

ORDINANCE NO. 1390

AN ORDINANCE

AMENDING THE CITY CODE OF ORDINANCES, CHAPTER 6, SECTION 6-25, SUBSECTION 2, SCOPE, SUBSECTION 6, QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT, SUBSECTION 7, INVESTMENT STRATEGIES AND SUBSECTION 8, INVESTMENT RESPONSIBILITY AND CONTROL INVESTMENT INSTITUTIONS DEFINED PROVIDING FOR AN ANNUAL REVIEW OF THE CITY'S INVESTMENT POLICIES.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TERRELL HILLS, TEXAS:

That, Chapter 6 – Financial Policy, Sec. 6-25, Subsection 2, Scope, Subsection 6, Quality and Capability of Investment Management, Subsection 7, Investment Strategies and Subsection 8, Investment Responsibility and Control Investment Institutions Defined is hereby amended and shall read in its entirety as follows:

2. SCOPE

A. This investment policy applies to all financial assets of the City. These funds are reported in the City's Annual Financial Report and include:

- General Fund;
- Special Revenue Funds;
- Debt Service Funds;
- Capital Projects Funds;
- Any new fund created by the City unless specifically exempted from this policy by the City or by law.

B. This policy excludes:

- State Funds
- Retirement/Pension Fund

C. Review and Amendment - The City Council is required by State statute and by this investment policy to review this investment policy and investment strategies not less than annually and to adopt a resolution or ordinance stating the review has been completed and recording any changes made to either the policy or strategy statements.

6. QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT

It is the City's policy to provide training required by the Public Funds Act, Sec. 2256.008 the City Investment Officer shall attend at least one training session relating to the officer's responsibility under the Act within 12 months after assuming duties. The City Investment Officer must receive not less than ten hours of investment training at least once in any two year period if the City 1) invests City funds or 2) deposits City funds in interest-bearing deposit accounts other than certificates of deposit. Such training shall be from an independent source approved or endorsed by either the Government Finance Officers Association of Texas or the Texas Municipal League in order to insure the quality capability and currency on the City Investment Officer in making investment decisions.

7. INVESTMENT STRATEGIES

In accordance with the Public Funds Investment Act, Section 2256.005 (d), a written investment strategy will be developed for all funds under the city's control. The investment strategy must describe the investment objectives for the funds using the following priorities of importance:

- (1) Understanding of the suitability of the investment to the financial requirements of the entity
- (2) Preservation and safety of principal
- (3) Liquidity
- (4) Marketability of the investment if the need arises to liquidate the investment before maturity
- (5) Diversification of the investment portfolio
- (6) Yield
- (7) Maturity restrictions

The City of Terrell Hills is empowered by statute to invest in the following types of securities:

- (1) US Treasury bills, notes, bonds or other securities that are guaranteed or insured by the FDIC or secured in any other manner and amount provided by law for deposits of the city.
- (2) Collateralized or fully insured Certificates of Deposit at FDIC insured state and national banks or by credit unions domiciled in this state.
- (3) Repurchased agreements if secured by US Treasury bills, notes or bonds.
- (4) Eligible investment pools (as discussed in the Public Funds Investment Act, sec. 2256.016-2256.019) if the City Council by Resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The city by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchases with its local funds.

Weighted average maturity will vary according to current market conditions, cash flow needs of the City, governmental best practices and other relevant factors.

The Investment Officer may not enter into any installment sale obligation or lease-purchase agreement of \$1 million or more without Attorney General approval.

In accordance with the Public Funds Investment Act, Section 2256.005(e), investment strategies will be reviewed and adopted by resolution by the City Council. The policy shall be reviewed annually by the City Manager and any modifications made thereto must be approved by the City Council.

8. INVESTMENT RESPONSIBILITY AND CONTROL INVESTMENT INSTITUTIONS DEFINED

The City of Terrell Hills Investment Officer shall invest City funds with any or all of the following institutions or groups consistent with federal and state law and the current Depository Bank contract:

- (1) Depository bank
- (2) Other state and national banks or credit unions domiciled in this state, insured by the FDIC.

(3) Public fund investment pools

(4) Government securities brokers and dealers: Qualifications for approval of broker/dealers

In accordance with 2256.005(k) a written copy of this investment policy shall be presented to any person seeking to sell to the city an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has;

(1) *Received* and thoroughly reviewed the investment policy of the city

(2) Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the city and the organization.

The investment officer may not buy any securities from a person who has not delivered to the city an instrument in substantially the form provided above according to Section 2256.005(1).

The following are not authorized investments under this section:

(1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index

PASSED AND APPROVED THIS 14TH DAY OF SEPTEMBER, 2015.


MAYOR

ATTEST:


SECRETARY-MANAGER