with requirements of this Policy and the Act. Annually, the City's external auditor shall review the quarterly reports.

CASH FLOW FORECASTING

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. The Investment Officer will analyze and maintain a cash flow plan to monitor and forecast cash positions for

Investment purposes.

DELIVERY VS. PAYMENT SECURITY SETTLEMENT

All securities shall be settled into City safekeeping using the delivery vs. payment method. That is, payments shall not be made until the correct security was received by the safekeeping agent. The security shall be held on behalf of the City. The Trustee's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City by the safekeeping agent.

LOSS OF CREDIT RATING

The investment officer shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio requiring ratings based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall notify the City Manager of the loss of rating, conditions affecting the rating and possible loss of principal with liquidation options available.

MONITORING FDIC COVERAGE

The Investment Officer shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the investment officer shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

INVESTMENT POLICY ADOPTION

The City of Bastrop Investment Policy shall be reviewed and adopted by resolution of the City Council on at least an annual basis. Any changes made to the policy shall be reflected in the adopting resolution.

Last Adopted: August 11, 2020

GLOSSARY OF TREASURY TERMS

Agencies: Federal agency securities.

Asked: The price at which securities are offered to be sold to the City.

Bid: The price at which the City would sell its securities.

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies and used to define the securities bought and sold under a repurchase agreement signifying ownership by the City.

Comprehensive Annual Financial Report (CAFR): The official annual report for the City of Bastrop. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and detailed statistical section.

Coupon: (a) The annual rate interest that a bonds' issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, carries an inventory of securities and may act as a principal in all transactions, buying and selling for his own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment (DVP): Delivery versus payment means delivery of securities with a simultaneous exchange of money for the securities. It guarantees that the City always has control of its security or its fund.

Discount: The difference between the cost price of security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest bearing, money market instruments that are issued at a discount and redeemed at maturity for full face value, for example: U.S. Treasury bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, for example: S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per depositor.

Federal Funds Rate (the "Fed Rate"): The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks in relation to member commercial banks.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and secondary loans in addition to fixed-rate mortgages. FNMA's securities are highly liquid and widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., twelve (12) regional banks, and about 5,700 commercial banks that are members of the system.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable quantities can be purchased at those quotes.

Local Government Investment Pool (LGIP): A local cooperative of a political subdivisions allowing for joint investment and reinvestment of assets.

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

Master Repurchase Agreement: A simultaneous buy-sell transaction used primarily for short term investing performed only under a Bond Market Association Master Repurchase Agreement. The master agreement defines the transaction, identifies the relationship between the parties, establishes practices regarding ownership and custody of the securities during the term of the investment, provides remedies in the case of default, and clarifies ownership.

Maturity: The date on which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A primary dealer is designated by the NY Fed with strong restrictions which submits daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and is subject to its formal oversight. The list of current primaries is found on the www.nyfed.gov.

Prudent Person Rule: An investment standard. 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.

Rate of Return: The rate obtainable on a portfolio or security based on its purchase price or its current market price. A rate of return portfolio is based on and traded to parallel an index and indicates active trading of the portfolio.

Repurchase Agreement (RP or REPO): A buy-sell transaction in which a holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money increasing bank reserves.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SEC Rule 15C3-1: See uniform net capital rule.

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

Securities & Exchange Commission (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Treasury Bills (T Bills): A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond: The longest U.S. Treasury securities being auctioned at the time – usually 30-year maturity.

Treasury Notes: Intermediate-term, coupon-bearing U.S. Treasury securities having initial maturities from two to ten years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital

of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income returns on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price of the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par.

EXHIBIT B

Eligible Broker/Dealer List
August 24, 2021

BROKER
Financial Northeastern Companies
Multi-Bank Securities, Inc.

STAFF REPORT

MEETING DATE: August 24, 2021 **AGENDA ITEM**: 12D

TITLE:
Consider action to approve Resolution No. R-2021-82 of the City Council of the City of Bastrop, Texas approving the City of Bastrop Purchasing Policy, which is attached as Exhibit A; providing for a repealing clause; and establishing an effective date.

AGENDA ITEM SUBMITTED BY:
Tracy Waldron, Chief Financial Officer

BACKGROUND/HISTORY:
This policy was previously adopted on September 8, 2020. This policy is to be reviewed and approved by City Council annually as a part of the budget process.

The major change to this policy is the incorporation of the Purchasing Card Policy into this policy. The Finance Department and the City Manager have reviewed this policy and noted just a few minor changes.

The City did switch to an online processing of credit card transactions which includes approvals from immediate supervisors on all transactions prior to the Finance Department's download into the accounting system.

The Purchasing Card Policy is reviewed and adopted annually by City Council to ensure the policy is current with State Law and appropriately addresses operational needs.

