

**AZLE MUNICIPAL DEVELOPMENT DISTRICT
REGULAR MEETING**

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

TUESDAY, December 11, 2018

AGENDA

**President Kevin Ingle
Vice President Bill Jones
Secretary Joe McCormick**

**Director Jack Stevens
Director Ray Ivey
Director Justin Berg
Council Member David McClure**

**REGULAR SESSION
CALL TO ORDER**

6:30 p.m.

ACTION ITEM

1. Consider any action on appointing a secretary for the Azle MDD Board
President Kevin Ingle
2. Consider approving the minutes of the October 9, 2018 Azle MDD regular meeting.
President Kevin Ingle

PRESENTATION

3. Quarterly Investment Report.
Renita Bishop, Finance Director
4. Director's Report.
Karen Dickson, Economic Development Director

DISCUSSION

5. Discuss possible debt issuance scenarios.
Tom Muir, Executive Director

EXECUTIVE SESSION

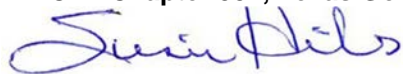
The Municipal Development District will convene into executive session pursuant to the Texas Government Code as authorized by:

**SECTION 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT
NEGOTIATIONS**

The Board will convene into executive session to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on December 7, 2018 at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.



Susie Hiles, Assistant to the City Manager

Date Agenda Removed from Posting

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight (48) hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101. Complete MDD Agenda packet with background information is available for review at the City Secretary's Office and on our website www.cityofazle.org.

Municipal Development District Communication

Item # 1

| | |
|---|-------------------------------|
| Submitted By: Tom Muir, Executive Director | Date: December 7, 2018 |
| Subject: Appointing Board officers | |

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| Action Requested: Consider any action on appointing a secretary for the Azle MDD Board |
|---|

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| Purpose (Outline – Who, What, Where, Why & How). The recent resignation of Joe McCormick has created a vacancy in the secretary position on the MDD Board, thus requiring a new secretary be appointed. This term will expire on June 30, 2019. |
|---|

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

Municipal Development District Communication

Item # 2

Submitted By: Susie Hiles, Assistant to the City Manager **Date:** December 7, 2018

Subject: Azle MDD Board Minutes.

Action Requested: Consider approving the Minutes of the October 9, 2018 Azle MDD regular meeting

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

Procedural.

Checklist of Attachments

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

**MINUTES
REGULAR MEETING
AZLE MUNICIPAL DEVELOPMENT DISTRICT
October 9, 2018**

DRAFT

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

The Azle Municipal Development District of the City of Azle, Texas convened in Regular Session at 6:30 p.m. in the Council Chambers of City Hall, 613 Southeast Parkway, Azle, Texas, on the 9th day of October 2018 with the following members present:

| | |
|--------------------------|---------------------------------|
| Kevin Ingle | President – Place 6 |
| Councilmember Bill Jones | Vice President – Place 1 |
| Ray Ivey | Director - Place 4 |
| Jack Stevens | Director - Place 5 |
| Justin Berg | Director - Place 7 |
| Tom Muir | Executive Director/City Manager |

Constituting a quorum. Secretary Joe McCormick and Director David McClure were excused from tonight's meeting.

Staff present was:

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

The following items were considered in accordance with the official agenda posted on the 5th day of October, 2018.

REGULAR SESSION:
CALL TO ORDER

6:30 p.m.

President Kevin Ingle called the session to order at 6:36 p.m.

ACTION ITEM

1. Consider approving the minutes of the August 14, 2018 Azle MDD regular meeting.

Director Jack Stevens moved to approve the Minutes as presented, with second by Director Justin Berg. The motion was unanimously approved

2. Consider adopting Resolution M2018-01 confirming the Azle Municipal Development District Board has reviewed and approved the investment policy.

Executive Director Tom Muir presented this item to the Board stating the Public Funds Investment Act requires the governing body of an investing entity to adopt by rule, order, ordinance, or resolution, a written investment policy regarding the investment of its funds and funds under its control. The law also requires the policy be reviewed and adopted by the governing body each year. The Board last approved the City's Investment Policy on October 10, 2017. There are no recommended changes to the policy. The City Council approved this policy on September 18, 2018.

Director Ray Ivey moved to approve Resolution M2018-01 adopting the Azle MDD's investment policy. Director Justin Berg seconded the motion. The motion was unanimously approved.

