



NOTICE OF WORK SESSION AGENDA
LANCASTER CITY COUNCIL



James R. Williams Pump Station
Training Room, 1999 Jefferson

Monday, August 20, 2012 – 7:00 P.M.

DEFINITIONS:

Written Briefing: Items that generally do not require a presentation or discussion by the staff or Council. On these items, the staff is seeking consent from the Council or providing information in a written format.

Verbal Briefing: These items do not require extensive written background information or are an update on items previously discussed by the Council.

Regular Item: These items generally require discussion between the Council and staff, boards, commissions, or consultants. These items may be accompanied by a formal presentation followed by discussion and direction to the staff.

[Public comment will not be accepted during Work Session
unless Council determines otherwise.]

Item	Key Person
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Regular Items:

1. Receive a presentation and discuss third quarter financials, investment update, and budget amendments for fiscal year 2011/2012.
Mauldin Robertson / Haynes
2. Discuss Quarterly Report of City Council Five Year Goals and Strategies established during the annual City Council Strategic Planning Session in June 2012.
Mauldin Robertson
3. Discuss the Fiscal Year 2012/2013 proposed budget. **Mauldin Robertson**

EXECUTIVE SESSION: The Council reserves the right to convene into executive session on any posted agenda item pursuant to Section 551.071(2) of the TEXAS GOVERNMENT CODE to seek legal advice concerning such subject.

ACCESSIBILITY STATEMENT: The Municipal Center is wheelchair-accessible. For sign interpretive services, call the City Secretary's office, 972-218-1311, or TDD 1-800-735-2989, at least 72 hours prior to the meeting. Reasonable accommodation will be made to assist your needs.

Certificate

I hereby certify the above Notice of Meeting was posted at the Lancaster City Hall on August 16, 2012 @ 5:10 pm and copies thereof were hand delivered to the Mayor, Mayor Pro-Tempore, Deputy Mayor Pro-Tempore and Council members.

Dolle K. Downe
Dolle K. Downe, TRMC
City Secretary

LANCASTER CITY COUNCIL
Work Session Agenda Communication for
August 20, 2012

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WS12-001

Receive a presentation and discuss third quarter financials, investment update; and budget amendments for fiscal year 2011/2012.

This request supports the City Council 2012-2013 Policy Agenda.

Goal: Financially Sound City Government

Background

The broad purpose of the City's Financial and Investment policy statements is to enable the City to achieve and maintain a long-term stable and positive financial position, and provide guidelines for the day to day planning and operations of the City's financial affairs. The following information is representative of the third quarter of fiscal year 2011/2012, April 1, 2012 through June 30, 2012.

- **Financial Report** - The financial data will be presented during the work session. Year-to-date revenues are approximately 7% higher than expected due to the increase in sales tax collection. Sales tax collections continue to increase from the previous year's collection. The sales tax collections are two (2) months in arrears. The year-to-date collections represented in the financials are through the month of April, 2012.

The optimal expenditure rate for the third quarter is 75% unless the expenditures are related to capital equipment, or cyclical events such as annual premiums or dues. As of June 30, 2012, the City Wide Operating Fund expenditure rate is approximately 68%. The under-expenditure rate is mainly due to the timing of the bond payments which are due in August, 2012. Staff will continue to monitor the expenditures so as not to exceed the Budget.

- **Investments** - The City's Investment Policy states the City shall manage and invest with five primary objectives, listed in order of priority: safety, public trust, liquidity, diversification and yield. Currently, all investments are with TexPool and LOGIC. These investment pools provide the highest liquidity and safety for the City's funds. At the end of June 2012, the City had \$19,710,907 invested with TexPool and \$22,279,285 invested with LOGIC. TexPool investments are funds from Property Tax Collections and LOGIC investments are funds from bond proceeds. Since the majority of the City's property tax collections occurs during the second quarter of the fiscal year, January 1, 2012 through March 31, 2012, the City transfers those

funds into the TexPool account to safeguard the asset and provide the most liquidity and yield possible to support operational needs throughout the year. Attached are publications outlining the current state of the investments, market, and outlook for TexPool and LOGIC.

Budget Amendments - The City's adopted fiscal year 2011/2012 budget is October 1, 2011 ending September 30, 2012. During the course of the year, staff monitors the budget to ensure expenditures are properly recorded and in alignment with the adopted budget. As a result, there were thirty eight (38) budget amendments presented with supporting detail to realign the budget with actual expenditures required. The net results of the amendments equal to zero, with no effect on the bottom line. The amendments were for the General Fund, LRDC Fund, Water Waste Water Fund, Stormwater Fund and HUD Fund realigning the budget within the operational line items. No action is required from the Council on these budget amendments.

During the third quarter, there were two (2) amendments that require utilizing fund balance to increase the budget for the General Fund. The City hired a part-time Deputy Court Marshal that was not in the original approved budget for fiscal year 2012. The costs incurred are \$14,113. In addition, when the City changed auditors, the cost of the engagement with BKD was \$3,200 more than originally budgeted. Both of these items will be included in the proposed budget for 2013.

Beltline Ashmore Public Improvement District (PID) presented one (1) budget amendment realigning their budget to cover the costs for repairing the brick wall that was damaged from the tornado. The costs incurred were \$5,200. The bottom line effect nets to zero.

Both amendments increasing the budget by utilizing fund balance, along with the request from Beltline Ashmore PID require approval from Council. These items will be presented for approval at the August 27, 2012 Council meeting.

Attachments

- TexPool Monthly Newsletter
- LOGIC Monthly Newsletter

Prepared and submitted by:
Opal Mauldin Robertson, City Manager
Sheree Haynes, Finance Director

Date: August 15, 2012

TEXPOOL

ANNOUNCEMENTS

We would like to recognize and welcome the following entities who joined the TexPool program in June 2012:

TEXPOOL

- Brazos Regional Public Utility Agency
- City of San Antonio

TEXPOOL PRIME

- Brazos Regional Public Utility Agency

Upcoming Events

07/19/12 – 07/21/12

AWBD Conference, San Antonio

08/20/12 – 08/31/12

IAC Conference, Austin

09/17/12 – 09/20/12

CIAT, San Marcos

09/28/12 – 09/30/12

IASA/IASB Annual Conference, Austin

TexPool Advisory Board Members

R.C. Allen	LaVonne Mason
Pat Buchanan	John McGuire
Jose Elizondo, Jr.	Clay McPhail
Ron Everett	Vivian Wood

Overseen by the State of Texas Comptroller of Public Accounts Susan Combs.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company.

