



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 11, 2024
SUBJECT: Consider Resolution No. 2024-049, adopting the City's Investment Policy, adopting the City's Investment Strategy and providing an effective date.

PRESENTER: Jay K. Patel, Director of Finance

SUMMARY:

The Public Funds Investment Act (PFIA) requires the City Council to review and adopt by official action the City's Investment Policy and Investment Strategy each year. Both the Investment Policy and Investment Strategy were last approved by the City Council on November 13, 2023.

GENERAL DESCRIPTION:

The City is required by the PFIA to review and renew the City's investment policy and strategy at least annually. The City invests only in high-quality, short-term instruments with maturities no longer than five years, with an average maturity of three years. The City makes extensive use of investment pools (TexPool, Texas Range, and Texas Connect) for overnight liquidity. Aside from these pools, the City's investment portfolio is managed by Meeder Public Funds (Meeder), formerly Patterson & Associates.

After consulting with Meeder as well as the Investment Committee, staff is proposing changes for consideration as part of the annual policy approval. A summary of the proposed modifications has been included below. Redline copies of the Investment Policy and Investment Strategy have also been included as part of this agenda item.

Investment Policy Modifications

Cover Page

- **Description:** Updated the effective date from November 13, 2023, to November 11, 2024.
- **Rationale:** To reflect the new effective date of the updated Investment Policy.

Page 3: I. Purpose and Objectives

- **Description:** Formatting changes made for clarity.
- **Rationale:** To enhance readability and organization of content.

Page 5-6: II. Scope

- **Description:** Updated names of funds to match those in the budget books.
- **Rationale:** To ensure consistency between the investment policy and budget documentation.

Pages 9 and 15: III. Responsibility and Control

- **Description:**
 - Updated reference from "Assistant Finance Director" to "Accounting Manager."
- **Rationale:** To reflect current organizational structure and responsibilities.

Pages 14: V. Suitable and Authorized Investments

- **Description:** Added a 5% portfolio value cap for the purchase of any one investment in the diversification section.
- **Rationale:** To enhance diversification and reduce concentration risk in the investment portfolio.

Pages 14: VI. Investment Parameters

- **Description:** Reduced maximum allowed investments in commercial paper, repurchase agreements, commercial deposits.
- **Rationale:** To further diversify the portfolio and potentially reduce risk associated with these investment types.

Investment Strategy Modifications

Cover Page

- **Description:** Updated the effective date from November 13, 2023, to November 11, 2024.
- **Rationale:** To reflect the new effective date of the updated Investment Strategy.

The City's updated Investment Policy Investment Strategy has been included as Exhibit A.



RECOMMENDATION:

Approve Resolution No. 2024-049, adopting the City Investment Policy, adopting the City's Investment Strategy and providing an effective date.