



AGENDA MEMO

7/2/2013 Agenda

TO: Honorable Mayor and City Council

FROM: Kent Austin, Director of Finance

SUBJECT: A resolution renewing the City's Investment Policy

BACKGROUND:

The Texas Public Funds Investment Act (PFIA, also Chapter 2256 of the Texas Government Code) requires that a city's governing body "review its investment policy and investment strategies not less than annually" and that the policy be adopted by rule, order, ordinance, or resolution. The City Council last approved University Park's Investment Policy via resolution on July 3, 2012.

This year City staff proposed no changes to the investment policy, and there are no amendments to the PFIA that would impact the City's policy. The Finance Advisory Committee always reviews the proposed policy each year before making a recommendation to the Council.

The Committee met June 20 to consider the proposed investment policy. The Committee recommended approval of the policy unanimously. Below is a summary of the investment policy's key points:

- Identification of the policy's four objectives: safety, liquidity, yield, and prudence. Safety is always the highest priority objective. Section 2-1 to 2-4.
- Description of eligible investments: U.S. Treasury and agency obligations; State of Texas and related obligations; certain municipal bonds; repurchase agreements; CD's; money market mutual funds; and local government investment pools. Section 4-1.
- Approval of investment vendors: the City may only do business with broker-dealers, banks, and others who have been reviewed and approved annually by the Finance Advisory Committee. Section 4-2-1.
- Diversification of portfolio: Investment holdings must remain within certain maximum percentages of the total portfolio. Section 4-2-3.

· Designation of investment officers: Only authorized individuals may conduct investment transactions for the City: Director of Finance Kent Austin; Controller Tom Tvardzik; and City Manager Bob Livingston.

RECOMMENDATION:

City staff and the Finance Advisory Committee recommend approval of the proposed City investment policy.