Additional information regarding TexPool is available upon request:

www.texpool.com

1-866-439-7665

(1-866-TEX-POOL)

Fax: 866-839-3291

Federated®

Federated, founded in 1955, is a S&P 500 company that is publicly traded on the NYSE. It is one of the largest managers of AAA-rated money market portfolios in the country. (Source: *Money* 10/5/12)

Visit us at FederatedInvestors.com.

435804-24 (07/12)

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Monthly Newsletter July 2012

Economic and Market Commentary

Month in Cash: Forewarned is forearmed

July 1, 2012

As expected, Moody's Investors Service last month completed its review of major global banks in the U.S., UK, Germany, France and Switzerland, downgrading all of them one to three notches on a long-term basis. The announcement, while clearly significant, did not meet with any real resistance or reaction from the marketplace, mainly because the moves had been priced in long before. Moody's announced the review in February, and in the four months since, the markets had plenty of time to adjust to the implications of a potential downgrade. The downgrades haven't affected money markets much, either. The banks Moody's downgraded to second-tier issuers are still rated as first-tier institutions by Standard & Poor's and Fitch Ratings and, as a result, can still be used in accordance with SEC Rule 2a-7. That's not to say that the money markets haven't adjusted by reducing exposure to and shortening maturities within these institutions to account for the possibility that S&P or Fitch might review their ratings. For the time being, however, the impact of Moody's downgrade has been minimal.

June also saw the Federal Reserve extend "Operation Twist"—purchases of longer-term Treasury securities with the proceeds from the sale of short-term Treasuries—in accordance with expectations. This represented the path of least resistance for the Fed. To do nothing might have caused market turmoil, while outright purchases would have resulted in a somewhat unpalatable balance sheet expansion. Faced with few effective options left for stimulus, extending a program that has generally been considered to be successful at keeping longer-term rates low, if not particularly effective at spurring economic growth, buys the Fed a bit more time to sort through whatever tricks it might have left in its bag and to develop consensus.

Money markets like to 'twist'

For the money market world, Twist's extension represented a rare case in which increased monetary policy stimulus didn't hurt and, on the margins, actually helped. The sale of shorter securities in effect has put a floor beneath repo and Treasury rates, helping keep repo rates elevated while making Treasuries relatively more attractive compared with government agencies. Agency securities are fine; it's just that with Treasuries having the benefit of this Twist-induced support, it makes sense to allocate more money in that direction than may have been the case otherwise. This is particularly welcome given that in the fourth quarter of 2011, money markets regularly faced overnight repo rates of one or two basis points and negative rates for Treasuries.

(continued page 6)

PERFORMANCE as of June 30, 2012

	TexPool	TexPool Prime
Current Invested Balance	\$15,235,186,735.32	\$1,066,342,527.49
Weighted Average Maturity (1)*	46 Days	56 Days
Weighted Average Maturity (2)*	83 Days	89 Days
Net Asset Value	1.00002	0.99985
Total Number of Participants	2,267	146
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$1,748,528.42	\$152,298.25
Management Fee Collected	\$593,318.61	\$58,516.87
Standard & Poor's Current Rating	AAAm	AAAm

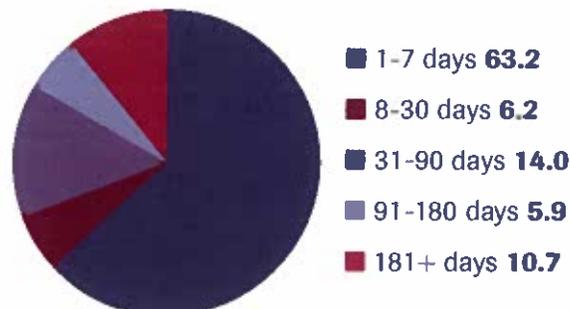
Month Averages

	TexPool	TexPool Prime
Average Invested Balance	\$15,280,693,813.04	\$1,114,075,507.14
Average Monthly Yield, on a simple basis (3)*	0.14%	0.17%
Average Weighted Average Maturity (1)*	46 Days	53 Days
Average Weighted Average Maturity (2)*	85 Days	55 Days

*Definitions for Average Monthly Yield and Weighted Average Maturity can be found on page 2.

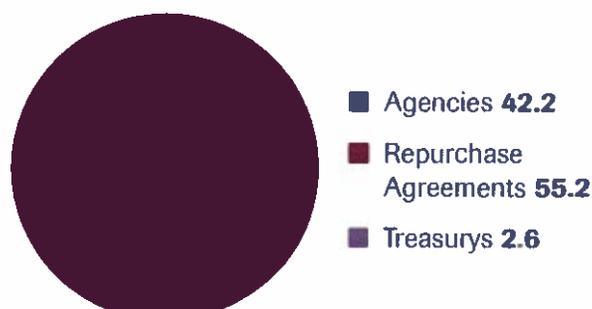
Portfolio by Maturity (%)

As of June 30, 2012



Portfolio by Type of Investment (%)

As of June 30, 2012



PORTFOLIO ASSET SUMMARY AS OF June 30, 2012

	Book Value	Market Value
Uninvested Balance	-\$11,787.93	-\$11,787.83
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	12,939,651.95	12,939,851.95
Interest and Management Fees Payable	-1,748,338.96	-1,748,338.96
Payable for Investments Purchased	0.00	0.00
Repurchase Agreements	8,405,369,000.00	8,405,369,000.00
Mutual Fund Investments	0.00	0.00
Government Securities	6,418,240,064.64	6,418,543,534.09
US Treasury Bills	0.00	0.00
US Treasury Notes	400,398,145.42	400,382,900.00
Total	\$15,235,186,735.32	\$15,235,474,859.15

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

PARTICIPANT SUMMARY

	Number of Participants	Balance
School District	569	\$5,299,059,181.30
Higher Education	56	\$1,514,689,734.07
Healthcare	79	\$416,732,135.74
Utility District	694	\$1,572,709,036.94
City	441	\$4,011,873,220.11
County	171	\$1,279,566,029.12
Other	257	\$1,124,448,047.60

Definition of Weighted Average Maturity (1) & (2)

**(1) "WAM Days" is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.*

**(2) "WAM Days" is calculated in the same manner as the described in footnote 1, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.*

Definition of Average Monthly Yield (3)