PRESENTATION

3. Director's Report on Economic Development

EDD Dickson reported:

- she attended the N. Texas Commercial Area Realtors show in Dallas in September. Azle was an exhibitor as well as a sponsor. She met with a lot of people, most who were interested in hotels.

**MINUTES
REGULAR MEETING
AZLE MUNICIPAL DEVELOPMENT DISTRICT
October 9, 2018**

DRAFT

- she has received several project leads;
 - Project Storm – Canadian automotive related company looking for 20,000 – 40,000 sq ft of light industrial space, 30 employees with up to an additional 40. She recommended the location of the former TJ Machine, 700 W Main Street.
 - Project Contour – This is the project MDD met about previously in Executive Session. The property owner will be contacting a civil engineer soon. He is excited to get started.
 - Project Time – spoke to a retail developer in California about the old Kmart building. They purchase second generation retail properties, rehab them and then lease them out. They are very familiar with these situations, and they just bought a former Kmart in Albuquerque. She gave him all the owner contact info. Hopefully, they can get the property moving.
- the AzleAbsolutely.com website has again won the IEDC's Gold Medal Award for general purpose website design.
- will be attending TEDC next week in Ft. Worth. Has a meeting with a hotel developer.

DISCUSSION

4. Discuss park amenities.

Executive Director Tom Muir introduced Tom Brace, chairman of the City's Parks and Recreation Board and founder of the newly created Friends of the Parks. Directors Jack Stevens and Justin Berg invited him to attend to discuss quality of life aspects (sidewalks) and how MDD may can help. Mr. Brace gave an overview of what the Parks Board has accomplished the past several years, and provided a handout of the Parks survey results from 2016. Mr Brace stated the Park Master Plan includes creating a linear park trail system to connect the parks and schools. The Park Board has been working on hike and bike trails throughout the city and includes installing sidewalks from Shady Grove Park down to the new Azle Elementary on Ash Street, over to Azle Jr High on School Street, down Denver Trail to Ash Creek Park. Discussed what would be needed to get sidewalks/walking trails throughout this area.

President Ingle would like a presentation from Staff on financial encumbrance for issuing debt for large projects so the Board would know what funds would be available for funding smaller projects like this. Staff will work on creating a presentation for the Board.

Mr Brace also advised the Board of the creation of the Friends of the Park, a 501C3 non-profit. They will be coordinating projects with the Parks Dept and may come to the MDD for financial support.

ADJOURNMENT

President Kevin Ingle adjourned the meeting at 7:49 p.m.

PRESENTED AND APPROVED this the 11th day of December, 2018.

APPROVED:

Kevin Ingle, President

ATTEST:

Susie Hiles, Scribe

Municipal Development District Communicator

Item # 3

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|---|-------------------------------|
| Submitted By: Renita Bishop – Finance Director | Date: December 7, 2018 |
| Subject: Presentation of the Quarterly Investment Report for month ended September 30, 2018. | |

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| Action Requested: Presentation, no action required. |
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| Purpose (Outline – Who, What, Where, Why & How). Finance. |
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|---|---------------------------------------|--|---|
| Checklist of Attachments | | | |
| <input type="checkbox"/> Contract | <input type="checkbox"/> Agreement | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Resolution |
| <input type="checkbox"/> Policy | <input type="checkbox"/> Applications | <input type="checkbox"/> Legal Opinion | <input type="checkbox"/> Minute Order |
| <input type="checkbox"/> Letter/ Memo / Report From Applicant | <input type="checkbox"/> P&Z Minutes | <input type="checkbox"/> Board Minutes | <input type="checkbox"/> Other Minutes |
| <input type="checkbox"/> Staff | <input type="checkbox"/> Checklist | <input type="checkbox"/> Federal Law | <input type="checkbox"/> Plans / Drawings |
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| | <input type="checkbox"/> Attachments | <input type="checkbox"/> Notices | <input type="checkbox"/> Charter |



Municipal Development District QUARTERLY INVESTMENT REPORT

**For the Quarter Ended
September 30, 2018**

**Prepared by
Valley View Consulting, L.L.C.**

The investment portfolio of the City of Azle Municipal Development District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Investment Officer

Investment Officer

Disclaimer: These reports were compiled using information provided by the City of Azle. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment adviser fees.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

| Asset Type | September 30, 2017 | | | September 30, 2018 | | |
|--------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| | Ave. Yield | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| Bank/Pool/MMMFs | 1.02% | \$ 932,518 | \$ 932,518 | 2.00% | \$ 518,973 | \$ 518,973 |
| CDs/Securities/Term | 1.25% | 449,681 | 449,681 | 2.36% | 1,130,586 | 1,130,586 |
| Totals | | \$ 1,382,199 | \$ 1,382,199 | | \$ 1,649,559 | \$ 1,649,559 |
| Fourth Quarter-End Yield | 1.09% | | | 2.25% | | |

