

# City of Meadowlakes

## RESOLUTION 2016-04

March 8, 2016

**A RESOLUTION BY THE CITY OF MEADOWLAKES, BURNET COUNTY, TEXAS, RE-ADOPTING THE CITY OF MEADOWLAKES INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, Chapter 2256 of the Government Code, commonly known as the "Public Funds Investment Act," requires the city to adopt an investment policy by rule, order, ordinance, or resolution; and

**WHEREAS**, said Code requires the governing body of and investing entity to review its investment policy and investment strategies not less than annually;

**WHEREAS**, the Public Funds Investment Act requires the treasurer; the chief financial officer, if not the treasurer; and the investment officer of the city to attend investment training; and

**WHEREAS**, State law and City of Meadowlakes Investment Policy require annual review by the City Council and

**WHEREAS**, the City of Meadowlakes has previously appointed the City Manager as the Investment Officer of the city; and

**WHEREAS**, the City of Meadowlakes has approved investment training courses sponsored by the Texas Municipal League, the Government Finance Officers Association of Texas, the Government Treasurer's Organization of Texas, the Association of Public Treasurers of the United States and Canada, the University of North Texas Center for Public Management, the Texas State University, and the Houston-Galveston Council of Governments; and

**WHEREAS**, the investment officer of the City has attended investment training courses as required by said Code; and

**WHEREAS**, the City Council has reviewed the attached investment policy and investment strategy, and the incorporated revisions comply with the Public Funds Investment Act, as amended, authorize the investments of city funds in safe and prudent investments.

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

**Section 1.** That the City of Meadowlakes has complied with the requirements of the Public Funds Investment Act, and the Investment Policy, as amended, attached hereto as "Exhibit A," is hereby adopted as the investment policy of the city effective the 8th day of March, 2016.

**Section 2.** That the City Council of the City of Meadowlakes has completed its review of the investment policies and investment strategies and any changes made to said policy is recorded in Exhibit "A" hereto.

**Section 3.** That all provisions of the resolution of the City of Meadowlakes, Texas in conflict with the provisions of this resolution are, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution

**Section 4.** It is hereby declared to be the intention of the City Council of the City of Meadowlakes, Texas that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this ordinance shall be declared unconstitutional by a valid judgment or decree of any court or competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this ordinance, since the same would have been enacted by the City Council without incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**Section 5.** This resolution shall take effect immediately from and after its passage.


**Section 6.** It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Texas Open Meetings Act.

**PASSED, ADOPTED AND APPROVED** by the City Council of the City of Meadowlakes this the 8th day of March, 2016.

APPROVED:

  
Mary Ann Raesener, Mayor

ATTEST:

  
Loren Meiner, City Secretary

ATTACHMENT "A"  
RESOLUTION 2016-04

# INVESTMENT POLICY

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## **City of Meadowlakes**

**Approved: March 8, 2016**

**CITY OF MEADOWLAKES  
INVESTMENT POLICY**

**I. POLICY STATEMENT**

It is the policy of the City of Meadowlakes (City) that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made 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 City and conforming to all applicable state statutes 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 City to be in complete compliance with local law and the Texas Public Funds Investment Act (the "Act"). The earnings from investment will be used in a manner that best serves the interests of the City.

**II. SCOPE**

The Investment Policy applies to the investment and management of all funds under the direct control of the City of Meadowlakes.

- A. These funds are accounted for in the City's Annual Financial Report and include the following:
  - 1. The General Fund
  - 2. Capital Project Funds
  - 3. Enterprise Funds
  - 4. Debt Service Funds, including reserves and sinking funds to the extent not required by law or existing contract to be kept segregated and managed separately
  - 5. Any new fund created by the City unless specifically exempted from this policy by the City or by law

This Investment Policy shall apply to all transactions involving the financial assets and related activity of all foregoing funds.

- B. Review and Amendment  
The City Council is required by state statute and by this investment policy to review this investment policy not less than annually and to adopt a resolution stating the review has been completed and recording any changes made to the policy.