FISCAL IMPACT:
N/A

RECOMMENDATION:
Tracy Waldron, CFO recommends approval of Resolution No. R-2021-82 of the City Council of the City of Bastrop, Texas approving the City of Bastrop Purchasing Policy, which is attached as Exhibit A; providing for a repealing clause; and establishing an effective date.

ATTACHMENTS:
- Resolution R-2021-82
- Purchasing Policy

RESOLUTION NO. R-2021-82

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING THE CITY OF BASTROP PURCHASING POLICY, WHICH IS ATTACHED AS EXHIBIT A; PROVIDING FOR A REPEALING CLAUSE AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, it is the responsibility of local government to ensure that public funds are managed in a prudent and financially sound manner; and

WHEREAS, the City of Bastrop Purchasing Policy was last adopted by City Council on September 8, 2020; and

WHEREAS, the Chief Financial Officer and the City Manager have performed an annual review of the Purchasing Policy; and

WHEREAS, the City Attorney has reviewed the City of Bastrop Purchasing Policy and found it to be in compliance with all State procurement laws; and

WHEREAS, the City Council requests that the Purchasing Policy be reviewed and adopted annually by Council as a part of the budget adoption process to ensure this policy is current with State Law and appropriately addresses operational needs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:

Section 1. The City Council hereby approves the City of Bastrop Purchasing Policy, which is attached as Exhibit A, and requests that it be reviewed and adopted annually as a part of the budget adoption process.

Section 2. All orders, ordinances, and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. This resolution shall take effect immediately from and after its passage, and it is duly resolved.

DULY RESOLVED AND ADOPTED by the City Council of the City of Bastrop this 24th day of August 2021.

APPROVED:

_____
Connie B. Schroeder, Mayor

ATTEST:

_____
Ann Franklin, City Secretary

APPROVED AS TO FORM:

_____
Alan Bojorquez, City Attorney

BASTROPTX
Heart of the Lost Pines
Est. 1832

Purchasing Policy

Draft
August 24, 2021

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PURPOSE

It is the policy of the City of Bastrop that all purchasing shall be conducted strictly based on economic and business merit. This policy is intended to promote the best interest of the citizens of the City of Bastrop, Texas.

The City of Bastrop intends to maintain a cost-effective purchasing system conforming to good management practices. The establishment and maintenance of a good purchasing system is possible only through cooperative effort. It must be backed by proper attitudes and cooperation of not only every Department Director and Official, but also every Supervisor and Employee of the City of Bastrop.

The purchasing process is not instantaneous. Time is required to complete the steps required by State law. In order to accomplish timely purchasing of products and services at the least cost to the City of Bastrop, all departments must cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and to assure that the process is orderly and lawful.

This Policy reaffirms the City of Bastrop's commitment to strengthen purchasing and property controls to reasonably assure that assets are received and retained in the custody of the City of Bastrop.

CODE OF ETHICS

It is important to remember that when employees are participating in the purchasing process, they represent the City of Bastrop. By participating in the purchasing process, employees of the City of Bastrop agree to:

a. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
b. Demonstrate loyalty to the City of Bastrop by diligently following the lawful instructions of the employer, using reasonable care, and only authority granted.
c. Refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the City of Bastrop.
d. Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence purchasing decisions.
e. Handle confidential or proprietary information belonging to employer or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
f. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
g. Expose corruption and fraud wherever discovered.
h. Texas Law prohibits component purchasing, separate purchasing and sequential purchasing of any kind. An employee commits an offense by intentionally or knowingly making or authorizing component, separate or sequential purchasing to avoid the competitive bidding requirements.
i. Adherence to the City's Ethics Ordinance is mandatory. If there is a conflict between the two Ethics policies, the stricter of the two would apply.

COMPETITIVE PURCHASING REQUIREMENTS

The City of Bastrop policy requires three quotes for purchases over $3,000. The only exceptions to this rule are for items purchased under a cooperative contract, sealed bid award, sole source purchases or purchases for an emergency situation.

Under no circumstances shall multiple requisitions be used in combination to avoid otherwise applicable bidding requirements or City Council approval.

WHO IS AUTHORIZED TO MAKE PURCHASES?

Purchases will only be processed if authorized by a Department Head or approved representative in an employee's direct chain of command.

INSTRUCTIONS FOR SOLICITING BIDS

When soliciting bids, City of Bastrop buyers must follow the steps below:

1. Give the same exact specifications to each vendor.

2. Give each bidder same deadline for turning in bids.

City of Bastrop buyers must inform vendors that bids submitted are all inclusive. Any charges for freight and handling, fuel fees or other costs must be included in the bid. In order to obtain contract status, the Department Head is responsible for first adhering to the procurement requirements stated below. City Manager approval or his designee is required.