Average Quarter-End Yields (1):

| | 2017 Fiscal Year | 2018 Fiscal Year |
|-------------------------------------|------------------|------------------|
| Azle MDD | 0.86% | 1.71% |
| Rolling Three Month Treasury | 0.75% | 1.69% |
| Rolling Six Month Treasury | 0.78% | 1.73% |
| TexPool | 0.74% | 1.62% |
| Fiscal YTD Interest Earnings | \$ 10,045 | \$ 23,174 |

(1) Average Quarterly Yield calculated using quarter end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

| Asset Type | June 30, 2018 | | September 30, 2018 | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| Bank/Pool/MMMFs | \$ 425,230 | \$ 425,230 | \$ 518,973 | \$ 518,973 | 2.00% |
| CDs/Securities/Term | 1,132,275 | 1,132,275 | 1,130,586 | 1,130,586 | 2.36% |
| Totals | \$ 1,557,505 | \$ 1,557,505 | \$ 1,649,559 | \$ 1,649,559 | |

Current Quarter Portfolio Performance

| | |
|------------------------------|-------|
| Average Quarterly Yield | 2.25% |
| Rolling Three Month Treasury | 2.08% |
| Rolling Six Month Treasury | 2.15% |

Fiscal Year-to-Date Portfolio Performance:

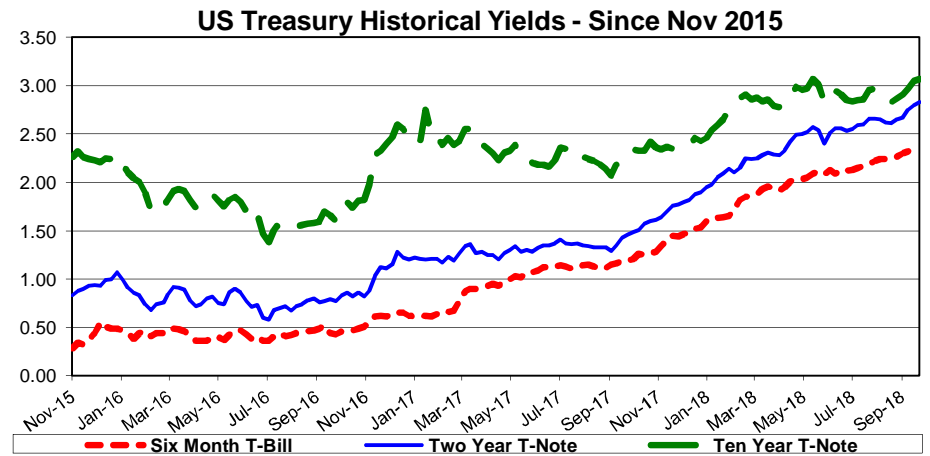
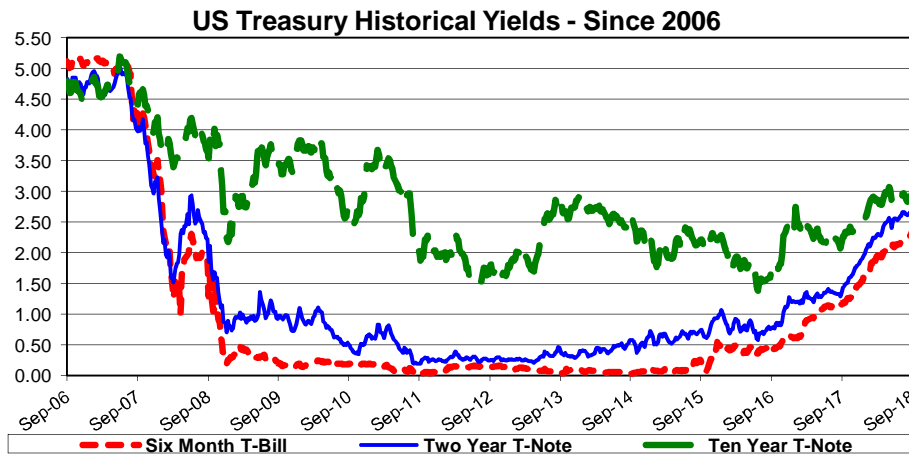
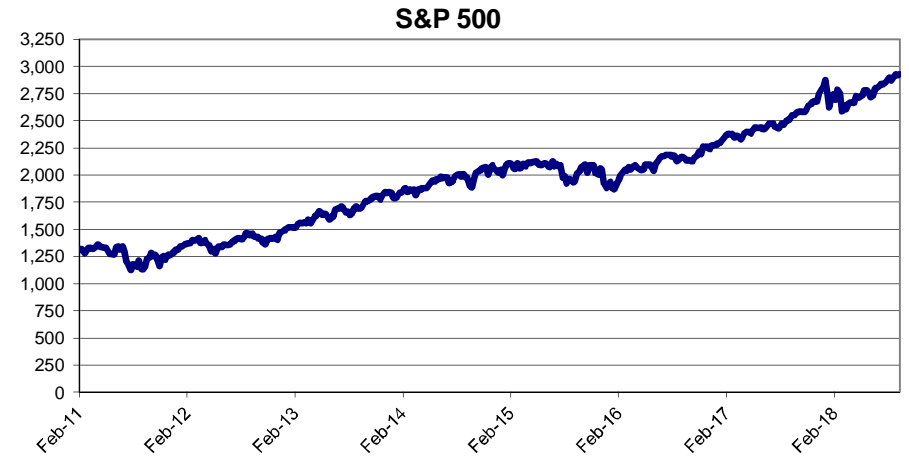
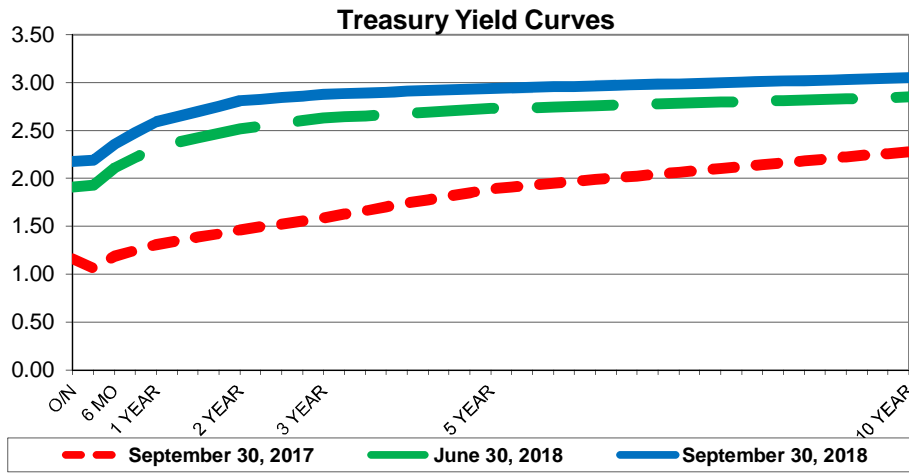
| | |
|-----------------------------------|-------|
| Average Quarter End Yield | 1.71% |
| Rolling Three Month Treasury | 1.69% |
| Rolling Six Month Treasury | 1.73% |
| Average Quarter End TexPool Yield | 1.62% |

Interest Earnings

| | |
|------------------------------|-----------------------|
| Quarterly Interest Earnings | \$ 8,197 (Unaudited) |
| Fiscal YTD Interest Earnings | \$ 23,174 (Unaudited) |

Note: Average yields calculated using quarter end report average yield and adjusted book value, but do not include adviser fees and realized and unrealized gains or losses.

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual Federal Reserve Bank portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/Unemployment continues to strong levels. West Texas Intermediate Crude oil increased above +/- \$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.