**(3) This current yield for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.*

TEXPOOL

DAILY SUMMARY

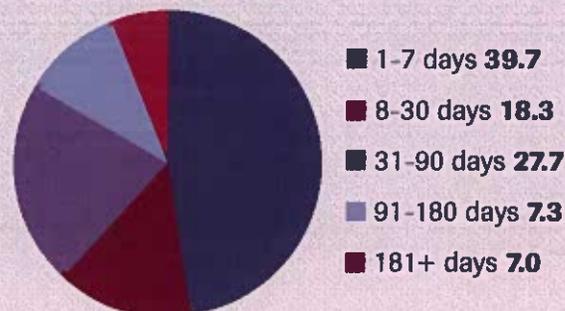
Date	Money Mk1. Fund Equiv. (SEC Std.)	Daily Allocation Factor	TexPool Invested Balance	Market Value Per Share	WAM Days (1)	WAM Days (2)
06/01	0.1399%	0.000003834	\$15,815,939,803.78	1.00007	42	82
06/02	0.1399%	0.000003834	\$15,815,939,803.78	1.00007	42	82
06/03	0.1399%	0.000003834	\$15,815,939,803.78	1.00007	42	82
06/04	0.1425%	0.000003905	\$15,545,469,540.63	1.00009	44	82
06/05	0.1339%	0.000003869	\$15,542,106,817.88	1.00009	45	83
06/06	0.1210%	0.000003316	\$15,438,221,258.31	1.00009	46	84
08/07	0.1180%	0.000003233	\$15,425,159,625.21	1.00009	45	84
06/08	0.1300%	0.000003563	\$15,350,568,278.69	1.00007	48	86
06/09	0.1300%	0.000003563	\$15,350,568,278.69	1.00007	48	88
06/10	0.1300%	0.000003563	\$15,350,568,278.69	1.00007	48	86
06/11	0.1290%	0.000003534	\$15,356,824,693.25	1.00007	48	84
06/12	0.1378%	0.000003774	\$15,324,851,724.25	1.00005	47	85
06/13	0.1538%	0.000004214	\$15,208,075,192.60	1.00006	47	85
06/14	0.1544%	0.000004231	\$15,143,524,765.44	1.00008	48	86
08/15	0.1669%	0.000004573	\$15,072,349,056.39	1.00006	49	87
06/16	0.1669%	0.000004573	\$15,072,349,056.39	1.00006	49	87
06/17	0.1869%	0.000004573	\$15,072,349,056.39	1.00006	49	87
06/18	0.1472%	0.000004032	\$15,200,948,802.09	1.00006	47	85
06/19	0.1234%	0.000003360	\$15,287,214,819.86	1.00004	46	84
06/20	0.1138%	0.000003117	\$15,149,095,351.64	1.00004	47	86
06/21	0.1236%	0.000003385	\$15,077,539,238.87	1.00004	47	86
06/22	0.1579%	0.000004327	\$15,024,195,924.22	1.00004	48	87
06/23	0.1579%	0.000004327	\$15,024,195,924.22	1.00004	48	87
06/24	0.1579%	0.000004327	\$15,024,195,924.22	1.00004	48	87
06/25	0.1570%	0.000004301	\$15,302,850,539.64	1.00004	45	83
06/26	0.1161%	0.000003181	\$15,318,659,982.33	1.00003	44	82
08/27	0.1261%	0.000003454	\$15,231,011,045.86	1.00003	45	83
06/28	0.1293%	0.000003542	\$15,209,728,533.80	1.00002	45	83
06/29	0.1366%	0.000003743	\$15,235,186,735.32	1.00002	46	83
06/30	0.1366%	0.000003743	\$15,235,186,735.32	1.00002	46	83
Average	0.1395%	0.000003822	\$15,280,893,813.04	1.00008	46	85

TEXPOOL PRIME

July 2012

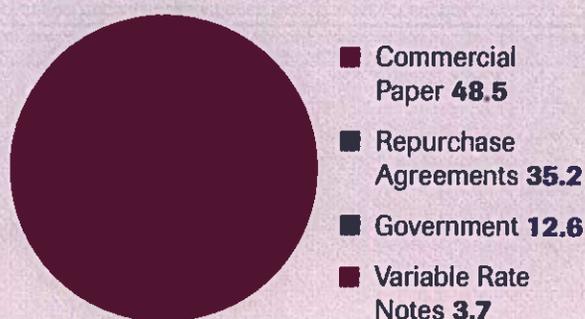
Portfolio by Maturity (%)

As of June 30, 2012



Portfolio by Type of Investment (%)

As of June 30, 2012



PORTFOLIO ASSET SUMMARY AS OF June 30, 2012

	Book Value	Market Value
Uninvested Balance	\$49.88	\$49.88
Accrual of Interest Income	252,860.11	252,860.11
Interest and Management Fees Payable	-152,298.40	-152,298.40
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	0.00	0.00
Repurchase Agreements	375,302,000.00	375,302,000.00
Commercial Paper	610,644,884.14	610,478,770.75
Bank Instruments	0.00	0.00
Mutual Fund Investments	0.00	0.00
Government Securities	60,295,029.76	60,303,575.00
Variable Rate Notes	20,000,000.00	20,000,000.00
Total	\$1,066,342,527.49	\$1,066,184,959.34

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

PARTICIPANT SUMMARY

	Number of Participants	Balance
School District	69	\$446,401,814.84
Higher Education	8	\$49,944,619.68
Healthcare	7	\$10,884,533.29
Utility District	4	\$35,872,526.86
City	25	\$120,047,299.10
County	18	\$216,866,207.55
Other	15	\$186,503,109.52