PURCHASING CONTROL

Authorization levels established within INCODE for appropriations previously approved by the City Council are as follows:

- Directors' or their designee not to exceed $9,999.99
- Chief Financial Officer or designee up to $14,999.99
- City Manager or designee approving purchases exceeding $15,000.00

All purchases requiring a purchasing summary must have an approved purchase order before placing the order.

FLEET PURCHASES

The Finance Department will create a Fleet Appropriations List at the beginning of every fiscal year based on the adopted budget. A unit number will be assigned to each vehicle and equipment included on this list. This list will be distributed to each department with vehicles and equipment on the list.

Each department will complete and submit their purchasing summaries to the Finance Department, which should include the unit number assigned, as close to October 1st as possible. The purchasing summaries will be checked against the Fleet Appropriations List and reviewed for accuracy and

completeness. Once reviewed by the Finance Department, the summaries will go to the City Manager for approval.

Upon approval by the City Manager, a purchase order will be created and authorized by the Finance Department for each approved purchasing summary. At the time of issuance of the purchase order, budgeted funds will be encumbered to prevent the funds from being reallocated.

Approved purchase orders will be sent to each department with authorized vehicles and equipment on the Fleet Appropriations List. Once the department has received the approved purchase order, fleet orders can be placed with the selected vendor.

DOLLAR LIMITATIONS

The following dollar limitations should be used as a guideline. These limitations may not apply in all cases. Dollar limitations pertain to total purchase or invoice total not per single item cost. It is the Department Directors responsibility to insure Purchasing policies are being adhered to.

$0.01-$3,000: Purchases of non-contract goods or services totaling $3,000 or less require no quotation but are recommended.

If invoices for a single service contractor combine to total greater than $3,000 in a fiscal year, the city will require the standards of $3,001 to $49,999 for purchasing to apply. As clearly identified in the II. Code of Ethics H. Texas Law prohibits component purchasing, separate purchasing and sequential purchasing of any kind. An employee commits an offense by intentionally or knowingly making or authorizing component, separate or sequential purchasing to avoid the competitive bidding requirements.

Note that an employee does not commit an offense by making or authorizing component, separate, or sequential purchasing to address unexpected circumstances (such as unanticipated repairs) rather than to avoid competitive bidding requirements. Accordingly, if invoices for a single service contractor combine to total greater than $3,000 in a fiscal year due to unexpected circumstances (and not to avoid competitive bidding requirements), the standards that apply to purchase totaling $3,001 to $49,999 will not apply.

If you have questions about which standards apply, contact the Finance Department.

$3,001-$49,999: Except where otherwise exempted by applicable State law, purchases totaling $3,001 to $49,999 require three (3) written quotes attached to a Purchasing Summary Form and a purchase order provided to the Finance Department.

No purchase orders of non-contract goods or services will be issued in excess of $15,000 without City Manager or his designee prior approval.

If the lowest responsible quote is not selected, an explanation should be provided on the Purchasing Summary Form and approval by the City Manager will be required, no matter the dollar amount. Only the City Manager or his designee may determine “Best Value”. The City Manager may elect to accept less than three quotes from a Director if due diligence has been documented by the Director in trying to adhere to the purchasing policy. A memo will be required from the Director providing a reason for their inability to obtain three written quotes and the scope of services being provided if applicable. It

must be approved and signed by the City Manager and attached to each Purchasing Summary Form and purchase order provided to the Finance Department.

According to State Law, two (2) Historically Underutilized Businesses (HUBs) are to be contacted on a rotating basis. HUB vendors are obtained from the Texas Comptroller of Public Accounts website. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt.

If purchasing through a cooperative purchasing alternative, i.e. BuyBoard, DIR, TXMAS provide only one (1) written quote; proof or identification that the quote is from a cooperative source, complete a Purchasing Summary Form and a purchase order. Any vendor specific contracts should be on file with the Finance Department prior to final approval being given if applicable. It is the Department Director's responsibility to ensure the cooperative information is on file with the Finance Department.

$50,000+: Except as otherwise exempted by applicable State law, requisitions for item(s) whose aggregate total cost is more than $50,000 must be processed as competitive solicitations (e.g. sealed bids, request for proposals, and request for offers). Texas Local Government Code, Subchapter B, Section 252.021 defines the requirements for competitive bids.

The Code requires that sealed bids and request for proposals (RFP) are advertised in a local newspaper for two consecutive weeks prior to the bid opening. All bids must be received sealed and turned in to the City Secretary's Office by the date and time listed in the bid. Any bids received after the stated time will be returned unopened. The bid opening process is open to the public and all vendors that respond to the specific are invited to attend. Questions concerning pricing will not be addressed at the opening. Contracts for services require Errors & Omissions coverage.