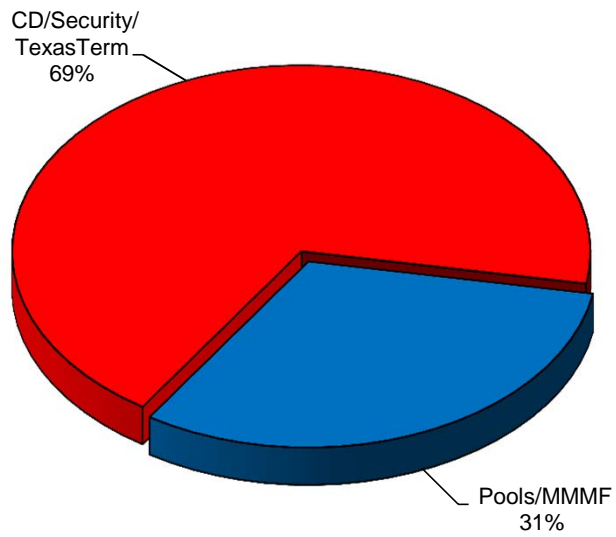
Investment Holdings
September 30, 2018

| Description | Rating | Coupon/ Discount | Maturity Date | Settlement Date | Original Face\ Par Value | Book Value | Market Price | Market Value | Life (Days) | Yield |
|----------------------|---------------|-----------------------------|--------------------------|----------------------------|-------------------------------------|-----------------------|-------------------------|-------------------------|------------------------|--------------|
| TexPool | AAAm | 2.00% | 10/01/18 | 09/30/18 | \$ 518,973 | \$ 518,973 | 1.00 | \$ 518,973 | 1 | 2.00% |
| LegacyTexas Bank CD | | 2.05% | 11/01/18 | 04/30/18 | 201,385 | 201,385 | 100.00 | 201,385 | 32 | 2.05% |
| LegacyTexas Bank CD | | 2.10% | 02/01/19 | 04/30/18 | 201,419 | 201,419 | 100.00 | 201,419 | 124 | 2.10% |
| Wallis State Bank CD | | 2.09% | 02/13/19 | 02/13/18 | 202,078 | 202,078 | 100.00 | 202,078 | 136 | 2.09% |
| LegacyTexas Bank CD | | 2.55% | 08/08/19 | 08/08/17 | 325,704 | 325,704 | 100.00 | 325,704 | 312 | 2.55% |
| Wallis State Bank CD | | 2.90% | 03/26/20 | 09/26/18 | 200,000 | 200,000 | 100.00 | 200,000 | 543 | 2.90% |
| | | | | | \$ 1,649,559 | \$ 1,649,559 | | \$ 1,649,559 | 163 | 2.25% |
| | | | | | | | | | (1) | (2) |

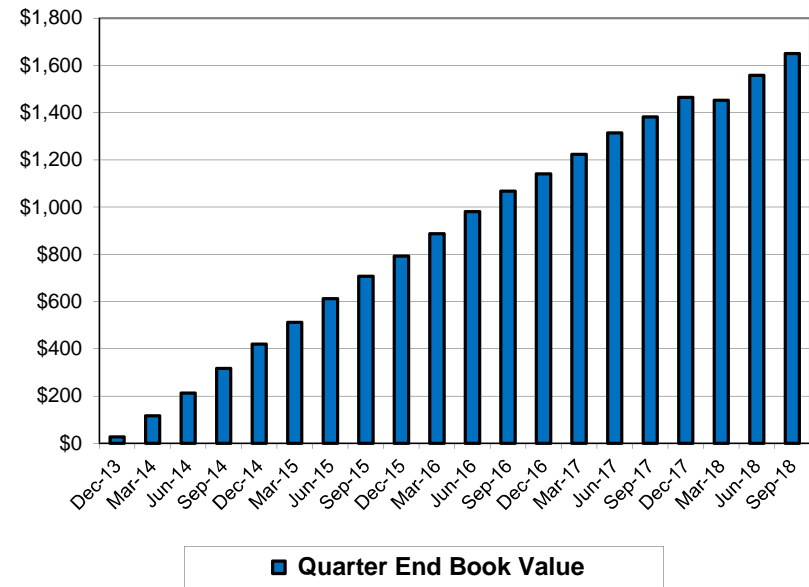
(1) **Weighted average life** - Pools, Money Market Funds, and Bank Deposits are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on Book Value, adviser fees and realized and unrealized gains/losses are not considered. The pool and mutual fund yields are the average for the last month of the quarter.

Portfolio Composition



Total Portfolio (000's)



