

Friday, August 4, 2018

The Honorable Mayor, Mayor Pro-Tem and City Council
City of Pflugerville, Texas

Dear Mayor Gonzales, Mayor Pro-Tem Peña and Members of the Council:

We are pleased to present the Pflugerville Community Development Corporation (PCDC) proposed annual budget for Fiscal Year 2018-19 to the Pflugerville City Council. This budget serves as the foundation for all anticipated revenues, expenses, and obligations while still maintaining conservative reserve fund balances for annual debt service. PCDC's financial plan was reviewed by the Board during a special called meeting and adopted by unanimous vote on August 4, 2018. The board and staff were guided by the Comprehensive Economic Development Strategic Plan (CEDS) adopted in February 2017.

PCDC Revenue

Sales Tax - Sales Tax Revenue is based on a 9% increase for a total of \$4,709,626 as compared to the same period last year and follows the City's direction on estimates. The corporation also receives \$1,125,000 from the Typhoon Texas Lease, bringing total income to \$5,834,626. Other income from interest is budgeted at \$25,000.

PCDC Expenditures

Personnel Costs account for 9.8% of the total budget, and includes five full-time positions with a 3% merit, and a part-time intern position. Recruitment/Retention Projects are 5.9% of the total budget, reflecting two new recruitment projects becoming eligible for funding in FY 2019. These project expenditures are estimated based on contract agreements and are subject to businesses meeting established criteria. Community Project expenditures are 11% of the total budget to allow for seven new initiatives including: City Parks, Workforce Education Grants and infrastructure projects at Pecan SH130 and FM 685.

PCDC Debt Service

The PCDC has one loan with Hancock Whitney Bank to finance the water park. Banking is PCDC's single largest obligation at 17% of the total budget. Additionally, the PCDC will pay \$535,000 in a principal payment that is reflected in the balance sheet but not in the Budget. This will be paid out of FY2019 projected net income of \$1,562,206.

Fund Reserve Contributions

The PCDC continues to set aside funds for an annual contingency reserve of \$120,000 to meet the requirements of the PCDC Fund Reserve policy. Additionally, the third \$900,000 installment for the Typhoon Texas Investment Reserve will be made, resulting in a \$2,700,000 balance in FY 2019 against a total obligation of \$3,350,000.

We look forward to working with the City of Pflugerville to achieve common goals of economic prosperity for our business owners and citizens with a special focus on our Vision Statement:

*Pflugerville is a **thriving job center** in Central Texas –
built on core values of **inclusion, family, exemplary education** and
purposeful investment in the community.*

Respectfully,

Victor Johnson, Treasurer

Amy Madison, Executive Director

**Pflugerville Community Development
FY2019 Budget Summary**

	FY18 Year to Date Actual (as of 7/1/18)	Q4 Estimates	FY18 Projected Year End	FY18 Approved Budget	Over (Under) FY18 Approved Budget	FY19 Draft Budget	\$ Difference FY18-19	% Difference FY18-19
Total 41100 Sales Tax Revenue	3,194,059.41	1,116,891.00	4,310,950.41	4,310,950.00	-	4,709,626.00	398,676.00	9%
42600 Typhoon Texas Lease	-	-	-	-	-	1,125,000	1,125,000.00	
Total Income	\$ 3,194,059	\$ 1,116,891	\$ 4,310,950	\$ 4,310,950	\$ -	\$ 5,834,626	1,523,676.00	35%
Total 61000 General Expenses	\$ 189,768.27	\$ 75,604.10	\$ 265,372.37	\$ 291,701.00	\$ (26,328.63)	\$ 291,701.00	-	0%
Total 62000 Personnel	\$ 305,728.20	\$ 150,797.05	\$ 456,525.25	\$ 540,628.00	\$ (84,102.75)	\$ 569,005.00	28,377.00	5%
Total 63000 Professional Dev (PD)	\$ 11,298.83	\$ 3,500.00	\$ 14,798.83	\$ 12,420.00	\$ 2,378.83	\$ 15,000.00	2,580.00	21%
Total 64000 Recruit. Markt	\$ 166,854.02	\$ 56,160.00	\$ 223,014.02	\$ 320,000.00	\$ (96,985.98)	\$ 373,500.00	53,500.00	17%
Total 65000 Business PFirst	\$ 976.79	\$ 4,500.00	\$ 5,476.79	\$ 13,000.00	\$ (7,523.21)	\$ 13,000.00	-	0%
Total 66000 Real Estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500.00	3,500.00	100%
Total 67000 Banking	\$ 767,150.00	\$ 255,717.00	\$ 1,022,867.00	\$ 1,022,280.50	\$ 586.50	\$ 1,011,491.38	(10,789.12)	-1%
Total 68000 Recruit/Retention	\$ 422,400.00	\$ 17,240.00	\$ 439,640.00	\$ 607,000.00	\$ (167,360.00)	\$ 344,500.00	(262,500.00)	-43%
Total 69000 Community Projects	\$ 130,788.00	\$ -	\$ 130,788.00	\$ 190,000.00	\$ (59,212.00)	\$ 659,700.00	469,700.00	247%
Total Expenses	\$ 1,994,964.11	\$ 563,518.15	\$ 2,558,482.26	\$ 2,997,029.50	\$ (438,547.24)	\$ 3,281,397.38	284,367.88	9%
Net Operating Income	\$ 1,199,095.30	\$ 553,372.85	\$ 1,752,468.15	\$ 1,313,920.50	\$ 438,547.24	\$ 2,553,228.62	1,239,308.12	94%
Total Other Income	\$ 139,284.57	\$ 13,885.00	\$ 153,169.57	\$ 148,985.00	\$ 4,184.57	\$ 25,000.00	(123,985.00)	-83%
89000 Total Reserve Funds	\$ 90,000.00	\$ 930,000.00	\$ 1,020,000.00	\$ 1,020,000.00	\$ -	\$ 1,020,000.00	-	0%
Total Other Expenses	\$ 90,000.00	\$ 930,000.00	\$ 1,020,000.00	\$ 1,020,000.00	\$ -	\$ 1,020,000.00	-	0%
Net Other Income/Expenses	\$ 49,284.57	\$ (916,115.00)	\$ (866,830.43)	\$ (871,015.00)	\$ 4,184.57	\$ (995,000.00)	(123,985.00)	14%
Net Income	\$ 1,248,379.87	\$ (362,742.15)	\$ 885,637.72	\$ 442,905.50	\$ 442,731.81	\$ 1,558,228.62	1,115,323.12	252%