If purchasing through a cooperative purchasing alternative, i.e. BuyBoard, DIR, TXMAS provide only one (1) written quote; proof or identification that the quote is from a cooperative source, complete a Purchasing Summary Form and a purchase order. All cooperative vendor specific contracts should be on file with the Finance Department prior to final approval being given if applicable. It is the Department Director's responsibility to ensure the cooperative information is on file with the Finance Department. City Manager written approval is required.

Rental Agreement: Vendors who provide rental items to the city are required to carry insurance. The type and amounts of insurance required vary based on the item rented. The Chief Financial Officer must review all rental contracts before the contract is awarded.

PERSONAL OR PROFESSIONAL SERVICES

Under the Professional Services Procurement Act, a contract for the purchase of a per¬sonal or professional service is exempt from competitive bidding requirements. The City also provides exemption for the purchasing of planning services.

The City may not select providers of professional services based on competi¬tive bids. In these situations, the City must make the selection and award based on demonstrated competence and qualifications for performing the services for a fair and reasonable price.

Professional services may include:

- Accounting
- Architecture
- Landscape architecture
- Land surveying
- Medicine
- Optometry
- Engineering
- Real estate appraisal
- Nursing

According to the Texas Attorney General's Office professional services may include "*members of disciplines requiring special knowledge or attainment and a high order of learning, skill and intelligence.*"

OTHER EXEMPTIONS

State law authorizes other categories of exempt purchases. Purchases from other govern¬ments, some auctions and going-out-of-business sales, and other purchases are exempt under provisions of the Local Government Code and Vernon's Statutes.

The following is a list of other areas that are exempt from competitive bidding requirements:

1. Land or right-of-way
2. Items that can be obtained from only one source, including:
    a. items for which competition is precluded because of the existence of patents, copyrights, secret processes or monopolies;
    b. films, manuscripts or books;
    c. electric power, gas, water, and other utility services; and
    d. captive replacement parts or components for equipment;
3. Food
4. Personal property sold:
    a. at an auction by a state licensed auctioneer;
    b. at a going-out-of-business sale; or
    c. by a political subdivision of the state, a state agency, or an entity of the federal government
5. Any work performed and paid for by the day is exempt from the competitive bidding process.
6. Work performed under a contract for community and economic development made by a county designed to reasonably increase participation by historically underutilized businesses in public contract awards by establishing a contract percent¬age goal for HUB businesses.

SOLE SOURCE PURCHASES

Sole Source purchases must be approved by the City Manager before purchasing. These conditions occur when the purchase involves compatibility of equipment, accessories or replacement parts or when the goods or services is a one-of-a kind or protected by a patent, copyright, secret process. The product is only available from a regulated or natural monopoly. The product is a component or repair part that may only be purchased from the original supplier. The following items are necessary to provide sufficient justification for sole source purchase:

1. A memorandum to the City Manager with a statement must be attached to the Purchasing Summary Form that says a sufficient number of vendors have been contacted to determine that only one practical source of supply exists or states the reasons only one source exists. This memorandum should include the City Manager's signature signifying his approval.
2. A bid from the sole source provider on company letterhead.
3. A letter from the vendor stating they are the sole supplier of the good.

A Purchasing Summary Form and purchase order is still required with the above information attached.

CHANGE ORDERS

According to purchasing law, the City of Bastrop may make changes to plans, specifications or quantities after award of the contract, if necessary. However, no increase may exceed 25% of the original contract amount and any decrease of 25% or more must have the consent of the contractor.

Increases that cause a change in dollar limitations or purchasing law may supersede the 25% rule:

> *Example: If a contract is awarded for $45,000, the allowable increase under the 25% rule would be $11,250. However, this would cause the new price to exceed $50,000, which by State law requires sealed bids and advertising. Increase would be limited.*

Any change in a purchasing contract that exceeds 25% of the original amount will void the original contract.

MAKING THE PURCHASE

City of Bastrop buyers are responsible for making sure that the purchased good or service is received as specified. Under no circumstance should a buyer accept more goods or services than ordered. Employees are only authorized to purchase items that have been approved by their Department Head. A purchase over the original amount requires additional approval.

30 DAY ACCOUNTS PAYABLE CYCLE

Texas law requires municipalities to pay invoices within 30 days or be subject to the payment of interest. It is the responsibility of each department to make sure the signed invoices, purchase orders and any other required paperwork is submitted to the Finance Department as soon as the product is received, or service rendered.

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It is the responsibility of Accounts Payable to pay all vendor invoices within 30 days of the date the services or products are received. If the invoice date is different from the service/product receipt date, the department will need to note on the invoice the date of receipt of the product or service. Any Variance between the purchase order and the vendor invoice must be reconciled and documented on the purchase order. Vendor payments can only be made for the original or modified purchase order amount.