TEXPOOL PRIME

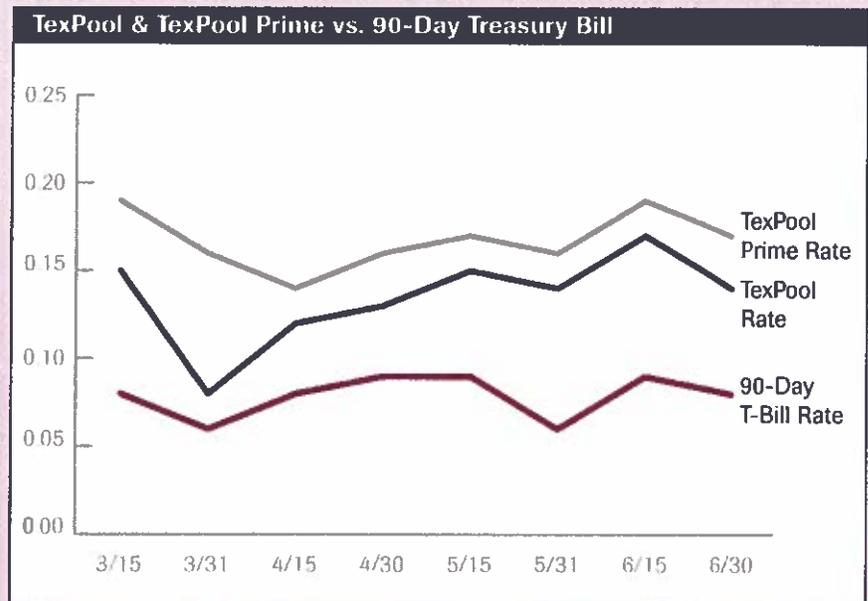
DAILY SUMMARY						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Daily Allocation Factor	TexPool Prime Invested Balance	Market Value Per Share	WAM Days (1)	WAM Days (2)
06/01	0.1887%	0.000004823	\$1,142,259,358.86	1.00004	47	47
06/02	0.1687%	0.000004623	\$1,142,259,356.86	1.00004	47	47
08/03	0.1887%	0.000004623	\$1,142,259,358.88	1.00004	47	47
06/04	0.1596%	0.000004373	\$1,142,061,071.84	1.00004	50	51
08/05	0.1584%	0.000004341	\$1,147,634,785.01	1.00004	49	50
06/06	0.1487%	0.000004075	\$1,131,274,149.55	1.00004	53	53
08/07	0.1473%	0.000004035	\$1,124,577,870.98	1.00004	52	53
06/08	0.1574%	0.000004313	\$1,128,088,046.30	1.00004	54	55
06/09	0.1574%	0.000004313	\$1,128,088,048.30	1.00004	54	55
06/10	0.1574%	0.000004313	\$1,128,088,048.30	1.00004	54	55
06/11	0.1584%	0.000004284	\$1,123,692,853.46	1.00005	52	52
06/12	0.1705%	0.000004870	\$1,118,695,823.11	1.00003	57	57
06/13	0.1795%	0.000004919	\$1,130,137,587.89	1.00004	58	56
06/14	0.1813%	0.000004988	\$1,125,448,397.93	1.00003	56	56
06/15	0.1853%	0.000005078	\$1,114,208,877.38	1.00003	57	57
06/16	0.1853%	0.000005076	\$1,114,208,877.36	1.00003	57	57
06/17	0.1853%	0.000005078	\$1,114,208,877.38	1.00003	57	57
06/18	0.1772%	0.000004855	\$1,120,709,106.67	1.00004	55	55
06/19	0.1551%	0.000004250	\$1,115,122,284.38	0.99986	54	54
06/20	0.1488%	0.000004078	\$1,113,272,321.30	0.99986	54	54
08/21	0.1428%	0.000003913	\$1,103,391,741.69	0.99988	54	54
06/22	0.1846%	0.000005058	\$1,095,791,367.10	0.99986	54	54
08/23	0.1846%	0.000005058	\$1,095,791,367.10	0.99988	54	54
06/24	0.1846%	0.000005058	\$1,095,791,367.10	0.99986	54	54
06/25	0.1794%	0.000004916	\$1,088,245,382.90	0.99988	52	52
06/26	0.1388%	0.000003804	\$1,092,414,128.94	0.99985	51	51
06/27	0.1571%	0.000004303	\$1,088,039,500.71	0.99986	55	88
06/28	0.1605%	0.000004398	\$1,085,820,270.04	0.99986	55	68
06/29	0.1705%	0.000004871	\$1,066,342,527.49	0.99985	58	69
06/30	0.1705%	0.000004671	\$1,066,342,527.49	0.99985	56	69
Average	0.1663%	0.000004558	\$1,114,075,507.14	0.99897	53	55

TEXPOOL

Participant Services
1001 Texas Ave. 14th Floor
Houston, TX 77002

(continued from page 1)

Overall, short interest rates—whether London inter-bank offered rates (Libor), repo, Treasuries or commercial paper—have remained very steady in this softening economic recovery. We're still seeing enough issuance on the short end of the yield curve, and short-term commercial paper is sufficient to finance working capital needs, so it's been steady as she goes. The lack of progress on unemployment has been a disappointment to the marketplace, but again, it hasn't had a real impact on money market rates. We're still growing, just at a slower rate, and the yield curve remains the same.



90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.

Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.

Performance

As of June 30, 2012

Current Invested Balance	\$2,740,188,470.00
Weighted Average Maturity (1)*	38 Days
Weighted Average Maturity (2)*	44 Days
Net Asset Value	1.000098
Total Number of Participants	437
Management Fee on Invested Balance	0.0875%
Interest Distributed	\$766,924.49
Management Fee Collected	\$197,526.23
% of Portfolio Invested Beyond 1 Year	0.27%
Standard & Poor's Current Rating	AAAm

June Averages:

Average Invested Balance	\$2,754,765,360.99
Average Monthly Yield, on a simple basis	0.2514%
Average Weighted Average Maturity (1)*	42 Days
Average Weighted Average Maturity (2)*	48 Days

*Definition of Weighted Average Maturity (1) & (2)

- (1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
- (2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

Rates reflect historical information and are not an indication of future performance.

News

New Participants

We would like to welcome the following entities who joined LOGIC in June:

- ★ Garner ISD
- ★ City of Groesbeck

Program Update

LOGIC will be going through a conversion of back office systems effective July 23, 2012. You should have already received information regarding the change to your account numbers. In the next week, you will be receiving information regarding the updated internet transaction system along with a new temporary password and system user guide. Should you have any questions, please contact LOGIC Participant Services at 1-800-895-6442.

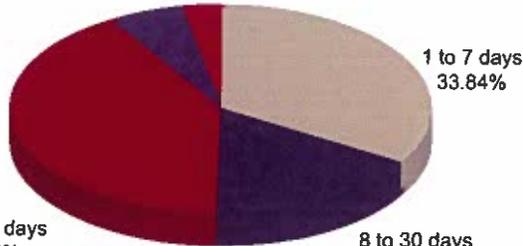
Economic Commentary

European and global growth concerns continued to be the main drivers of markets during the quarter. In the U.S., an unseasonably warm winter pulled economic activity forward into the first quarter. While the housing market appears to be stabilizing, consumers continue to de-leverage and corporations are still hoarding cash, thus holding back spending and job creation. Consistent with slowing growth in the labor market, consumer spending growth has waned. In Europe, austerity measures are taking a bite out of growth, pushing the peripheral areas into a recession and threatening to do the same to the core. Growth in Asia, and China in particular, has been below expectations, and the Bank of China has not been as aggressive in stimulating the economy as investors had hoped. Markets found some reassurance from the EU Leaders Summit where the leaders agreed to use pooled ESM funds from all EU countries that can issue bonds to directly recapitalize banks without using the sovereign as intermediary and guarantor. This announcement was the main reason markets rebounded the last day of the quarter, pointing to the extremely low expectations from investors that EU leaders would come up with any substantial agreement. In the U.S., investors hoped that the Federal Reserve would embark on a new asset purchase program, but were disappointed as the Fed announced only the continuation of its "Operation Twist" program until the end of 2012.

