



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 13, 2023
SUBJECT: Consider Resolution No. 2023-082, adopting the City’s Investment Policy, adopting the City’s Investment Strategy and providing an effective date.

PRESENTER: Mark C. Mills, Director of Finance

SUMMARY:

The Public Funds Investment Act (“PFIA”) requires 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 City Council on November 14, 2022.

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. 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 Meeder Public Funds (“Meeder”), formerly Patterson & Associates.

After consulting with Meeder, staff is proposing changes for consideration as part of the 2023 review and approval. A summary of the proposed modifications has been included below. Redline copies of the Investment Policy (Attachment 1) and Investment Strategy (Attachment 2) have also been included as part of this agenda item.

Investment Policy Modifications

Cover Page

Description: Updated to reflect the new effective date of the Investment Policy.

Rationale: Council action on the proposed changes will result in an updated policy with a new effective date.

Page 2: Preface

Description: Changed the word “aggressive” to “effective”.



Rationale: With investments focused on Safety, Liquidity, and Yield – in that order – it was determined that “aggressive” was not the appropriate terminology to be used in the policy.

Page 3: I. Purpose > B. Objectives

Description: Changed the word “aggressive” to “effective”.

Rationale: With invested focused on Safety, Liquidity, and Yield – in that order – it was determined that “aggressive” was not the appropriate terminology to be used in the policy.

Pages 5-6: II. Scope

Description: Added two funds newly adopted as part of the FY24 Budget. Formatting change to add bullets in front of the listed items.

Rationale: Added the Court Special Revenue Fund and the Public, Educational, and Governmental Access (“PEG”) Fund to the list of funds accounted for in the City’s Annual Comprehensive Financial Report (“ACFR”). These funds were created by staff and adopted by City Council for the first time for FY24.

Investment Strategy Modifications

Cover Page

Description: Updated to reflect the new effective date of the Investment Strategy.

Rationale: Council action on the proposed changes will result in an updated strategy with a new effective date.

Page 2: Preface

Description: Changed the word “aggressive” to “effective”.

Rationale: With investments focused on Safety, Liquidity, and Yield – in that order – it was determined that “aggressive” was not the appropriate terminology to be used in the strategy.

Page 3: I. Operating Funds > Special Revenue Funds

Description: Added two funds newly adopted as part of the FY24 Budget. Formatting change to add bullets in front of the listed items.

Rationale: Added the Court Special Revenue Fund and the Public, Educational, and Governmental Access (“PEG”) Fund to the list of funds accounted for in the City’s Annual Comprehensive Financial Report (“ACFR”). These funds were created by staff and adopted by the City Council for the first time for FY24.

The City’s updated Investment Policy has been included as Exhibit A of Resolution 2023-082 and the updated Investment Strategy has been included as Exhibit B. If approved, the Investment Policy will become effective on November 14, 2023.





RECOMMENDATION:

Approve Resolution No. 2023-082, adopting the City Investment Policy, adopting the City's Investment Strategy and providing an effective date.