EMERGENCY PROCEDURES

Valid emergencies are those that occur as a result of the breakdown of equipment which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. It is required to get City Manager or his designee approval on any emergency purchases.

The Legislature exempted certain items from sealed bidding in the ***Texas Local Government Code Section 252.022(a)***, including, but not limited to:

1. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality;
2. A procurement necessary to preserve or protect the public health or safety of the municipality's residents;
3. Procurement necessary because of unforeseen damage to public machinery, equipment or other property.

The following steps must be taken when making emergency purchases:

1. Employee must receive approval from the City Manager or his designee.
2. Employee will make every effort to solicit bids unless circumstances prevent employee from doing so.
3. A written statement concerning the emergency must be provided following the incident to provide necessary documentation in Accounts Payable and must include the City Managers signature or his designees.

FEDERAL PROGRAMS

The City of Bastrop has adopted ***Federal 2 CFR 200.318 - 200.326 and Appendix II to Part 200*** for Federal Programs to ensure City procures materials and services in an efficient and economical manner that is in compliance with the applicable provisions of federal, state and local laws and executive orders. Federal 2 CFR 200 section 318 to 326 cover the following regulations:

200.318 – General Procurement Standards
200.319 – Competition
200.320 – Methods of Procurement to be followed
200.321 – Contracting with Small & Minority businesses, women business enterprises & labor surplus area firms
200.322 – Procurement of Recovered Materials
200.323 – Contract Cost & Price
200.324 – Federal awarding agency or pass-through entity review
200.325 – Bonding requirements
200.326 – Contract Provisions

ASSET CONTROL

INVENTORY CONTROL

The purpose of inventory control is to create and maintain a record/inventory of all fixed assets of the City of Bastrop. Fixed assets include all items over $5,000 with a life expectancy of two (2) or more years. "Minor Capital Outlay" items must also be inventoried. These items will include assets purchased for $1,000 to $4,999.

When a fixed asset is received by the city, it is tagged with a City of Bastrop property tag (if feasible) and added to the Departments master list. A new asset form should be completed, signed, and provided to the Finance Department.

Each Department shall keep an inventory list of all fixed assets permanently assigned to employee.

A wall-to-wall inventory of all fixed assets shall be performed every year or as deemed necessary. It is recommended that Departments perform an annual fixed assets inventory of equipment permanently assigned to employees.

USE OF PROPERTY

City of Bastrop employees should be aware that the use of City property for personal gain is strictly prohibited. City vehicles should only be used for official City business. City Personnel Policies list theft and unauthorized use of City property as grounds for immediate dismissal.

In addition, employees are not to use personal property for the performance of their job or at their work site. Personal items such as radios, coffee pots, picture frame, books, etc. is permissible: however, the City of Bastrop is not responsible for damage to or theft of these items.

DISPOSAL OF SURPLUS MATERIALS AND EQUIPMENT/ DONATIONS

City surplus materials and equipment (a/k/a 'surplus items') includes any City owned personal property such as furniture, fixtures, equipment, computers, vehicles, tools, clothing, or other such items, which have lost useful value to the City, have become non-functional or are obsolete. Such surplus items may be disposed of by one of the following methods:

- Sold competitively, by accepting sealed bids or by public auction;
- Traded in for acquisition of new equipment;
- Donated by the City to a recognized charitable organization;
- Provided to other governmental entities (donation or exchange).
- Sold as 'scrap' (for cash), if the items have no value except for salvage and the City Manager or his designee has authorized the sale for scrap; or
- Disposed of through solid waste collection services, if the item has no salvage or other value and the City Manager or his designee has authorized such disposal.

Trade-In or Donation: Before trading-in and/or donating surplus items, the Department Head must prepare a memorandum to the City Manager and remit a copy to the Finance Department stating: 1) the identity of the surplus items to be disposed of, traded-in or donated, 2) the reasons for the surplus

items being declared surplus, 3) the original purchase price (if ascertainable) of the surplus items, and 4) the value of proposed "trade-in" or "donation", in the estimation of the Department Head. If the Department Head receives approval by City Manager to proceed, the Department Head must coordinate their trading-in and/or donating surplus items with the Finance Department to insure a Disposed Fixed Asset Form is completed and any other ancillary paperwork.

[Note: All property is owned in the name of the City of Bastrop and is not vested in any specific department.]

Sales: If the surplus items are to be sold, then the Department Head must prepare a memorandum to the City Manager and remit a copy to the Finance Department. The memo should include: 1) the identity of the items to be sold to include year, make, model, and any other identification characteristics, 2) a brief description providing why it is necessary to dispose of the item. The Department Head having received approval to sell a surplus item may then utilize one of the following options: 1) post notice in the local newspaper and/or through an approved on-line auction provider 2) advertise in the local newspaper, 3) request sealed bids, or 4) sell through a public auction, which may take place at a specified location or, by means of an on-line sale.

