

RESOLUTION NO. 23-11

A RESOLUTION ADOPTING
INVESTMENT POLICY AND INVESTMENT STRATEGY

WHEREAS, the Public Funds Investment Act codified in the Texas Government Code Chapter 2256 governs local government investment; and

WHEREAS, the Public Fund Investment Act (Section 2256.005a), as amended, requires the City to adopt an investment policy and investment strategies by rule, order, ordinance or resolution governing the investment of funds under its control; and

WHEREAS, the Public Fund Investment Act (Section 2256.005e), requires the governing body to review and adopt that investment policy and investment strategies by rule, order, ordinance or resolution not less than annually, recording any changes made thereto; and

WHEREAS, the City Council has reviewed the Policy and decided to make no changes thereto.

NOW, THEREFORE, BE IT RESOLVED

That the City of Thorndale has complied with the requirements of the Public Funds Investment Act and the City's Investment Policy and adopts the Investment Policy and Investment Strategy, with no changes, as the Investment policy and Strategy of the City effective October 15, 2017.

PASSED AND APPROVED this, the 11th day of October, 2023, by a vote of 5 (*ayes*) to _____ (*nays*) to _____ (*abstentions*) of the City Council of Thorndale, Texas.

CITY OF THORNDALE, TEXAS



George Galbreath Jr., Mayor

ATTEST:



Stacy Irwin, City Secretary



INVESTMENT POLICY AND STRATEGY GUIDELINES

PURPOSE

This investment policy applies to all financial assets of the City of Thorndale and any new funds created unless specifically exempted by the City Council.

SECTION 1: The City of the Thorndale shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity. To match anticipated cash flow requirements the maximum weighted average maturity (WAM) of the overall portfolio may not exceed 12 months.

- Safety of each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping or erosion of market value.
- Liquidity shall be structured to meet all expected obligations in a timely manner.
- Diversified by market sector and maturity in order to avoid market risk.
- Yield by maintaining a cash management program which includes timely collection of accounts receivable, vendor payments and investment of assets.

SECTION 2: The investment strategy objective is to assure anticipated liabilities are matched and adequate investment liquidity provided by creating a structure with some extension for yield enhancement.

SECTION 3: The Investment Officers designated by the Council consist of the City Administrator and City Secretary. The Investment Officers are responsible for investment decisions and activities. Officers shall attend training every two successive fiscal years and newly appointed Officers shall attend at least ten hours of training within 12 months of designation as Investment Officer.

The Investment Officers are responsible for establishing and maintaining internal controls to reasonably assure that assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires ongoing estimates and judgments by management.

An Investment Officer who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing personal business interest to the Council and the Texas Ethics Commission.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and appropriate action is taken to control adverse developments.

The Investment Officers shall report earnings quarterly to the Council.

SECTION 4: The City Council holds ultimate fiduciary responsibility for the portfolio. The governing body will designate Investment Officer(s), receive and review quarterly reporting, provide for investment officer training, approve, review and adopt the Investment Policy and Strategy annually.

SECTION 5: Assets may be invested only in the following manner:

- Obligations of the US Government, its agencies and instrumentalities and securities with the full faith and credit backing of the US Government with a maximum stated maturity of two years to exclude mortgage backed securities.
- Fully collateralized depository certificates of deposit of banks doing business in Texas, with a maximum maturity of one year guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured in accordance with this Policy.
- AAA-rated, constant-dollar Texas Local Government Investment Pools as defined by the Act and authorized by the governing body.
- AAA-rated, SEC registered money market mutual funds striving to maintain a \$1 net asset value.
- FDIC insured, brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the City safekeeping agent, not to exceed one year to maturity. Before purchase, the investment Officer must verify the FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.
- General debt obligations of any state or political subdivision in any US state rated AA or better with a stated maturity not to exceed two years.
- FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas.

SECTION 6: The laws of the State and this policy require that all purchased securities be cleared to safekeeping on a delivery versus payment (CVP) basis and be held in safekeeping by an independent third party financial institution, or the City's banking services depository.

SECTION 7: All collateral shall be subject to inspection and audit by the City or its independent auditors. Only the following securities are authorized as collateral for time and demand deposits or repurchase agreements:

- FDIC insurance coverage.
- Obligations of the US, its agencies or instrumentalities, or evidence of indebtedness of the United States guaranteed as to principal and interest including MBS and CMO which pass the bank test.

- Obligations of any US state or of a county, city or other political subdivision of any state having been rated as investment grade (investment rating no less than "A" or its equivalent) by two nationally recognized rating agencies.
- Letter of Credit from the FHLB.

The City Investment Policy and Strategy Guidelines shall be adopted by resolution annually through the City Council. Any changes made to the Policy must be noted in the resolution.