



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 12, 2019
SUBJECT: Consider Resolution No. 2019-050, adopting the city's Investment Policy and Investment Strategy.
PRESENTER: Mark C. Mills, 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 12, 2018.

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 and a weighted average maturity no longer than three years. The city makes extensive use of investment pools (TexPool and TexasTerm) for overnight liquidity. Aside from these pools, the city's investment portfolio is managed by PFM Asset Management, LLC ("PFM").

After consulting with the PFM, staff is proposing minor changes for consideration as part of the 2019 review and approval.

Investment Policy Modifications

- **Cover Page**
Updated to reflect the new effective date of the Policy
- **Page 11: 8. Commercial paper**
Commercial paper is an investment authorized under this policy. The current policy states that the stated maturity of commercial paper must be 270 days or fewer from the date of issuance. Changes to the PFIA during the last legislative session have increased the allowed stated maturity from '270 days or fewer' to '365 days or fewer'. Staff recommends increasing the state maturity to 365 days or fewer, as allowed by the PFIA.



- Page 11: 10. Investment Pools (a)
Correction of a typographical error, changing 'received' to 'receives'.
- Page 13: B. Investment Type
Inserted language to be reflective of PFIA changes effective September 1, 2019, which added section 2256.0208 "Local Government Investment of Bond Proceeds and Pledged Revenue" to the Act.

Investment Strategy Modifications

- Cover Page – Updated to reflect the new effective date of the policy

The specific modifications referenced above have been provided as Attachment 1 to this item. The city's updated Investment Policy has been included as Exhibit A and the updated Investment Strategy has been included as Exhibit B. If approved, the Investment Policy will become effective on November 13, 2019.

RECOMMENDATION:

Approve Resolution No. 2019-050, adopting the city's Investment Policy and Investment Strategy.