Preferred Disposition: Whenever reasonably feasible, it is the City's preference that the Department Head dispose of the surplus equipment by means of a public auction or sale held in cooperation with other City departments and surrounding government entities.

Procedures: The City Manager shall have the authority to approve the disposal, sale, trade-in or donation of surplus items when the value of same is less than $50,000, in total. If the total value exceeds $50,001, then the City Manager shall obtain Council approval of the proposed disposal, sale, trade-in or donation of surplus items.

Once approved by either the City Manager or Council, as appropriate, in order to document the disposal, sale, trade-in or donation of surplus items a Disposed Fixed Asset Form must be prepared and submitted to the Finance Department in addition to providing the license plates for any vehicles or equipment disposed of. The Finance Department manages the change of ownership and the receipt of funds.

City decals must be removed from all surplus City vehicles, machinery, and equipment before disposal, donation, trade-in or sale.

City employees may participate, on their own time, in public auctions for the purchase of surplus City items.

LOST PROPERTY

After conducting an annual inventory and property is discovered to be lost, an explanation for the lost must be provided immediately to the Department Head using the Fixed Asset Form. Property losses that come to the attention of the employee before the annual inventory should be reported within 24 hours using the Fixed Asset Form.

All thefts are to be reported to a supervisor or Department Head as soon as possible. The City of Bastrop, Police Department must be notified immediately. Stolen fixed asset must be removed from the Master Inventory List and a copy of the police report attached to the Fixed Asset Form.

SECURITY MEASURES

All equipment will be kept in a secure area when not in use. Access to this area will be limited to the employees assigned to the secure area. In case of theft, the security of the area should be evaluated to determine if changes or re-keying of locks should be necessary.

RESPONSIBILITIES OF PARTIES

DEPARTMENT HEADS

1. Monitor and approve overall purchases to ensure that funds are spent judiciously and that budgeted resources are within their control and available for all procurement.
2. Reject requests for purchases that do not have proper authorization or include required documentation.
3. Approve all purchases up to $9,999 excluding budgeted capital.
4. Adhere to the Purchasing Policies and the Code of Ethics.
5. Place cooperative agreements and RFP's on file with Finance and monitor purchases to ensure that supply agreements are used.
6. Ensure that sole source requests meet the guidelines and include required documentation.
7. Inventory all fixed assets every year.
8. Verify goods and services are received as ordered before approving payment.
9. Annually inventory equipment assigned to employee.
10. Keep records of losses occurring in their areas to detect patterns of theft in one area or individual employee.

SUPERVISORS

1. Maintain security of equipment on-site
2. Keep a log of equipment issued to employees on a long-term basis.
3. Keep a log of equipment issued to employees on a short-term basis.
4. Forward all receipts and invoices to Department Head as soon as possible.
5. Check that equipment and supplies are returned upon termination of an employee.

CITY OF BASTROP ACCOUNTS PAYABLE

1. Pay bills in an accurate and timely manner.
2. Reject requests for purchases that do not have proper authorization or include required documentation.
3. Monitor purchases to ensure that supply agreements are used.
4. Ensure that purchasing policy requirement guidelines are met and required documentation included.

CITY OF BASTROP ACCOUNTING

1. Maintain the master fixed asset property list.
2. Assign inventory tags for fixed assets.
3. Provide Fixed Assets Forms.
4. Produce Master Inventory List as needed.
5. Process fixed asset transfers and retirements.
6. Review, approve and enter all purchase orders for budgeted fleet purchases.

PURCHASING CARD PROGRAM

PURPOSE

The purpose of the Purchasing Card Program is to provide the City with an efficient and controllable method of making small dollar commodity, service, and travel purchases. This program is to be used to procure low-value maintenance, repair and operational expense items. By using the purchasing card, it will simplify the payment process and take advantage of the rebate program the card provider offers. The City will issue cards via the provider of its choice. This card policy is not intended to replace, but rather supplement existing purchasing, travel, and other City polices. The same restrictions that apply to other methods of purchasing also apply to the purchasing cards.

ELIGIBILITY

Department Directors and Supervisors can make a request to the City Manager for a purchasing card in their name. Department purchasing cards can be issued to each department and be the responsibility of the Department Director or his designee. Criteria for determining which departments should be issued a department card:

- Will the use of a Credit Card enhance productivity?
- Will the use of a Credit Card reduce paperwork?
- Will the Credit Card be utilized regularly for the purchasing of authorized (budgeted) goods, supplies and services?

