ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF MANOR, TEXAS, AMENDING AND REPLACING ORDINANCE NO. 749 TO ADOPT AN INVESTMENT POLICY, PROVIDING A SEVERABILITY CLAUSE, PROVIDING SAVINGS, EFFECTIVE DATE, AND OPEN MEETINGS CLAUSES, AND PROVIDING FOR RELATED MATTERS.

Whereas, the City of Manor, Texas (the "City") is a home rule municipality having the full power of local self-government pursuant to its Charter, Article XI, Section 5 of the Texas Constitution, and Chapter 9 of the Texas Local Government Code; and

Whereas, the City has had a formal investment policy in place governing the investment and management of the City's funds and financial resources; and

Whereas, amendments to Texas Government Code Chapter 2256 require the City to review and update its investment policy and strategies; and

Whereas, the City Council of the City (the "City Council") finds that it is prudent to adopt an updated investment policy consistent with amendments made to Texas Government Code Chapter 2256.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANOR, TEXAS, THAT:

Section 1. **Findings.** The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and incorporated herein for all purposes as findings of fact.

Section 2. **Adoption and Repeal.** The City Council hereby amends and replaces Ordinance No. 749 in its entirety by adopting the authorized investment policy of the City of Manor, Texas (the "Investment Policy") as provided for in Section 3 of this Ordinance and repeals all previously adopted investment policies.

Section 3. **City of Manor Investment Policy**. The City Council hereby authorizes that the funds and financial resources of the City of Manor be managed and invested in conformance with the provisions and requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Act") and the Investment Policy attached hereto as **Exhibit A** and incorporated by reference herein for all purposes.

Section 4. **Conflicting Ordinances.** All ordinances or parts of ordinances in conflict with this Ordinance are hereby amended to the extent of such conflict and shall hereinafter read as provided herein. In the event of a conflict or inconsistency between this Ordinance and any other code or ordinance of the City, the terms and provisions of this Ordinance shall govern.

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Section 5. Savings Clause. All rights and remedies of the City of Manor are expressly saved as to any and all violations of the provisions of any ordinances affecting the investment policy of the City which have accrued at the time of the effective date of this Ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this Ordinance but may be prosecuted until final disposition by the courts.

Section 6. Severability. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of this ordinance of any such invalid phrase, clause, sentence, paragraph or section. If any provision of this Ordinance shall be adjudged by a court of competent jurisdiction to be invalid, the invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision, and to this end the provisions of this Ordinance are declared to be severable.

Section 7. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

Section 8. Effective Date. This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Texas Local Government Code and the City Charter.

PASSED AND ADOPTED the _____ day of _____, 2026.

THE CITY OF MANOR, TEXAS

_____
Dr. Christopher Harvey, Manor

ATTEST:

_____
Lluvia T. Almaraz, City Secretary

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Exhibit A
Investment Policy
[attached]

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CITY OF MANOR
INVESTMENT POLICY

PURPOSE:

The objectives of the Investment Policy of the City of Manor is to provide a means to invest available funds in such a manner as to safely preserve the principle, minimize risk, maintain liquidity, and obtain a yield that is commensurate with the risk and prevailing rates of interest available in the marketplace in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"), Public Funds Collateral Act, Chapter 2257, Texas Government Code, and other applicable federal, state and local requirements.

SCOPE:

This Investment Policy applies to the cash management and investment activities of the City. All financial assets of the City, including the following fund types, shall be administered in accordance with the provisions of these policies.

- General Fund
- Special Revenue Fund
- Debt Service Fund
- Enterprise Fund
- Internal Service Fund
- Trust and Agency Fund
- Fiduciary Fund
- All other funds as may be required or created from time to time.

OBJECTIVES:

The cash management and investment of all funds shall be governed by the following investment objectives, in order of priority:

1. Safety. The primary objective of the City's investment activity is the preservation and safety of principal. Each investment transaction shall seek to first avoid capital losses, whether they arise from issuer defaults or erosion of market value. Credit risk shall be managed through collateralization of bank deposits and prohibition of corporate entity risk.

2. Liquidity. The City's investment portfolio is to remain sufficiently liquid to meet operating requirements. Liquidity shall be achieved by matching investment maturities with estimated cash flow requirements, maintaining liquid reserves and by investing in securities with active secondary markets.

3. Diversification. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of investment, when appropriate. Cash flow projections shall be utilized to spread investment maturities, smooth market fluctuations, and reduce reinvestment risk.

4. Yield. The City's investment activity shall seek to earn competitive market rates of return commensurate with the appropriate level of risk.

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LEGAL LIMITATIONS:

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256 Texas Government Code. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds' deposits. All investments will be made in accordance with these statutes.