#### **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") and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, which specify collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

#### **V. DELEGATION OF INVESTMENT AUTHORITY**

The City Manager, acting on behalf of the City, is designated as the Investment Officer of the City and is authorized to execute investment transactions on behalf of the City. The investment authority is hereby granted to the Investing Officers is effective until rescinded by the Council.

The Investment Officer is responsible for investment management, decisions and activities. The Investment Officer is also 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, including "Bond Market Master Repurchase Agreements" (as applicable), wire transfer agreements, banking services contracts, and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken 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 herein.

## **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 City. 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 City. All trade transactions shall be reviewed for compliance with the investment policy by a separate government official as assigned by procedures prior to the officer executing the trade.

Cash flow forecasting shall be utilized in consideration of investment of City funds in order to protect and sustain adequate cash flow for the operation of the City. 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.

## **VIII. AUTHORIZED INVESTMENTS**

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMO's).
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of the written depository agreement with that bank, not to exceed one year to stated maturity.
- C. Repurchase agreement and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Bond Market Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer.
- D. No-load, SEC-registered money market funds, each approved specifically before use by the City.
- E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	not to exceed 50%
Fully insured or collateralized CDs	not to exceed 30%
Repurchase Agreements	100%
Money Market Funds	100%
For Bond Funds	80%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	not to exceed 20%
For Bond Funds	not authorized

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 a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period greater than two (2) years.

## **XI. SAFEKEEPING AND COLLATERALIZATION**

### **Safekeeping**

The laws of the State and prudent treasury management require that all purchased securities including repurchase agreements be bought on a deliver versus payment basis and be held in safekeeping by either the City, an independent third party financial institution, or the City's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City, certificates of deposit or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

#### **XIV. INVESTMENT POLICY ADOPTION BY COUNCIL**

The City's Investment Policy shall be adopted annually by resolution of the Council. The City's investment policy shall be subject to revisions consistent with changing laws, regulations, and the needs of the City. The Council shall annually adopt by resolution stating that it has reviewed the policy and approving any changes or modifications.

#### **XV. ADOPTING CLAUSE**

This Investment Policy for the City of Meadowlakes, Burnet County, Texas was adopted on this the 8th day of March, 2016.

  
Mary Ann Raesener, Mayor

Attest:

  
Loren Meiner, City Secretary



Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment #2-Broker/Dealer Questionnaire**

**City of Meadowlakes, Texas**

### **Broker/Dealer Questionnaire**

<b>Firm:</b>	
<b>Date Established:</b>	
<b>Main Office:</b>	
<b>Representative:</b>	
<b>Primary Dealer?</b>	
<b>Qualified HU Business</b>	
<b>Publicly Traded? Which Exchange?</b>	
<b>Member NASD?</b>	
<b>SIPC Insured?</b>	
<b>Equity Position:</b>	
<b>Annual Revenues:</b>	
<b>Agency Selling Group Memberships:</b>	

**City of Meadowlakes**  
Items for Consideration  
City Council Meeting  
March 8, 2016

New Business 7-B-  
Resolution 2016-04-  
Adoption of Investment

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**Date:** March 8, 2016  
**To:** Honorable Mayor Raesener and Council Members  
**Agenda Item:** New Business 7-B-Resolution 2016-04 Adoption of Investment Policy

**Requested Council Agenda Date:** March 8, 2016

**Contact Name & Number:** Johnnie Thompson, City Manager 830-693-2951

1. Place On:  Consent  Old Business  New Business
2. Budget Impact Statement Attached:  Yes  No  N/A
3. Original Copies of Documents Approved in form by City Attorney?  Yes  No

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**4. Background:**

Texas Government Code 2256, commonly referenced as the “Public Funds Investment Act” (Act), requires the city to review and adopt an investment policy annually that contains the policy and procedures for the investing of City funds.

The attached “Investment Policy” is essentially a boiler plate policy that many cities have adopted with a few changes to meet their specific requirements. No changes to the existing policy is being suggested.

**5. Recommendation:**

I would recommend the adoption of Resolution 2016-04.