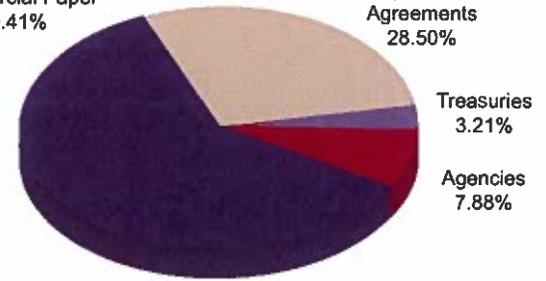
Economic outlook for growth in the U.S. is still mired with uncertainty, much of which is due to the "fiscal cliff" of automatic spending cuts via sequestration and expiring income tax cuts, payroll tax cuts and Medicare reimbursement rates for doctors. Congress will likely vote to delay the effective date of spending cuts until well into the first quarter of 2013. However, the lack of a compromise could detract from GDP by as much as 3% to 4% and trigger a recession next year. If the markets see a growing probability that no agreement can be reached, Treasury rates will fall further and risk assets, such as corporate credit, will underperform, pricing in the expectation of lower earnings. The Fed has communicated that it is ready to ease again, should economic conditions warrant. With inflation subdued and even falling, and little improvement in labor market slack, the chances of further accommodation prior to the end of the year is about even.

*Portfolio by
Type of Investment
As of June 30, 2012*

91 to 180 days 5.92% 181+ days 2.85%



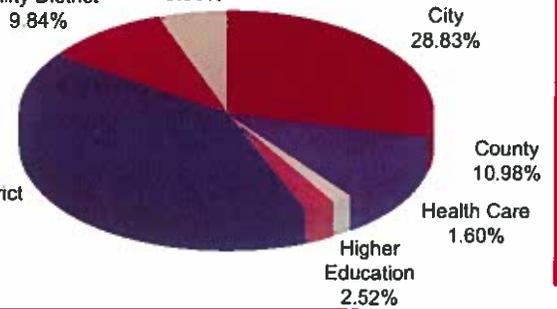
Commercial Paper 60.41%



*Portfolio by
Maturity
As of June 30, 2012*

31 to 90 days 40.72%

Utility District 9.84%



*Distribution of
Participants by Type
As of June 30, 2012*

School District 40.73%

Historical Program Information

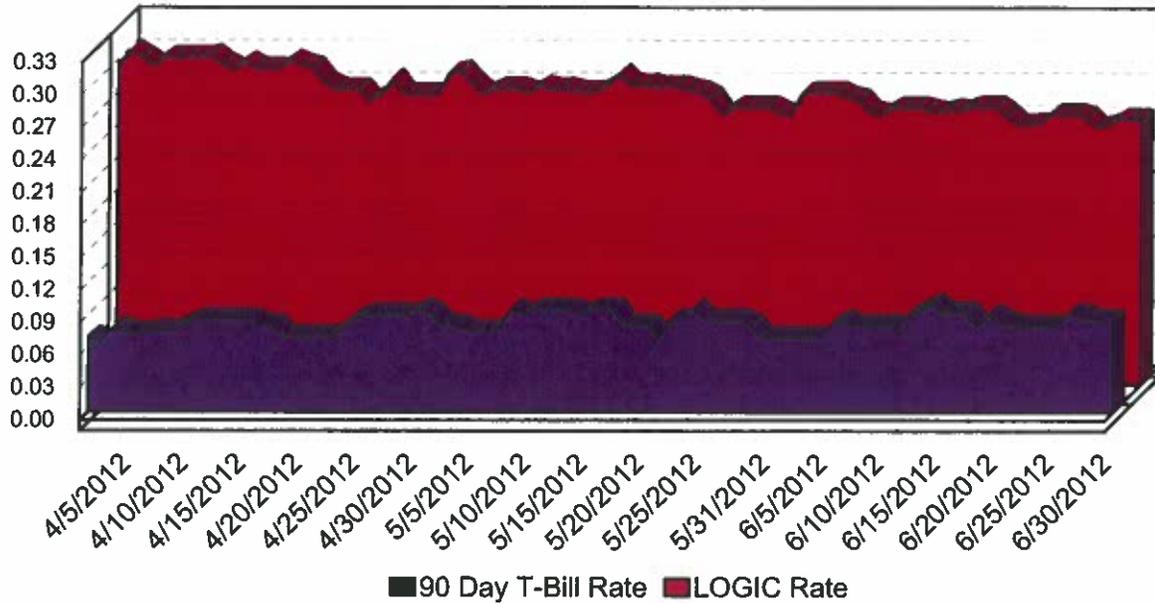
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Jun 12	0.2514%	\$2,740,188,470.00	\$2,740,458,128.80	1.000098	42	48	437
May 12	0.2683%	2,838,358,807.97	2,838,700,233.67	1.000120	49	56	435
Apr 12	0.2864%	3,146,524,243.82	3,146,890,397.72	1.000116	44	48	433
Mar 12	0.2942%	3,263,401,089.13	3,263,825,072.25	1.000129	48	51	426
Feb 12	0.2860%	3,230,282,021.25	3,230,605,825.73	1.000100	53	55	423
Jan 12	0.2513%	3,139,196,113.09	3,139,446,843.68	1.000079	39	41	422
Dec 11	0.2085%	2,477,652,428.03	2,477,850,942.56	1.000080	40	43	421
Nov 11	0.1874%	2,259,728,979.97	2,259,941,196.35	1.000093	47	51	421
Oct 11	0.1470%	2,279,051,628.31	2,279,247,462.46	1.000085	47	53	420
Sep 11	0.1381%	2,188,738,663.58	2,188,922,466.41	1.000075	46	52	418
Aug 11	0.1380%	2,182,133,828.03	2,182,294,888.70	1.000073	53	59	416
Jul 11	0.1424%	2,313,406,799.39	2,313,569,380.42	1.000070	49	55	414

Portfolio Asset Summary as of June 30, 2012

	Book Value	Market Value
Uninvested Balance	\$ 649.44	\$ 649.44
Accrual of Interest Income	371,326.41	371,326.41
Interest and Management Fees Payable	(827,349.45)	(827,349.45)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	781,088,000.00	781,088,000.00
Commercial Paper	1,655,504,156.22	1,655,752,018.00
Government Securities	304,051,687.38	304,073,484.40
Total	\$ 2,740,188,470.00	\$ 2,740,458,128.80

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of LOGIC. The only source of payment to the Participants are the assets of LOGIC. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact LOGIC Participant Services.

LOGIC versus 90-Day Treasury Bill



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The LOGIC management fee may be waived in full or in part at the discretion of the LOGIC co-administrators and the LOGIC rate for the period shown reflects waiver of fees. This table represents investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the LOGIC pool to the T-Bill Yield, you should know that the LOGIC pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill.