DELEGATION OF AUTHORITY:

The City Council of the City of Manor, Texas, designates the Finance Director of the City of Manor, Texas, as the City's Investment Officer. The Finance Director shall establish procedures for the operation of the investment program consistent with this Investment Policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate all investment activities. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established.

The City Council shall annually adopt resolutions attesting to its review and approval of the City's investment providers and Investment Policy, including investment strategies. To ensure the quality and capability of the City's Investment Officer, the City approved periodic courses and seminars. A newly appointed Investment Officer must attend a training session of at least 10 hours of instruction within twelve months of the date the Investment Officer took office or assumed the Officer's duties or as required by any applicable law or regulation. Additionally, the Investment Officer shall attend an investment training session not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date and shall receive not less than 8 hours of instruction relating to investment responsibilities. The investment training session shall comply with the investment training requirements of State law and be provided by the following approved independent training sources: Texas Municipal League, Government Finance Officers' Association, Government Finance Officers' Association of Texas, Government Treasurers' Organization of Texas, Council Of Governments, University of North Texas Center for Public Management, and American Institute of Certified Public Accountants.

The City shall, in conjunction with its annual financial audit, perform a compliance audit of management controls on investments and adherence to the City's Investment Policy.

PRUDENCE:

Investments shall be made with judgment and care under prevailing circumstances that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

The Investment Officer shall seek to act responsibly as custodians of the public trust. The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The City Council of the City of Manor, Texas, recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's return and that the Investment Officer acting in accordance with written procedures and exercising prudence, shall be relieved of personal liability and responsibility for an individual investment's performance.

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ETHICS:

The Investment Officer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Investment Officer shall disclose to the City Council of the City of Manor, Texas, any material financial interests in financial institutions that conduct business with the City and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. The Investment Officer shall subordinate their personal investment transactions to those of the City of Manor, Texas.

If the Investment Officer has a personal business relationship with an entity seeking to sell an investment to the City or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City, the Investment Officer shall file a statement of disclosure with the City Council of the City of Manor, Texas, and the Texas Ethics Commission.

REPORTING:

At least quarterly, the Investment Officer shall provide to the City Council of the City of Manor, Texas, an investment report that complies with applicable law and includes, but is not limited to:

- Detailed description of the City's investment position,
- Summary statement of each pooled fund group (if applicable),
- Beginning and ending book and market value of each separately invested asset by fund and asset type,
- Maturity date of each asset, and
- Signature of the Investment Officer attesting to the portfolio's compliance with the Investment Policy and State law.

The market valuations obtained by the City shall be from independent sources believed to be accurate and representative of the securities' true value.

At least annually, the City's independent auditor shall formally review each quarterly report in conjunction with the annual audit and report the results to the City Council of the City of Manor, Texas.

INVESTMENTS:

Authorized Investment Instruments - Financial assets of the City may be invested in:

- Obligations of the United States or its agencies or instrumentalities, including the Federal Home Loan Banks, but excluding all mortgage-backed securities;
- Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by, the full faith and credit of the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- Financial institution deposits that are issued by a state or national bank, a savings bank or a state or federal credit union that a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, and b) is secured by obligations in a manner and amount provided by law for deposits of the City, or c) is placed through a depository institution or approved broker that has its main office or a branch office in Texas that meets the requirements of the Act.

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- Security and Exchange Commission (the "SEC") registered, no-load, government money market mutual funds that comply with the requirements of State Law;
- Texas local government investment pools that seek to maintain a stable dollar asset value, would be described as "government" portfolios, are specifically authorized by the City Council of the City of Manor, Texas and comply with the requirements of State law;
- Investment pools that provide fixed maturity, fixed yields investments, are specifically authorized by the City Council of the City of Manor, Texas, and comply with the requirements of State law; and
- Repurchase agreements (direct security repurchase agreements) collateralized by a combination of cash and obligations of the United States or its agencies or instrumentalities and that comply with the requirements of State law.

Non- Authorized Investments:

- Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, or collateralized mortgage obligations with an inverse floating interest rate coupons or a maturity date of over 10 years are strictly prohibited.
- With respect to authorized investments, this Policy is more restrictive than the Public Funds Investment Act.
- All securities transactions shall be executed on a delivery versus payment basis and all securities shall be held in safekeeping by an independent third-party institution approved by the City Council of the City of Manor, Texas
- The Investment Officer may not place any investment with or through a local government investment pool or discretionary investment management firm that has not delivered a written certification to the City as required by State law or, with broker/dealers that have not been authorized by the City Council of the City of Manor, Texas.
- Competitive Environment - To create a competitive pricing environment for each investment transaction, the City will solicit quotations from multiple authorized broker/dealers or financial institutions. The City is not required to liquidate investments that were authorized at the time of purchase.