USAGE

Each card will have a daily and monthly limit. The daily limit on the Department Director cards are set by the City Manager. The Department Directors will provide to the Program Administrator in writing, the limits for Supervisors individual cards. The daily limit for the department cards is $500. Limits can be changed on a temporary or permanent basis when warranted and a written request is received by the Program Administrator from the Department Director.

Purchasing Cards may be used for small dollar purchases which do not exceed the daily transaction limit established by the Purchasing Policy and that do not exceed the cards maximum limit.

Acceptable purchases are:

- Maintenance and repair of equipment
- Operational expense items (within the dollar limits stated above)

- Registration Fees
- Travel expenses (must adhere to the Travel Policy)

Purchases made on the purchasing card will be for City business only. The purchasing card is not a personal line of credit and must never be used for personal or private purchases of any nature. When in doubt as to whether a purchase is allowable under the City policy, the Cardholder should either contact the Program Administrator before making the purchase or make payment personally and seek reimbursement from the City afterwards. Please remember that reimbursement for any out-of-pocket purchase made without authorization is subject to the City Manager's approval. Unauthorized purchases or use of the purchasing card in violation of this or any other City policy are prohibited, and purchaser will be subject to disciplinary action.

The Finance Department has a purchasing card with a $125,000 monthly limit. This card is used solely to pay vendors that allow credit card payments and do not charge a processing fee. The advantage to this additional payment method is to obtain the rebate provided through the purchasing card program.

DUTIES AND RESPONSIBILITIES

A. Cardholder

1. The employee who is issued a card is called a "Cardholder" whether it was issued in their name or just in their custody (ie. department card). The purchasing card has daily transaction limits as well as a maximum monthly limit.

2. Every transaction made using the purchasing card must have corresponding backup and be entered into the credit card program. All transactions will be reviewed and approved by the appropriate supervisor. All transactions, once reconciled, will be downloaded into the accounting system on a monthly basis.

3. Each Cardholder shall use the card only for authorized purchases. A hardcopy itemized receipt must be obtained from the vendor each time the card is used and be signed by the Cardholder and their Supervisor (when applicable).

4. The Cardholder is responsible for immediately notifying the Purchasing Card Provider, their Supervisor, and the Program Administrator if the card is lost or stolen.

5. Each Cardholder must acknowledge receipt of the purchasing card, understand the rules of usage, and sign the Purchasing Cardholder Agreement. Failure to abide by this Purchasing Card Policy may result in disciplinary action, up to and including termination of the employee. The Cardholder will be required to reimburse the City for any unauthorized transaction.

6. Upon resignation or termination of employment of a Cardholder, the Department Director shall notify the Program Administrator immediately, and the card shall be turned in to the Program Administrator.

B. Program Administrator

The Program Administrator is the Chief Financial Officer or their designee. The Program Administrator manages the Purchasing Card Program and has the following responsibilities:

Deleted: accounting system

Deleted: Only one invoice should be created, per month, for each card account. This invoice is currently being created through an import file. When available, the cardholder can utilize the online export feature, from the card provider, and download the transactions directly into the import file. The Cardholder is responsible for ensuring the invoice balances to the card statement prior to submitting it for approval and payment

1. Establishing purchasing card accounts and authorized limits
2. Point of contact for any Purchasing Card Program questions
3. Ensure compliance with the Purchasing Card Policy and the Purchasing Policy
4. Reviews all purchasing card transactions monthly
5. Terminating cards as needed

C. Departmental Responsibility

The Department Director determines who will be issued a purchasing card and the daily and monthly limits assigned. The Department Director will also ensure that purchases are authorized and adhere to City policies. Departments may implement more stringent internal authorization procedures that its Cardholders must follow in order to make purchases with the card. Directors or their designee are responsible for approving receipts and making sure the statements for each card are reconciled and and backup uploaded to the credit card program within 15 days of the statement date to facilitate timely approval and processing.

Deleted: turned in to the Finance Department

Deleted: payments

PURCHASING CARD PROVIDER

The Purchasing Card Provider will generate a monthly billing statement at the close of every month. This statement can be obtained online. All Cardholders should receive instructions on how to establish a login to their account. The Cardholder is responsible for reconciling their respective statement, matching each transaction with a receipt, as soon as it is received. If a transaction is listed which is not known to the Cardholder, the Cardholder is responsible for immediately notifying the Purchasing Card Provider and the Program Administrator of the disputed charge. It is imperative that each Cardholder promptly process the transactions and for approval by their supervisor.

Deleted: send the Cardholder and the City's Finance Department

Deleted:

Deleted: once each month for all transactions that have taken place in the previous month's statement cycle.

Deleted: also

Deleted: forward receipts to their Supervisor

Deleted: .