Budget Definitions

Income

- ❖ 41100 Sales Tax Revenue – PCDC annual estimated ½ cent sales tax revenue is based on the City of Pflugerville projections of a 9% increase after adjusting for actual estimated revenues. The FY19 budget of \$4.710MM exceeds FY18 by a total amount of \$398,889. (FY 2018 budget of \$4.311MM)
- ❖ 42000 - Rent Income – Parent account
- ❖ 42600 Typhoon Texas Lease – Annual lease payment on Amended and Restated Assignment and Assumption of Water and Adventure Park Ground Lease and Operating Agreement with Typhoon Texas, effective date January 4, 2017. Payment is due before September 30th each year. FY19 lease payment estimated at \$1,150,000 less \$25,000 Marketing Grant for a total remitted for FY19 of \$1,125,000.

Expenses

- ❖ 61000 General Expenses – Parent Account
 - 61015 Vehicle Use & Maintenance – Gas, maintenance, repair, service, and toll charges for 2015 Chevrolet C15 Suburban.
 - 61020 Equipment Rental – Copy machine rental (RICOH). Expires December 2020 and annual P.O. Box rental.
 - 61030 P.O. Box Rental – Retired FY19. Annual fee for P.O. Box rental. Moved to 61020 Equipment Rental.
 - 61040 Insurance – Includes board and key staff bonds, car insurance, personal property insurance, and other insurance fees.
 - 61060 Board Meals – Includes expenses for meals for meetings and Board workshops, holiday social, Chamber luncheons, awards and other Board supplies.
 - 61070 Memberships / Dues / Subscriptions - Includes professional memberships and dues in associations such as Texas Economic Development Council, International Economic Development Council, RECA, Chamber of Commerce, American Notary Association, Clean Texas and ARMA; Website subscriptions including, Beyond Value, and GoDaddy, other miscellaneous such as Dropbox, newspapers & business journals.

- 61095 Postage and Printing – Includes printing, production of materials, FedEx, UPS and postal service shipping charges.
- 61100 Professional Fees – Roll up account for all professional expenses.
 - 61110 Accounting - Consulting services for CPA, accounting and annual audit. City/PCDC auditor for FY18 audit will be Pattillo, Brown and Hill, LLP. A fee of \$12,500 will be PCDC's cost in FY19.
 - 61120 Consulting – Miscellaneous consulting and contract work related to operations.
 - 61130 Legal Fees –Legal retainer fees with Akers & Akers, LLP and other legal representation in FY19.
- 61200 Rent Expenses – Roll up account for rental property expenses.
 - 61220 PCDC Office – Lease payments and associated costs for office and PCDC conference room space for operations and Board meetings at 3801 Helios Way, STE 130 for 3775 sf. 3% rate increase total \$4853.86 monthly for FY19.
 - 61230 Princess Craft – Account retired FY19.
- 61300 Maintenance – Cleaning services, upkeep and maintenance of leaseholds in FY19.
- 61310 Telephone – Local service, long distance, phone line charges or other phone related services.
- 61400 Office Supplies & Services – Roll up account for all offices supplies and operation services.
 - 61410 Consumables – Office and hospitality supplies for board, meetings, partners, events and staff.
 - 61420 Equipment – Laptops, desktops, screens, and associated equipment.
 - 61440 Technology Based Services – Monthly IT Mac and internet services and estimated additional maintenance beyond monthly contracted hours.