Book Value Comparison

| Description | Coupon/ Discount | Maturity Date | June 30, 2018 | | Purchases at Cost | Sales\ Maturities | September 30, 2018 | |
|--------------------------|---------------------|------------------|-----------------------------|---------------------|----------------------|----------------------|-----------------------------|---------------------|
| | | | Original Face\ Par Value | Book Value | | | Original Face\ Par Value | Book Value |
| TexPool | 2.00% | 10/01/18 | \$ 425,230 | \$ 425,230 | \$ 93,743 | \$ - | \$ 518,973 | \$ 518,973 |
| LegacyTexas Bank CD | 1.90% | 07/30/18 | 200,636 | 200,636 | | (200,636) | - | - |
| Origin Bank CD | 1.35% | 08/07/18 | 125,000 | 125,000 | | (125,000) | - | - |
| Lubbock National Bank CD | 1.35% | 09/24/18 | 204,231 | 204,231 | | (204,231) | - | - |
| LegacyTexas Bank CD | 2.05% | 11/01/18 | 200,686 | 200,686 | 699 | | 201,385 | 201,385 |
| LegacyTexas Bank CD | 2.10% | 02/01/19 | 200,703 | 200,703 | 717 | | 201,419 | 201,419 |
| Wallis State Bank CD | 2.09% | 02/13/19 | 201,019 | 201,019 | 1,059 | | 202,078 | 202,078 |
| LegacyTexas Bank CD | 2.55% | 08/08/19 | - | - | 325,704 | | 325,704 | 325,704 |
| Wallis State Bank CD | 2.90% | 03/26/20 | - | - | 200,000 | | 200,000 | 200,000 |
| TOTAL | | | \$ 1,557,505 | \$ 1,557,505 | \$ 621,921 | \$ (529,867) | \$ 1,649,559 | \$ 1,649,559 |

Market Value Comparison

| Description | Coupon/ Discount | June 30, 2018 | | | Qtr to Qtr Change | September 30, 2018 | | |
|--------------------------|---------------------|-----------------------------|-----------------|---------------------|----------------------|-----------------------------|-----------------|---------------------|
| | | Original Face\ Par Value | Market Price | Market Value | | Original Face\ Par Value | Market Price | Market Value |
| TexPool | 2.00% | \$ 425,230 | 1.00 | \$ 425,230 | \$ 93,743 | \$ 518,973 | 1.00 | \$ 518,973 |
| LegacyTexas Bank CD | 1.90% | 200,636 | 100.00 | 200,636 | (200,636) | - | | - |
| Origin Bank CD | 1.35% | 125,000 | 100.00 | 125,000 | (125,000) | - | | - |
| Lubbock National Bank CD | 1.35% | 204,231 | 100.00 | 204,231 | (204,231) | - | | - |
| LegacyTexas Bank CD | 2.05% | 200,686 | 100.00 | 200,686 | 699 | 201,385 | 100.00 | 201,385 |
| LegacyTexas Bank CD | 2.10% | 200,703 | 100.00 | 200,703 | 717 | 201,419 | 100.00 | 201,419 |
| Wallis State Bank CD | 2.09% | 201,019 | 100.00 | 201,019 | 1,059 | 202,078 | 100.00 | 202,078 |
| LegacyTexas Bank CD | 2.55% | - | | - | 325,704 | 325,704 | 100.00 | 325,704 |
| Wallis State Bank CD | 2.90% | - | | - | 200,000 | 200,000 | 100.00 | 200,000 |
| TOTAL | | \$ 1,557,505 | | \$ 1,557,505 | \$ 92,054 | \$ 1,649,559 | | \$ 1,649,559 |

Municipal Development District Communication

Item # 4

| | |
|--|-------------------------------|
| Submitted By: Karen Dickson – Economic Dev Director | Date: December 7, 2018 |
| Subject: Director's Report | |

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|---|
| Action Requested: Present Economic Development Director's Report |
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| Purpose (Outline – Who, What, Where, Why & How). |
|---|

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|---|---------------------------------------|--|---|
| Checklist of Attachments | | | |
| <input type="checkbox"/> Contract | <input type="checkbox"/> Agreement | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Resolution |
| <input type="checkbox"/> Policy | <input type="checkbox"/> Applications | <input type="checkbox"/> Legal Opinion | <input type="checkbox"/> Minute Order |
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| <input type="checkbox"/> Staff | <input type="checkbox"/> State Law | <input type="checkbox"/> Bid Tabulations | <input type="checkbox"/> Maps |
| <input type="checkbox"/> Other | <input type="checkbox"/> Attachments | <input type="checkbox"/> Notices | <input type="checkbox"/> Charter |

Municipal Development District Communication

Item # 5

| | |
|---|-------------------------------|
| Submitted By: Tom Muir, Executive Director | Date: December 6, 2018 |
| Subject: Debt Issuance Scenarios | |

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| Action Requested: Discuss possible debt issuance scenarios. |
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| Purpose (Outline – Who, What, Where, Why & How) |
| At the Board's last meeting, the Board President requested a discussion item regarding possible debt issuances. Staff will present several possible scenarios for the Board to discuss. |

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