Daily Summary for June 2012

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
6/1/2012	0.2690%	0.000007371	\$2,835,404,407.04	1.000108	44	51
6/2/2012	0.2690%	0.000007371	\$2,835,404,407.04	1.000108	44	51
6/3/2012	0.2690%	0.000007371	\$2,835,404,407.04	1.000108	44	51
6/4/2012	0.2640%	0.000007232	\$2,820,162,974.21	1.000125	43	50
6/5/2012	0.2616%	0.000007166	\$2,810,073,086.18	1.000125	43	50
6/6/2012	0.2506%	0.000006866	\$2,807,100,705.21	1.000127	43	50
6/7/2012	0.2487%	0.000006815	\$2,831,382,594.48	1.000125	43	50
6/8/2012	0.2551%	0.000006989	\$2,799,391,323.27	1.000113	42	49
6/9/2012	0.2551%	0.000006989	\$2,799,391,323.27	1.000113	42	49
6/10/2012	0.2551%	0.000006989	\$2,799,391,323.27	1.000113	42	49
6/11/2012	0.2525%	0.000006917	\$2,780,372,493.92	1.001200	42	49
6/12/2012	0.2502%	0.000006855	\$2,761,458,390.41	1.000116	43	50
6/13/2012	0.2532%	0.000006937	\$2,761,312,669.76	1.000112	43	50
6/14/2012	0.2523%	0.000006913	\$2,722,214,639.03	1.000112	43	51
6/15/2012	0.2559%	0.000007010	\$2,722,653,337.71	1.000099	42	48
6/16/2012	0.2559%	0.000007010	\$2,722,653,337.71	1.000099	42	48
6/17/2012	0.2559%	0.000007010	\$2,722,653,337.71	1.000099	42	48
6/18/2012	0.2482%	0.000006799	\$2,727,777,583.28	1.000110	41	47
6/19/2012	0.2388%	0.000006542	\$2,726,436,474.18	1.000109	41	48
6/20/2012	0.2398%	0.000006570	\$2,705,875,814.61	1.000111	42	48
6/21/2012	0.2402%	0.000006581	\$2,689,254,382.78	1.000112	43	49
6/22/2012	0.2489%	0.000006820	\$2,659,968,993.52	1.000097	41	47
6/23/2012	0.2489%	0.000006820	\$2,659,968,993.52	1.000097	41	47
6/24/2012	0.2489%	0.000006820	\$2,659,968,993.52	1.000097	41	47
6/25/2012	0.2455%	0.000006726	\$2,742,858,542.53	1.000105	38	44
6/26/2012	0.2367%	0.000006484	\$2,744,469,804.10	1.000103	41	47
6/27/2012	0.2393%	0.000006555	\$2,743,399,458.08	1.000105	40	46
6/28/2012	0.2447%	0.000006704	\$2,736,180,092.29	1.000102	40	46
6/29/2012	0.2441%	0.000006688	\$2,740,188,470.00	1.000098	38	44
6/30/2012	0.2441%	0.000006688	\$2,740,188,470.00	1.000098	38	44
Average	0.2514%	0.000006887	\$2,754,765,360.99		42	48

LOGIC Participant Services
c/o First Southwest Asset Management, Inc.
325 North St. Paul Street, Suite 800
Dallas, TX 75201



LOGIC Board Members

Philip G. Roberson	Arlington ISD	Board President
Fred L. Werner	Unaffiliated	Board Vice President
Judd R. Sanderson	North Texas Municipal Water District	Board Treasurer / Investment Officer
Sandra Newby	Tarrant Regional Water District	Board Member
Wes Vela	City of Missouri City	Board Member

LOGIC Board

Contacts

For more information contact LOGIC Participant Services ★ 1-800-895-6442 ★ www.logic.org



J.P.Morgan
Asset Management

LANCASTER CITY COUNCIL
Work Session Agenda Communication for
August 20, 2012

2

WS12-002

Discuss Quarterly Report of City Council Five Year Goals and Strategies established during the annual City Council Strategic Planning Session in June 2012.

This request supports the City Council 2012-2013 Policy Agenda.

Goal: Financially Sound City Government
Civic Engagement
Healthy, Safe & Vibrant Neighborhoods
Professional & Committed City Workforce
Sound Infrastructure
Quality Development

Background

The FY 2011/2012 First Quarter Update was presented at the Monday, February 20, 2012 work session. An update on the second quarter of this fiscal year was presented during strategic planning in June 2012. This third quarter update will provide an overview of the implementation and progress on strategies and initiatives outlined in the strategic plan, and how said strategies connect to continued progress toward the realization of Lancaster Vision 2027.

1. Financially Sound Government

The City has a long-range financial plan and has prudent fiscal policies and processes in place. It has met or exceeded its general fund reserve goals, has funds available to address the needs of the community, and responsibly manages its debt. The community continues to move toward a more competitive tax rate.

1. Revise and Amend Storm Water Ordinance.

This is the first year where all the Best Management Practices (BMPs) have been completed on or before August 12, 2012. The renewal of the current Phase II permit has been delayed due to differences in languages between the US EPA and TCEQ. As of now, we have a draft copy of the permit but the language in it is not final. The final permit is expected in March 2013.

As a background, The Federal Clean Water Act requires the EPA to regulate stormwater discharge into bodies of water in the United States. In Texas, the TCEQ ensures compliance with this by issuing a general permit allowing small municipal separate stormwater systems, known as Phase II MS4s, to discharge directly into

surface water in Texas. A Phase II MS4 is one located in an urbanized area (UA) as defined by the U.S. Census Bureau, or located outside of a UA and brought into the program by the TCEQ. The U.S. Census Bureau recently completed the delineation of UAs based on the 2010 Census.

The Phase II MS4 General Permit TXR040000 was originally issued and effective on August 13, 2007. The TCEQ is in the process of renewing this permit, which expires on August 12, 2012. Throughout the renewal process, the TCEQ has been seeking input from NCTCOG, TML and Phase II MS4 cities and has used this input to negotiate with the EPA. This process has taken longer than expected, so it is certain that the renewed permit will not yet be issued when the current one expires. However, the Phase II MS4 cities that are covered by the current permit will continue to be covered until the new one is issued. After the new MS4 general permit is issued, expected in March 2013, currently-regulated entities will have 180 days from the date of issuance to renew coverage by submitting Notice of Intent for Stormwater Discharges (NOI) and a Stormwater Management Program (SWMP). The TCEQ plans on sending a notification letter to all entities upon a final permit.

Staff has reviewed the draft permit and it seems at this time that we may need to add in some more BMPs and combine a few of them (not anything significantly different for now). After a final permit is issued, the City Engineer will review and provide a final recommendation on the storm water management plan. As it seems right now, we may need a consultant's help on updating the storm water management plan (a one time effort) and after that we will be responsible for implementing and documenting our work. The City Engineer has also budgeted for a software that can help with documenting and final reporting to TCEQ.