❖ **62000 Personnel – Parent account**

- 62100 (62110,62120,62140,62150,62170,62180) Executive & Administrative Staff – Full year funding 5 existing staff member salaries

plus 3% merit: Executive Director, Business Development Director, Business Recruitment Director, Executive Assistant and Marketing & Communications Manager. Adding \$12,000 funding for one intern at \$10hr for 19hrs a week plus fees.

- 62200 City Contractual Services – Includes HR, Legistar and other contractual support services. Includes a 2% fee based on payroll salaries and \$6,040 for other non-payroll city administrative fees, planning and GIS services.

❖ **63000 Professional Development – Parent account**

- 63150 PD Tuition & Travel– All expenses for tuition, fees and travel related to certifications and professional training for staff and Board, to include sales tax, , financial investment training for public funds investment act, local conferences, regional engagement and training workshops.

❖ **64000 Recruitment Marketing – Parent account**

- 64055 Supplies, Printing & Promotional Items – Retired FY19 and consolidated to 64060.
- 64060 Advertising, Printing & Promotional Items/supplies – Print and digital ads for target industry and site selection publications, signage, banners, advertising associated with regional event sponsorships, postage, printing, promotional items and other expenses.
- 64080 Marketing Travel – All transportation, meals, lodging, registrations and fees related to travel for marketing events and tradeshow with Team Texas, Opportunity Austin, Texas One and other national, regional and state-wide events. Includes an increase due to expanded staff apacity and potential for international exposure. Increase due to tour with City and PCDC officials.
- 64100 Recruitment Programs – Membership and sponsorship required to participate in national, statewide and regional recruitment event programs including TeamTexas, Opportunity Austin, GoBig Texas, IAMC, Site Selectors Guild, YTexas, International European American Council. Local, regional, statewide and national events including Economic Summit, TEDC, Clean TX, Chili Pfest, PEF Foundation, Real Estate Council, Great State Investments (Team Texas Events), TexasOne, Pflugerville Chamber of Commerce, Legislative Conference.
- 64130 Site Visits – Funding for prospect site visits and related expenses.

- 64170 Marketing Consulting – Marketing strategic plan and other associated consulting needed to fund strategic plan initiatives in FY19.
- 64200 Website & Social Media - Development and continued maintenance of the PCDC website. Including Real Massive, GIS Planning, and Golden Shovel, social media campaign and associated expenses based on strategic plan recommendations.
- 64210 Public Relations - Professional services for distribution and assistance with press releases, press conferences and other publicity.
- 64225 Design & Materials – Design and materials utilizing a professional agency to develop and enhance our brand strategy.
- 64230 Video & Photography – Investing in “robust, sophisticated marketing tools” per CEDS for website, social media, digital media, video, and polished presentations and recording PCDC Board Meetings.

❖ **65000 BusinessPFirst – Parent account**

- 65200 Operating Expenses – Subscription for Business Retention tracking software. Expanding licensing capacity to include all employees.
- 65400 Special Events – Quarterly Business PFirst Breakfasts planned for area Pflugerville companies to provide networking, training and assistance.

❖ **66000 Real Estate – Parent account**

- 66150 Land Sale Expenses – Surveying, replatting and utility extension construction plans needed for sale of property in 130 CC.
- 66160 Phase 3 – Soft and hard costs for Impact Way extension to remaining 20-acre tract owned by PCDC. Road construction and associated costs to commence when development of site occurs.
- 66170 Water Park – Retired FY19.
- 66175 POA – New account for FY19. All expenses related to the One Thirty Business Park Property Owner’s Association, the responsibility of the PCDC through 2022 per the Original Declaration filed and recorded on July 12, 2017.

❖ **67000 Banking – Parent account**

- 67300 Finance Charges & Bank Fees – Wire charges, late charges and other fees related to banking.
- 67800 Whitney Bank Interest Payment – Interest and principal payments for loan associated with the Water Park. Biannual interest payments occur October 15 and April 15, and annual principal payments occur October 15, through FY32. FY19 total interest payment is \$1,010,291.38. FY19 total principal payment is \$535,000.00 and is noted on Budget Summary but journaled on Balance Sheet.