MAXIMUM MATURITY:

No individual investment will be made for longer than a 24-month period except with approval of the City Council of the City of Manor, Texas. The maximum average dollar-weighted maturity allowed for pooled investments, based on the maturity date for the portfolio, shall not exceed ninety days.

AUTHORIZED INVESTMENT PROVIDERS:

The Investment Officer shall establish criteria to evaluate Investment Advisors and Providers, including:

- Adherence to the City's policies and strategies;
- Investment performance and transaction pricing within accepted risk constraints;
- Responsiveness to the City's request for services, information and open communication;
- Understanding of the inherent fiduciary responsibility of investing public funds; and
- Similarity in philosophy and strategy with the City's objectives.

Selected Investment Advisors and Providers shall provide timely transaction confirmations and activity reports and must be registered under the Investment Advisors Act of 1940 or with the State Securities Board.

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A contract with an Investment Advisor may not be for a term longer than two years and must be approved by the City Council of the City of Manor, Texas.

Investment Providers and Approved List - A list will be maintained of "primary" dealers or regional dealers that qualify under SEC Rule l 5C3-l (uniform net capital rule). Broker/dealers who desire to become qualified for investment transactions must supply the following information as appropriate:

- Proof of Financial Industry Regulatory Authority (FINRA) registration.
- Proof of State registration.
- Any other information required by local, state, or federal laws or regulations.

The Investment Officer shall review, revise, and adopt a list of authorized broker/dealers at least annually.

Eligible Investment Provider Organizations - Organizations eligible to transact investment business with the City shall be presented a written copy of this Investment Policy. Additionally, the qualified representative of a local government investment pool or a fully discretionary investment advisory firm seeking to transact investment business shall execute a written instrument substantially to the effect that the qualified representative has:

- Received and thoroughly reviewed this Investment Policy
- Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the organization that are not authorized by the City's Investment Policy or any applicable law, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.
- The City shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above.

DEPOSIT FUNDS:

Funds on deposit with the City's financial institution(s) whether or not they are interest-bearing, shall not be considered as investments and deposits to and withdrawals from bank accounts by authorized personnel shall not be restricted by this Investment Policy. The Committee shall monitor funds on deposit described herein to assure that they are fully insured or have had bonds and securities pledged by the institution sufficient to protect the full amount of the deposits and as required by all applicable laws and regulations. The Committee shall have the authority to determine what portion of those funds should be available for investment and to authorize investments from those funds. The Committee shall also have the option to purchase a Certificate of Deposit with an FDIC insured financial institution as an investment, provided the deposit is fully protected.

SAFEKEEPING AND CUSTODIAN OF COLLATERAL:

The City shall contract with a bank or banks for the safekeeping of securities whether owned by the City as part of its investment portfolio or held as collateral to secure demand, interest-bearing checking, or time deposits. Securities owned by the City shall be held in the City's name as evidenced by safekeeping receipts of the institution holding the securities.

Collateral for deposits will be held by a third-party custodian designated by the City and pledged to the City as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Original safekeeping receipts shall be obtained. Collateral may be held by the depository bank's trust department, a

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Federal Reserve bank or branch of a Federal Reserve bank, a Federal Home Loan Bank, or a third-party bank approved by the City.

COLLATERALIZATION:

Consistent with the requirements of the Public Funds Collateral Act, Chapter 2257, Tex. Gov't Code, as amended, it is the policy of the City of Manor to require full collateralization of all city funds on deposit with a depository bank, other than investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC. At its discretion, the City may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with which the City has a current custodial agreement. The City Secretary is responsible for entering into collateralization agreements with third-party custodians in compliance with this policy, subject to the approval of the City Council. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (a safekeeping receipt) must be supplied to the City and retained. Collateral shall be reviewed at least monthly to assure that the market value of the pledged security is adequate.

The City shall only accept the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities.
- Direct obligations of the State of Texas or its agencies and instrumentalities.
- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent with a remaining maturity of ten years or less.
- A surety bond issued by an insurance company rated as to investment quality by a nationally recognized rating firm not less than A.
- A letter of credit issued to the City by the Federal Home Loan Bank.

CREDIT DOWNGRADE PROVISION:

Not less than quarterly, the Investment Committee will obtain from a reliable source the current credit rating for each investment held that has a PFIA-required minimum rating. An investment that requires a minimum rating does not qualify as an authorized investment during the period where the investment does not have the minimum rating. The City shall take all prudent measures that are consistent with its Investment Policy to liquidate an investment that does not have the minimum rating.

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