



Legislation Text

File #: R2018-83, Version: 1

Consider approving Resolution No. 2018-83 updating the City's investment policy; and take appropriate action.

BACKGROUND:

Section 2256.005, Texas Government Code and the City's Investment Policy requires the City Council to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and record any changes made to either the investment policies or investment strategies. The City's existing policy has provided excellent guidance to City Administration and has been used as a model policy for other government entities.

DISCUSSION:

The City of Farmers Branch manages and invests its cash consistent with four objectives. The objectives, listed in priority order, are: Safety, Liquidity, Yield, and Public Trust. The safety of principal invested always remains the primary objective. All investments are designed and managed in a manner responsive to the public trust and in accordance with state and local law.

The City's investment portfolio consists primarily of United States Obligations, United States Treasury Notes, Municipal Bonds and Certificates of Deposits (CDAR) with an average portfolio summary of eleven months and a maximum investment maturity of five years of operating and commingled pools containing operating funds.

The following are key changes to the Investment Policy as recommended by best practice guidelines and included in Exhibit A:

- The "Investment Strategy" section includes language in items A, B, C, and D to expressly state "other objectives include the safety of principal, liquidity, marketability, diversification and earning equitable rate of return relative to the amount of risk."
- The "Responsibility and Control" section includes updated language on the required investment officers training. These requirements are delineated in the second paragraph of the "Delegation of Authority and Training" subsection.
- The "Reporting" section outlines that the Director of Finance is to submit signed quarterly investment reports to the City Manager and City Council. This section also adds language to state that our independent auditor is required to review quarterly investment reports at least annually. These both are practices that the City and our external auditors are already observing.
- The "Safekeeping and Custody" section outlines that any collateral obtained related to investments secured by pledged collateral is to name the City as beneficiaries of any ownership of collateral or securities.

This resolution supports the City's guiding principle to maintain responsible stewardship of taxpayers' investments in the community.

RECOMMENDATION:

City Administration recommends approving Resolution No. 2018-83 to update the City's existing investment policy.

POSSIBLE COUNCIL ACTION:

1. I move to approve Resolution No. 2018-83 to update the City's existing investment policy.
2. I move to approve Resolution No. 2018-83, with modifications.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Resolution No. 2018-83