❖ **68000 Recruitment and Retention Projects – Parent account**

- 68100 Test Fits – ImpactData software and consulting services for economic analysis of incentives under consideration.
- 68290 Marriott – \$25,000 for advertising per contract. Paid out annually through FY21. Maximum incentive - \$125,000. Expires in FY21.
- 68370 Best Western Plus – Retired FY19.
- 68380 LifeLast – \$34,500 grant for job creation remains in FY19 if company meets all criteria. Contract ends January 2022.
- 68390 Medway - Maximum incentive possible in FY19 is \$50k if company meets all criteria. Contract ends FY20.
- 68460 Sisu - Maximum incentive possible in FY19 is \$24k. Contract ends September 30, 2021.
- 68461 Accent – Maximum incentive of \$30K, if company meets criteria for job grants. Contract ends December 31, 2023. (Date amended by Board action on June 25, 2018.)
- 68462 TESCOM – \$25k one-time economic incentive possible in FY 2019 if company meets criteria for job grants. Contract ends December 31, 2020.
- 68464 MW Builders – Maximum incentive possible in FY 2019 is \$25k if company meets criteria for job grants. Contract ends March 28, 2022.
- 68465 Flooring Services – Maximum one time incentive of \$50,000 possible in FY19 (an no earlier than December 2018) if company meets criteria for job grants. Contract ends July 31, 2022.
- 68470 PCDC Office Relocation – Retired for FY19.

- 68480 City of Pflugerville Helios – New account in FY19. Annual \$150,000 debt service payment for infrastructure assistance on Helios Way per 380 agreement. FY19 expense expected at \$75,000. Agreement ends in 2022.

❖ **69000 Community Projects – Parent Account**

- 69010 Challenge Grants – Account retired for FY19. Final grant request was \$35,000 paid FY 2018.
- 69040 Pflugerville Education Foundation – Anticipated sponsorship for workforce education events.
- 69150 Workforce Development – To include Library Career Center funding of \$13,000, PFISD Entrepreneur Incubator Program for \$15,000 and ARMA Workforce Campaign \$22,000 in FY 2019.
- 69170 Parks Projects – Funding for city park upgrades and trails. CAMPO trail (\$80,000) and park improvements (\$100,000).
- 69180 685 Pecan SH130 – New account in FY19. Estimated \$150,000 expense.
- 69190 Water Park – New account in FY19. Estimated \$110,000 expense.

❖ **Other Income – Parent Account**

- 70100 Gain on Sale of Land – Account to record gains from future land sales.
- 70150 Cortec Reimbursement on Finish out – Account Retired for FY19. PCDC reimbursed for \$75,000 of construction costs and an additional \$4737.00 to relocation expenses.
- 70200 Interest Income – Interest from bank deposits. Increase due to growth in reserve funds.
- 70910 TxDot Refund – Account retired for 2019. .
- 79000 Reserve Funds OI– Roll up account for operating income reserve funds.
 - 79200 Tracking Point Claw Back – Account Retired for 2019. Tracking Point completed all obligation for settlement agreement with \$29,084 in payments and remaining balance thru earned job credits.

❖ **Other Expenses – Parent Account**

- 89000 Reserve Funds OE – Roll up account for operating expense reserve funds.
 - 89200 Contingency Reserve – Per the PCDC Reserve Fund Policy a minimum of \$120,000 will be set aside annually until the target Contingent Reserve fund balance has been accumulated. Final balance of reserves in FY18 is \$1,440,000. Anticipated balance for FY19 will be \$1,560,000.
 - 89300 TT Investment Reserve –Contingency Fund for possible reimbursement to Typhoon Texas for up to \$4,500,000 capital investment. Fund contributions of \$900,000 are annual for five years and accumulate total contingency fund on or before September 30, 2020. No payment in FY17 reduces total possible reimbursement to \$3,350,000. Total paid as of FY18 is 1,800,000. Payment in FY19 is \$900,000. Remaining reimbursement owed is \$650,000 in FY20. No payment in FY21.

**PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
FY 19 BUDGET CHANGES SUMMARY**

Income Category	Account	Item	Explanation	FY19 Proposed	Increase FY19	TOTAL CATEGORY	FY19 Inc	YOY % Change
Revenue	41100	Sales Tax Revenue	City of Pflugerville estimated PDC Sales Tax Revenue 9% increase	4,709,626	398,676			
Revenue	42500	Typhoon Texas Lease	Lease Payment FY19	1,125,000	1,125,000			
Total Income						5,834,626	1,523,676	35.00%
Expense Category	Account	Item	Explanation	FY19 Proposed	Increase FY19	TOTAL CATEGORY	FY19 Inc	YOY % Change
General Expenses	61120	Consulting	AEDO Certification and other consulting	13,000	6,000			
General Expenses	61410	Consumables	Larger staff & facility usage by others. Includes office supplies and hospitality supplies	9,000	1,800			
General Expenses	61420	Equipment	1 desk top screen binding equipment	6,000	1,000			
General Expenses	61310	Telephone	Additional phones (conference & land lines)	7,400	1,400			
TOTAL GENERAL EXPENSES	61000					291,701	-	0.00%
Personnel	62100	Executive & Admin Staff	Funding for 5 full-time staff plus 3% merit (\$11,732) + Intern	569,005	28,377			
TOTAL PERSONNEL	62000					569,005	28,377	5.00%
Professional Development	63150	PD Tuition & Travel	Board/Staff ED, and professional development training and travel	15,000	2,580			
TOTAL PROFESSIONAL DEVELOPMENT	63000					15,000	2,580	21.00%
Recruitment Marketing	64080	Marketing Travel	21K domestic; \$5K International; \$6k City Tours (12ppl)	32,000	11,000			
Recruitment Marketing	64210	PR	PR Firm on retainer	50,000	40,000			
Recruitment Marketing	64170	Marketing Consulting	Ceds Review, etc.	100,000	61,000			
TOTAL RECRUITMENT MARKETING	64000					373,500	53,500	17.00%
Real Estate	66175	POA	Property Owner Association for One Thirty Business Park per contract	3,500.00	3,500.00			
TOTAL REAL ESTATE	66000					\$ 3,500.00	\$ 3,500.00	100.00%
Recruitment/Retention Project	68465	Flooring Services	Incentive per Performance Agreement	50,000	50,000			
Recruitment/Retention Project	68480	Helios	380 agreement with City of Pflugerville	75,000	75,000			
TOTAL RECRUITMENT/RETENTION	68000					344,500	(262,500)	-43.00%
Community Projects	69180	Pecan SH130	Infrastructure improvements per TIA and City requirements	373,000	373,000			
Community Projects	69190	FM685	Sidewalks and soft costs for infrastructure improvements	110,000	110,000			
TOTAL COMMUNITY PROJECTS	69000					659,700	469,700	247.00%
TOTAL EXPENSES						3,281,397	284,368	9.00%

Personnel	569,005
Other Operating	1,020,000
Net Income	1,558,229

Project in 2015-2016		Project Status	Contract End	Maximum Incentive	Paid Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Best Western (Lightwater Hospitality)*		C	August 2020	\$ 225,000	\$ 116,673	\$ 5,000	\$ -	\$ -	\$ -		
Precision Ammunition		A	October 2020	\$ 480,000	\$ 330,000	\$ 950,000	\$ -	\$ -	\$ -		
Medway Plastics		A	December 2020	\$ 150,000	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -		
LifeLast		A	January 2022	\$ 155,720	\$ 121,220	\$ -	\$ 34,500	\$ -	\$ -		
Marriott Courtyard (Village Holdings)		A	July 2022	\$ 125,000	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000		
Sisu		A	September 2019	\$ 72,000	\$ -	\$ -	\$ 24,000	\$ 19,200	\$ -		
Accent		A	7/2/2023***	\$ 150,000	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	
TESCOM		A	December 2020	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -		
MW Builders		A	July 2022	\$ 75,000	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -		
Flooring Services		A	July 2022	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -		
Project Flack (Next Step/Heatherwilde)		A	2023	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
Helios		A	2023	\$ 1,500,000	\$ -	\$ -	\$ 75,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Project Liabilities						\$ 980,000	\$ 338,500	\$ 249,200	\$ 230,000	\$ 305,000	\$ 275,000
						Estimated Remaining PA Payments (FY23-FY29)		Payments (FY18-FY22)		Payments (FY23-FY29)	
						\$ 1,208,627		\$ 5,733		\$ -	
Rental/Lease Agreements											
Princess Craft Rent ^A		C	August 01, 2017	\$ 108,829	\$ 5,733						
130 Commerce Center, LLC-Master Lease		T	August 31, 2018	\$ 1,099,798							
Rental/Lease Liabilities						\$ 1,208,627	\$ 5,733	\$ -	\$ -	\$ -	\$ -
Debt Liability											
Typhoon Contingency Fund		A		\$ 900,000	\$ 900,000	\$ 900,000	\$ 650,000	\$ -			
CO Debt Service		P	August 2033	\$ 6,812,635	\$ 747,222		\$ 33,658	\$ 227,206	\$ 224,206	\$ 221,206	
Pflugger Farm Ln Series 2013		P	August 2033	\$ 7,131,135	\$ 989,453		\$ 53,718	\$ 362,631	\$ 361,031	\$ 362,031	
130 Commerce Center/Impact Way Series		P	August 2035	\$ 4,667,798	\$ 1,178,954		\$ 27,185	\$ 183,501	\$ 184,701	\$ 185,701	
Renewable Energy Park-130 ComCtr Ser-		P									
Debt Liability						\$ 3,815,630	\$ 900,000	\$ 900,000	\$ 764,561	\$ 773,338	\$ 769,939
						Estimated Remaining DS Payments (FY23-FY35)		\$ 11,038,099			
Water Park Financing & Infrastructure											
Tax Revenue Diverted to CapOne Loan		T	February 21, 2020	\$ 25,000,000	\$ 3,279,533		\$ 1,322,190	\$ 1,545,291	\$ 1,781,622	\$ 1,781,511	\$ 1,779,896
Refinance Loan Payment		A	March 15, 2031	\$ 24,000,000							\$ 1,776,778
Water Park C of O		C	September 30, 2017	\$ 125,000	\$ 125,000		\$ 3,404,533	\$ 1,322,190	\$ 1,545,291	\$ 1,781,622	\$ 1,781,511
											\$ 1,779,896
						Estimated Remaining Loan Payments (FY23-FY31)		\$ 26,255,331			
Community/ Grants Obligations											
CG - City of Pflugerville Parks & Rec		C	Dec-18	\$ -		\$ 90,000					
FM685			FY19	\$ 110,000		\$ 56,700					
Pecan SH130		Proposed	FY19	\$ 323,000							
CG - City of Pflugerville Parks & Rec		Proposed	FY19	\$ 100,000							
CG - PFISD Entrepreneur Incubator		Proposed	FY19	\$ 15,000							
CG - Library Career Center Workforce Techn		Proposed	FY19	\$ 13,000							
TOTAL						\$ 146,700	\$ -	\$ -	\$ -	\$ -	\$ -
						\$ 3,354,623	\$ 2,783,791	\$ 2,795,383	\$ 2,784,849	\$ 2,854,835	\$ 2,820,716
						Estimated Remaining Total Payments (FY23-FY35)		\$ 38,393,430		\$ 35,572,714	

