



**AGENDA MEMO**  
8/02/2016 Agenda

**TO:** Honorable Mayor and City Council

**FROM:** Thomas W. Tvardzik, Director of Finance

**SUBJECT:** Resolution renewing the City's Investment Policy

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**BACKGROUND:**

Chapter 2256 of the Texas Government Code, known as The Texas Public Funds Investment Act (the "PFIA") requires the governing body of the City to "review its investment policy and investment strategies not less than annually" and to adopt the policy by rule, order, ordinance, or resolution. By request, the Finance Advisory Committee reviews the proposed policy each year before making a recommendation to the Council. The City Council last approved and adopted the University Park Investment Policy via resolution on October 18, 2015.

The investment policy's key provisions are as follows:

- **Identification of the policy's four objectives:** safety, liquidity, yield, and prudence. Safety is always the highest priority objective. (Section 2.)
- **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 4.2.1.1.)
- **Diversification of portfolio:** Investment holdings must remain within certain maximum percentages of the total portfolio to limit exposure to potential losses. (Section 4.2.1.3.)
- **Designation of investment officers:** Only authorized, trained individuals may conduct investment transactions for the City. These individuals are designated within the resolution adopting the Investment Policy. The authorized individuals are generally the Director of Finance, the City Controller, and the City Manager, although others may be designated as necessary.

The Finance Advisory Committee met on June 16, 2016 to consider the proposed Investment Policy. Acting on both the recommendations of staff and its own members, the Committee recommended the following changes to the Investment Policy:

- Decrease ongoing training requirements from 10 hours every two years to 8 hours every two years, in accordance with legislative changes.
- Increase the allowable percentage of Certificates of Deposit in the City portfolio 30% to 50%.
- Remove Money Market Mutual Funds from the City list of eligible investments.
- Remove Credit Union Share Certificates from the City list of eligible investments.
- Revise approved vendor list.

The Finance Advisory Committee recommended approval of the policy as amended.

**RECOMMENDATION:**

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

**ATTACHMENTS:**

- Resolution renewing and adopting Investment Policy
- City of University Park Investment Policy