2. Amend Financial Policies to maintain a minimum 12% fund balance and designate any excess to the Capital Improvement Program (CIP) and Equipment Replacement Fund.

The Financial Policies are presented to Council for consideration annually during the budget adoption process. Staff will amend the policies to reflect the change in the fund balance policy. The amendment will change the current minimum fund balance from 10% to 12% and designate any excess above 12% to the Capital Improvement Projects (CIP) and Equipment Replacement Fund.

3. Additional Considerations

Inclusion of a five year Capital Improvement Project (CIP) Budget is being presented for Council consideration during the FY 2012/2013 budget process.

Presentations regarding the CIP budget recommendations are currently being presented during City Council work sessions as scheduled by fund department.

2. Quality Development

The City encourages high quality construction in its housing, commercial buildings and public facilities. The City employs sustainable building practices and encourages conservation and the use of alternative energy sources. The city has a diverse housing stock with walkable neighborhoods and other high-quality neighborhood amenities. A diversity of commercial businesses include corporate business parks and distribution facilities, which makes use of the expanded airport, rail, and highway system. Retail areas have grown because of growth in industrial commercial and residential development.

1. Update the Comprehensive Plan

Comprehensive Plan for the City of Lancaster 3-Year Work Plan

What: updating the 2002 Lancaster Comp Plan

Why: to address changes in the city and to adjust the Plan based on new directives and changing ideologies

When: beginning in FY2013 and completing by FY2015

How: hiring and working with a consulting firm to assess the needs of the community and the growth for the future

Following is a preliminary breakdown of the 3 year process. Staff will continue to gather information for the process from colleagues and consultants to prepare a Gantt chart identifying tasks and appropriate timeframes for the overall project. A more detailed chart will be produced by the consultants for tasks associated with the project.

Year 1

- Submit a Request for Proposal to hire an appropriate consulting firm who could fulfill the needs of the plan in a timely and cost efficient nature.
- Review existing plans (downtown, parks, campus district, etc.) for potential incorporation into the Comp Plan
- Identify tasks for the consultant to complete – public outreach, research and analysis, conduct public meetings, write the plan, draft the layout, take pictures
- Have consultant produce an 18-month timetable for completing the plan

Year 2

- Background work to determine nature of the current plan, existing conditions of the city
- Identify components to incorporate into the plan (thoroughfare, parks, economic development, etc.)
- Identify key stakeholders
- Determine how we will involve the public (1-2 large town hall meetings (beginning and end) vs multiple, smaller meetings)
- Begin data collection and research

- Begin public meetings
- Draft public surveys for more input
- Begin analysis of data and public/stakeholder input

Year 3

- Conclude analysis based on research and public input
- Develop draft document with recommendations
- Draft implementation plan
- Hold public hearings with P&Z and City Council to address draft documents and make any changes prior to final adoption
- Adopt the final plan
- Begin implementation of the plan

2. Recruit Quality Commercial, Industrial and Retail Jobs.

Economic Development staff continues working toward the attraction of projects creating commercial, industrial and retail development in order to create a growing tax base and growth in the community's daytime population ensuring the financial sustainability of government in Lancaster and jobs for our residents.

- Staff will recruit and host visits of companies looking to relocate or expand their business operations
- Staff will respond to inquiries for information regarding potential development projects with community, economic and specific site data
- Staff will join with other City departments in designing and conducting a builder-developer-broker event designed to highlight and inform participants on the City's development process and development opportunities

During this reporting period, staff hosted one company visit and responded to three inquiries for information

3. Target marketing program to commercial, industrial and retail brokerage community.

Economic Development staff will develop and implement efficient and effective marketing programs designed to solicit and secure the interest of the commercial, industrial and retail development-brokerage communities to promote Lancaster as a profitable marketplace for their client's future relocation or expansion needs.

- Staff will conduct sales calls on commercial, industrial and retail brokers and developers to promote Lancaster as a location for their projects or the projects of their clients
- Staff will participate in development and brokerage industry trade shows and events promoting Lancaster as a profitable marketplace for their client's future relocation or expansion needs.

- Staff will participate with regional and state economic development agencies in marketing missions designed to highlight the assets of the region and specifically Lancaster
- Staff will conduct international sales missions to recruit the financial investment of foreign companies in Lancaster

During this reporting period, staff conducted five sales calls on commercial-industrial real estate brokers and participated in one commercial-industrial broker event.

4. Continue to implement the Airport Master Plan.

Lancaster Regional Airport has two design and engineering projects underway per the Airport Master Plan in FY 2012. Project (1) is the design/engineering for a new south apron, stub taxiway, connection taxi lane, and helicopter landing apron. Project (2) is the design/engineering for a new 12,000 gallon self serve fuel farm and service road. Construction for these projects is scheduled for FY 2014. This project is in partnership with TxDOT – Aviation Division. The grant is funded 90% by TxDOT and 10% City match. The following is the City match requirement.

Project (1)	\$22,931.25
<u>Project (2)</u>	<u>\$8,068.75</u>
Total:	\$31,000.00

The preliminary engineering meeting with TxDOT – Aviation, KSA Engineers, and Lancaster Regional Airport occurred in mid March. To date, KSA engineers have taken core soil samples and met w/ City of Lancaster officials to begin the design phase. A preliminary engineering review meeting between TxDOT – Aviation, KSA Engineers, and the Airport occurred in early June. The design has been value engineered to keep the project within budget. Upon completion, these projects make Lancaster Regional Airport even more attractive to corporate jets and business aircraft.

On March 20th, 2012, the Airport opened a new 1,000 gallon self serve avgas fuel facility. This facility was installed and constructed at no cost to the Airport. The Airport's fuel supplier, Shell, provided for 67% of the cost to purchase the equipment and Lancaster Economic Development Corporation (LEDC) covered the remaining 33%. Fuel sales have increased dramatically since the opening of this facility.

5. Additional Considerations

Implement three year annexation plan for the E.T.J.

The City Council approved the Sunrise District in the first portion of the Three-year annexation plan. It was approved at the November 14, 2011 regular City Council meeting in accordance with State Law. Staff has been working to familiarize residents with major city services offered, pursuant to the approved service plan. Staff has re-mapped city limits, provided updated maps to appropriate entities,

worked with residents in the area on transition of waste hauling services, and hosted a new resident's town hall meeting.

Staff continues to work with the City Attorney's office on annexation agreements and is preparing for the continuation of the three year plan which includes the Wilson/Nokomis District and the Hash Road District scheduled for consideration in 2012 and 2013, respectively.