* Best Western Plus sold to new owners; incentive agreement does not transfer after FY18.

***Accent Amended and extended to 2023

Project Status Notes: A-Active, C-Complete, P-Postponed, T-Terminated

Updated: 8/4/18 ecc

Resolution No: 2018-006

**A RESOLUTION OF THE PFLUGERVILLE COMMUNITY
DEVELOPMENT CORPORATION REGARDING REVIEW OF THE
FUND RESERVE & BUDGET POLICY AND THE PUBLIC FUNDS
INVESTMENT POLICY OF THE PFLUGERVILLE COMMUNITY
DEVELOPMENT CORPORATION, PFLUGERVILLE, TEXAS**

WHEREAS, the Pflugerville Community Development Corporation ("PCDC") recognizes the need for relevant and updated policies; and

WHEREAS, the PCDC maintains two policies, being the Fund Reserve and Budget Policy (originally adopted on the 13th day of June, 2016) and the Public Funds Investment Policy (adopted pursuant to Texas Government Code, Chapter 2256); and

WHEREAS, Section 7.05 of the By-laws of the Pflugerville Community Development Corporation provides that the Corporate Investment Policy and the Annual Budget shall be reviewed by the PCDC Board on an annual basis and presented to City Council; and

WHEREAS, the Board of Directors of the PCDC has reviewed the Fund Reserve and Budget Policy and the Public Funds Investment Policy and desires to present the same to the City Council of Pflugerville for consideration of approval;

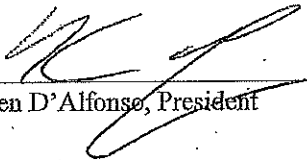
**NOW THEREFORE BE IT RESOLVED BY PFLUGERVILLE COMMUNITY
DEVELOPMENT CORPORATION that:**

The Fund Reserve and Budget Policy and the Public Funds Investment Policy of the PCDC have been reviewed and approved by the Board of Directors of the PCDC and are **attached to this Resolution**

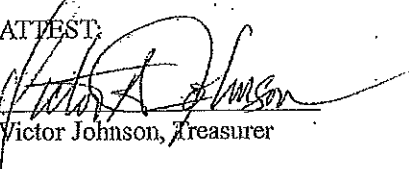
The Executive Director of the PCDC is directed to present the same to the City Council of the City of Pflugerville for consideration of approval.

APPROVED this 4th day of August, 2018.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION.


