

**Investment Policy and Investment Strategy Modifications**

**CITY OF NORTH RICHLAND HILLS**

**INVESTMENT POLICY**

**~~November 13, 2018~~ November 13, 2019**

## **Investment Policy and Investment Strategy Modifications**

only be executed with counterparties that have signed a TBMA Tri-Party Repurchase Agreement with the City.

### **8. Commercial Paper**

- a. Commercial Paper is an authorized investment of this policy if the commercial paper:
  - (1) Has a stated maturity of **270 365** days or fewer from the date of issuance; and
  - (2) Is rated not less than A-1 or P-1 or an equivalent by at least:
    - (a) Two nationally recognized credit rating agencies; or
    - (b) One nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

### **9. Mutual Funds**

- a. No-load Money Market Mutual Funds are acceptable investments provided they are registered and regulated by the Securities and Exchange Commission, comply with SEC rule 2a-7 and provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
- b. No-load Mutual Funds are acceptable investments provided they are registered and regulated by the Securities and Exchange Commission, provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940, and confirm to all requirements of Section 2256.014 of the Public Funds Investment Act relating to no-load mutual funds.

### **10. Investment Pools**

- a. Investment pools must provide the Investment Officer with an offering circular or other similar disclosure instrument that contains specific and detailed information required by the Act. Additionally, the pool shall provide transaction confirmations, detailed monthly transaction summaries, and monthly performance reports to the Investment Officer. The specific requirements for authorized investment pools are detailed in the Public Funds Investment Act, Subchapter A, Section 2256.016. Authorized pools must maintain credit ratings no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. An investment pool shall invest the funds it **received receives** from entities in authorized investments permitted by the Public Funds Investment Act.
- b. In order to participate in an investment pool, the City Council must approve by resolution or ordinance a Participation Agreement or Inter-local Agreement to be executed with the State or Inter-local authority responsible for the investment pool. This agreement will specify the City's authorized

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Number 2079 authorize depositories and define allowable investment programs for municipal governments.

It is the policy of the City to purchase only securities authorized by both the Public Funds Investment Act and Section V., subsection A., of the City's investment policy. Market risk shall be minimized by diversification of investment types. The following limits, by instrument, are established for the City's total portfolio:

1. Repurchase Agreements	50%
2. Certificates of Deposit	30%
3. U.S. Treasury Notes/Bonds/Bills	100%
4. U.S. Agencies and Instrumentalities	75%
5. Commercial paper	10%
6. State and Local Bonds and Notes	20%
7. Money Market Mutual Funds	80%
8. Mutual Funds	15%
9. Investment Pools	100%

The maximum maturity of any given investment in the portfolio shall not exceed a final, stated maturity of 5 years from the date of purchase and overall portfolio weighted average maturity is not to exceed 3 years.

Reductions in the size of the portfolio due to cash outflows may cause an investment type to exceed the maximum percentage allowed for that investment type. In such situations, securities will be sold to reduce the percentage to allowable levels only if no loss will be realized from the sale. If a loss will be realized, then the investment may be held to maturity.

To allow for efficient and effective placement, a singular repurchase agreement can be utilized for the investment of bond proceeds, which exceeds the 50% limitation.

**Furthermore, the City is authorized to invest bond proceeds or revenue pledged to the payment of debt obligations only to the extent permitted by the Public Funds Investment Act, in accordance with the provisions governing the debt issuance and the City's approved investment policy regarding the debt issuance.**

## **VII. INVESTMENT PROCEDURES**

The City's portfolio shall be designed with the objective of obtaining a rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements. The risk-return relationship will be controlled through the investment parameters, operating requirements, and guiding policies of the City Council. Market value of all securities owned will be compared to current book value of those securities to determine portfolio performance on a quarterly basis. Safety of principal is the foremost objective of this investment policy.

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**INVESTMENT STRATEGY**

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