3. Healthy, Safe, & Vibrant Neighborhoods

Lancaster is a safe place where neighbors know each other. The community unites at city-wide events that keep neighborhoods strong. Compassionate code enforcement maintains our residential neighborhoods, and all residents have access to parks near where they live.

- 1. Expand Police visibility and involvement in the community through community watch programs, and teen/youth activities and education.**

TEEN GAMING NIGHT

In an effort to address unbecoming activity and mass gatherings in the Movie theater parking lot, the Lancaster Police Department and the Parks and Recreation Department partnered in Summer 2012 to host the "Teen Gaming Night".

This unique event was held at the police storefront located across from the Cinemark Movie Theater in Lancaster. Over 80 teens enjoyed video game tournaments utilizing the latest video gaming systems to include X Box 360, Wii and Play Station 3. Teens also enjoyed pizza, snacks and drinks, as well as, self awareness workshops led by recreation staff and Lancaster Police officers.

This event created an opportunity for Teens and Police officers to interact in a positive environment which has statistically proven to reduce criminal activity. Two additional gaming nights will take place in July and August.

Free Summer Lunch Program

The summer food program provides free, nutritious meals to children 18 years of age or younger. Nutritional meals allow students to get the nutrition they need to learn, play and grow through the summer months. The summer food program is sponsored by the Chocolate Mint Foundation. Lancaster Police Officers frequently visited these sites and had the opportunity to meet with you and interact with the public. Locations of the summer lunch program included Lancaster Recreation Center, as well as, addressed the need of recreation programming and activities in the west sector of Lancaster.

Monday-Friday Lunch served 11:00 a.m.–12:00 p.m. Snack served 3:00 p.m.–4:00 p.m.

Meadowcreek Park (901 Meadowcreek Dr.)
J. A. Dewberry Park (2975 Green Dr.)

2. Support Lancaster neighborhoods in the creation of Public Improvement Districts (PID's) throughout the City to strengthen and connect neighborhoods.

An All HOA/PID Meeting was held Thursday, February 23, 2012 and an All PID Board Meeting was held on Thursday, June 14, 2012 in an effort to assist neighborhoods with questions and details regarding the management of current Public Improvement District communities as well as to provide details regarding the PID establishment process for the upcoming fiscal year. Inquiries and insights from various communities were discussed and addressed by staff during the meeting. As a result, a PID Policy Committee comprised of citizens from Public Improvement District Advisory Boards has been established and is currently working with staff toward the development of a policy to assist in PID governance.

4. Professional & Committed Workforce

Lancaster city government is an employer of choice with competitive pay that attracts an engaged, responsive, customer-oriented, innovative, and effective workforce. Some employees live in the City and all have a sense of ownership of the community. City employees feel needed and appreciated by elected officials, residents and businesses and are respectful to and appreciative of the customers and the City's governing body. The City's executive staff is engaged with residents and attends community events, uphold strong customer service, and use technology to aid them in working smarter.

Codification

Franklin Legal has submitted the draft Code of Ordinances for review. The City Attorney and City Secretary are reviewing the codes for accuracy. Corrections will be submitted to Franklin Legal by the end of May. Subsequently, Council will consider formal adoption of the updated Code of Ordinances. This action by Council will complete the codification of Volume 1 (all non-development ordinances).

5. Sound Infrastructure

The City has well-maintained streets and well-planned preventative maintenance programs for Infrastructure and assets.

1. FCC Compliance with Narrowband Requirements.

FCC Compliance with Narrowband Requirements. – Public safety has filed the necessary paperwork with the FCC for the UHF frequency band to correct long term radio frequency problems associated Narrowbanding. Our current plan is to proceed with the narrowbanding of the VHF frequencies as soon as possible to address the immediate police, fire, and early warning siren radio issues. Due to our short timeline our goal is to become compliant prior to January 1 2013 and then correct the residual problems with the UHF band system.

2. Street Maintenance Program.

Staff is compiling a Streets Maintenance Program presentation that will present the concept of "It's cheaper to maintain than repair". The presentation will also present a summary on the condition of our streets as documented by our Pavement Management Software and an on-going plan for a Streets Maintenance Program and the annual funding needed to actualize the program.

Staff has identified funding to be able to commence repair to Walnut Street, Oak Street, and Henry Street as a result of undesignated street funding from the bond sale.

3. Plan for new Fleet Maintenance Facility.

Plan for new Fleet Maintenance Facility. – Staff has outlined the following steps for the plan for the new Fleet Maintenance Facility.

- a. Location identification
- b. Site selection
- c. Land acquisition
- d. LISD partnership opportunities
- e. Functional Considerations
- f. Funding Plan
- g. Design work
- h. Construction

4. Additional Considerations

Assess the contract of the current management of the Golf Course by 2011, and review and adopt the golf course five-year improvement plan by January 2011.

The assessment of the current management contract of the Country View Golf Course has been completed, as well as, a review of the golf course five-year improvement plan. Upon reviewing both, environmental concerns and incomplete title work were identified. A plan of action has been developed to address both instances which have delayed the implementation of the improvement plan with environmental concerns holding precedent. Title work is currently being completed and should be remedied in the next few months. However, several improvements have taken place at the Golf Course to increase participant usability and enhance the aesthetic appearance. Improvements are as follows:

- renovation of men's restrooms
- lighting improvements inside the club house dining area
- installed new windows and tint to reduce energy cost
- replaced and repaired main entrance to club house
- installed new railings in the foyer that extends to cart area
- Exterior of Club house and outdoor restrooms currently having wood repaired and replaced and exterior painted
- Cart path materials purchased to be installed when season slows down

6. Civic Engagement

The City provides opportunities for involvement through special events, boards and commissions, youth and parent volunteer opportunities in recreation, sports teams, City elections, civic leadership academy, and City-wide celebrations.

Prepared and submitted by:
Opal Mauldin Robertson, City Manager

Date: August 15, 2012

LANCASTER CITY COUNCIL
Work Session Agenda Communication for
August 20, 2010

3

WS12-003

Discuss the Fiscal Year 2012-2013 proposed budget.

This request supports the City Council 2012-2013 Policy Agenda.

Goal: Financially Sound City Government

Background

An overview of the proposed fiscal year 2012-2013 budget was presented to City Council on Monday, August 6, 2012.

This item is placed on the work session agenda to provide an opportunity for Council to continue discussions regarding the proposed budget. An additional work session on the budget is scheduled for Tuesday, August 28, 2012 if needed.

Public Hearings are scheduled for Monday, August 27, 2012 and September 10, 2012. Consideration and adoption of the budget is scheduled for Monday, September 10, 2012.

Please be sure to bring your budget book to the work session.

Prepared and submitted by:
Opal Mauldin Robertson, City Manager

Date: August 6, 2012