Ken D'Alfonso, President

ATTEST:


Victor Johnson, Treasurer

PCDC Fund Reserve & Budget Policy
Approved 08-04-2018

PCDC Reserve Funds

Contingent Reserve Policy: PCDC will build and maintain a Contingent Reserve in the aggregate amount equivalent to twelve months of the current debt service under current finance arrangements and 20% of its operating budget to cover unanticipated costs. Funds from the Contingent Reserve may not be appropriated for any other purpose by the PCDC Board without City Council pre-approval.

Policy Implementation: During FY2015-16, PCDC accumulated \$1.2M of the Contingent Reserve and set it aside. During FY2016-17, PCDC budgeted \$120,000 from operations for the Contingent Reserve. Future budgets will continue to set aside a minimum of \$120,000 annually until accumulating the target Contingent Reserve fund balance.

Typhoon Texas Investment Reserve Fund: In each Fiscal Year of PCDC beginning in FY2017 and continuing through PCDCs Fiscal Year 2021, PCDC shall deposit at least \$900,000 into a segregated account held by the City on PCDC's behalf to serve as the "Investment Reserve Fund" until such fund reaches a maximum fund balance of \$4,500,000. PCDC may not withdraw any funds from the Investment Reserve Fund, without the prior written consent of Typhoon Texas and PCDC authorizes City to disburse funds from the Investment Reserve Fund.

Policy Implementation: During FY2016-17, PCDC will budget to accumulate the Investment Reserve at a rate of at least \$900,000 annually until PCDC accumulates the target Policy fund balance on or before Fiscal Year 2021.

Comment: Due to the amount of the debt, the loan used to fund the Typhoon Texas Project is being treated for purposes of fund reserves, similar but not identical to a government revenue bond issuance. Generally, government revenue bonds have a higher level of risk than other types of government funding due to the reliance on finite and uncertain revenue streams. Typically, government revenue bond covenants require a "restricted reserve fund" be established by the entity for the life of the bonds in an amount that is equivalent to an average of one year debt service payments to protect the investors in the bond.

To issue revenue bonds, government entities are generally required to demonstrate compliance with the "bond coverage test." Adequate coverage levels for a governmental entity with a good bond rating is typically 125% of revenues over expenditures, on an annual basis. Because the Corporate risk/exposure experience from the loan used to fund the Typhoon Texas Project was caused by intermittent cash flow, rather than a need to seek

PCDC Fund Reserve & Budget Policy

additional debt by a future issuance of revenue debt the Pflugerville Community Development Corporation (PCDC) has adopted this reserve policy to reflect the circumstances present in this Project.

Project Reserve Policy: Funding for this reserve is from annual excess revenues received by the PCDC, defined as actual revenues received over budgeted revenues not otherwise allocated. Project Reserve Funds may be spent from this reserve only in accordance with Texas Local Government Code §501.073(a) (The corporation's authorizing unit will approve all programs and expenditures of a corporation and annually review any financial statements of the corporation).

Annual Operating Budget Policy: Anticipated sales tax revenue is the primary source of PCDC revenue. It is measurable and sustainable. Anticipated long-term lease payments from the Typhoon Texas Project are a second source of PCDC revenue. It is also measureable and sustainable. Other short and intermediate term lease payments and land sales are a third source of PCDC revenue and are generally considered more contingent and speculative. Recurring general operating and maintenance costs, such as personnel, rent, utilities, PCDC loan payments and annual debt service reimbursement payments due the city will be budgeted in an amount not to exceed anticipated sales tax revenues and long-term lease payments from the Typhoon Texas Project. The annual total expenditures of PCDC should not exceed the budgeted measurable and sustainable revenues of PCDC. All expenditures and revenues shall be in accordance with the City Council approved budget and the PCDC Bylaws.

Pflugerville Community Development Corporation
Investment Policy
Approved 2018-08-04

I. POLICY STATEMENT

It is the policy of the Pflugerville Community Development Corporation (PCDC) that the administration of its funds and the investment of those funds shall be handled in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the PCDC and conforming to statutes and ordinances governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the PCDC to be in complete compliance with local law and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended.

II. SCOPE

This investment policy applies to all the financial assets and funds held by the PCDC. These funds are defined in the PCDC's Comprehensive Annual Financial Report (CAFR) and include:

General Fund

New funds created by the PCDC, unless specifically exempted by PCDC and this policy.

III. OBJECTIVES AND STRATEGY

A. General Fund

It is the policy of the PCDC that all funds shall be managed and invested with three primary objectives, listed in order of their priority: safety, liquidity, and yield. These objectives encompass:

Safety of Principal

Safety of principal is the foremost objective of the PCDC. Investments of the PCDC shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition. The suitability of each investment decision will be made based on these objectives.

Liquidity

The PCDC's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.