TRANSACTION/CARD LIMITS

Each individual purchasing card will have transaction and/or spending limits. The Chief Financial Officer in coordination with Department Director has the authority to limit types of purchases, places of purchases, and hours of day purchases that can be made on individual cards. The total purchase price as printed on the individual credit card receipt is known as the "transaction amount". The purchasing card may be limited by the merchant type, transaction amount, and monthly transaction limit. Each Cardholder will be set up with limits for each of these categories and will be made aware of the limits. A card transaction will be denied when swiped if the transaction exceeds any of the limits. The card transaction limits may not exceed those set in the policy guidelines.

SALES TAX

As a tax-exempt government agency, the City of Bastrop does not pay sales tax. Cardholders will be provided a copy of the City's Tax Exemption Certificate when requested. Cardholders are responsible for insuring that the merchant does not include sales tax in the transaction, if possible. In the event sales tax is charged, the Cardholder is required to go back to the vendor/merchant to request a refund of the sales tax paid. If a refund is not possible, the Cardholder is required to submit a memorandum monthly to the Finance Department that includes an explanation as to why the sales tax paid cannot be credited along with a copy of the receipts showing the sales tax amount. The Finance Department will deduct the sales tax paid during the monthly sales tax reporting process.

RETURNS

Each Cardholder is responsible for coordinating returns with the vendor and making sure a proper credit slip is obtained. Credit shall be issued to the Cardholder's account. **Cash refunds are not allowed.**

RESTRICTIONS AND EXEMPTIONS

A. Employees may ***not*** use the card for the following:

1. Any purchases of items for personal use.
2. Cash refunds or advances.
3. Any purchase of goods/services or from a merchant type not considered prudent or of good judgment.
4. No purchases are to be processed through the employee's personal account online. You must establish a City account to process the purchase.
5. Any transaction amount greater than the Cardholder's transaction limit.
6. Items under contract, unless an emergency exception is granted.
7. Alcohol or liquor of any kind. Patronization of bars, drinking places, and package stores must not be paid for with the purchasing card.
8. Separate, sequential, and component purchases or any transaction made with intent to circumvent the City Purchasing Policy or state law.
9. Any transaction that may cause or be perceived to cause damage to the City of Bastrop's reputation and goodwill, and/or reflect poorly on the ethical and moral decision-making of the Cardholder, staff, and elected officials.
10. Any other purchase specifically excluded in the City's Purchasing Policy.

B. Documentation

Supporting documentation must accompany each transaction including an itemized receipt signed by the Cardholder and Supervisor, when applicable. If a receipt is not obtained, a memo explaining the purchase must accompany the card statement.

C. Personal Use Restrictions

The card may not be used to pay spouse/family expense incurred while traveling. Only City business expenses are allowable, and the Cardholder must pay personal expenses separately.

OBTAINING A PURCHASING CARD

Deleted: <#>Any purchases set up as reoccurring. ¶

A. Steps:

1. Department Director submits in writing requests for a purchasing card and determines the appropriate daily and monthly transaction limits.

2. The Program Administrator will request the Purchasing Card Provider to issue a purchasing cards with these established limits.

3. Upon receipt of the purchasing card, the Program Administrator will have the Cardholder review and sign the Purchasing Cardholder Agreement.

4. The new Cardholder receives copies of:

    a) Purchasing Cardholder Agreement
    b) Purchasing Card Policy
    c) Purchasing Policy
    d) Travel Policy

REVOCATION OF THE PURCHASING CARD

The purchasing card is subject to revocation at any time at the discretion of the Department Director or Chief Financial Officer. When a card is revoked, changes are made online and take effect immediately. The Program Administrator is further authorized to temporarily suspend use of the card via electronic methods if unauthorized use is discovered and such use poses a threat to internal financial controls.

ANNUAL REVIEW AND REPORTING

These policies will be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget. The Chief Financial Officer will report to the City Manager on compliance with these policies.

_____ _____

Tracy Waldron, Chief Financial Officer Paul A. Hofmann, City Manager

History of Purchasing Policy:
Previously Approved 09/23/2014
Previously Approved 10/23/2018
Previously Approved 09/24/2019

GLOSSARY OF PURCHASING TERMS

Component Purchases: Purchases of component parts of an item that in normal purchasing practices would be accomplished by one purchase. (Purchasing parts and assembling a finished product.)

Pecuniary Benefit: Any form of economic gain (money, gifts, etc.).

Fixed Assets: A piece of equipment with a value of $5,000 or more and a life expectancy of two (2) year or more.

Separate Purchases: Purchases made separately of items that in normal purchasing practices would be accomplished by one consolidated purchase. (Multiple purchase orders of similar items to avoid bidding procedures.)

Sequential Purchases: Purchases, made over a period, of items in normal purchasing practices would be combined and bid as one purchase. (Similar to above but multiple purchases of the same items to avoid bids.)