Yield

The PCDC's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the PCDC's investment risk constraints and the cash flow characteristics of the portfolio.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), as amended. The public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, specifies collateral requirements for all public fund deposits.

The Interlocal Cooperation Act, Chapter 7901, Texas Government Code, as amended, authorizes local governments in Texas to participate in an investment pool established thereunder. That statute and reference to authorize investment in investment pools in the Act is primary authority for use of investment pools by political subdivisions of the State of Texas.

V. DELEGATION OF INVESTMENT AUTHORITY

The Executive Director, acting on behalf of the PCDC, is designated as the Investment Officer of the PCDC and is responsible for investment management decisions and activities. The PCDC Board is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this investment policy. Procedures will include reference to safekeeping, require and include PSA Master Repurchase Agreements, wire transfer agreements, banking services contracts, and other investment related activities.

PCDC's Investment Officer will be required to attend training, in compliance with the Public Funds Investment Act, from an independent source approved by the Board that includes education in investment controls, security rights, strategy rights, market rights, and compliance with the Public Funds Investment Act. The Board Authorizes the Investment Officer to invest and reinvest funds of PCDC in accordance with this Policy. The Investment Officer must submit a written report to the Board on at least a quarterly basis, which sets forth all investment transactions during the previous quarter, and which complies with the requirements of the public Funds Investment Act.

The investment Officer shall be responsible for all transactions and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the PCDC Board.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the "prudent Person" standard and shall be applied in the context of managing the overall portfolio. The standard 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 expected income to be derived."

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and then appropriate action is taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the PCDC in accordance with accepted industry practices. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the PCDC.

The Investment Officer shall monitor the credit rating on all authorized investments in the portfolio 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 immediately solicit bids for and sell the security, if possible, regardless of a loss of principal.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the PCDC. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes. Cash Flow will include the historical researching and monitoring of specific cash flow items, payables and receivables as well as overall cash positions and patterns.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below. The investments are to be chosen in a manner which promotes diversity or market sector and maturity.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to the stated maturity;

- B. Direct obligations of the State of Texas or its agencies.
- C. Certificates of deposit issued by an FDIC insured financial institution, not to exceed the current FDIC limit per institution and with a maximum maturity length of one year.
- D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- E. Repurchase agreements and reverse repurchase agreements as defined by the Public Funds Investment Act, as amended, not to exceed ninety (90) days to stated maturity, provided an executed PSA Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer.
- F. Texas Local Government Investment Pools as defined by the Public Funds Investment Act, as amended. The maximum dollar-weighted maturity for the pool may not exceed ninety (90) days and the pool must maintain a minimum rating of AAA.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by the PCDC will be made through either the PCDC's banking services bank or a primary dealer. The PCDC shall maintain a list of financial institutions which are authorized to provide investment services. Banks shall continuously provide their most recent "Consolidated Report of Condition" (call report). Securities broker/dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve as primary dealers. The following criteria must be met by those firms on the list: provision of an audited financial statement for the most recent period, proof of certification by the National Association of Securities Dealers (NASD), and proof of current registration with the State Securities Commission.

Every dealer with whom the PCDC transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment programs. The broker/dealer will be required to return a signed copy of the Certification Form certifying that the policy has been received and reviewed.

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is the policy of the PCDC to diversify its investment portfolio. Invested funds shall be diversified to a minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Except for U.S. Treasury securities and authorized investment pools, no more than 50% of the PCDC's total investment portfolio will be invested in a single security type or with a single financial institution.

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to specific requirements such as semiannual or annual bond payments, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. The Investment Officer may not invest any portion of the portfolio for a period greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

All security transactions, including collateral for repurchase agreements, entered into by the PCDC shall be conducted on a delivery-versus-payment DVP basis. Securities will be held by a third-party custodian designated by the Investment Officer and evidenced by safekeeping receipts.

XII. PERFORMANCE EVALUATION AND REPORTING

The Investment Officer shall submit quarterly reports to the PCDC Board containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. This report shall contain:

- Beginning and ending market value of the portfolio by market sector and total portfolio;
- Beginning and ending carrying (Book) value of the portfolio by market sector and total portfolio;
- Transactions which change market and book value;
- Detail reporting on each asset (book, market, and maturity dates);
- Overall current yield of the portfolio;
- Overall weighted average maturity of the portfolio;
- Maximum maturities in the portfolio; and,
- The signature of the investment officer.

XIII. INVESTMENT POLICY ADOPTION BY THE BOARD AND CITY COUNCIL

The PCDC investment policy shall be adopted by the PCDC Board. The policy shall be reviewed on an annual basis by the PCDC Board and presented to City Council for approval with the Annual Budget in accordance with the PCDC Bylaws, Section 7.05 Investment and Reserve Policies.