

RESOLUTION NO. 2021-09-08-1

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
WOODCREEK, HAYS COUNTY, TEXAS, CONFIRMING A REVIEW OF
THE INVESTMENT POLICY AND STRATEGIES OF THE CITY AND
CONFIRMING CHANGES MADE**

WHEREAS, the City Council is required, pursuant to the Texas Government Code Section 2256.005, to review its investment policy and strategies annually and to adopt a resolution indicating such review and any changes made in the course of such review.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF WOODCREEK, TEXAS:**

That at its meeting held on September 8, 2021, the City Council reviewed the investment policy and investment strategies of the City and made no changes thereto.

Motion was made by Councilmember Hambrick and seconded by Councilmember Rasco.

PASSED & APPROVED by the City Council of the City of Woodcreek on this, the 8th day of September, 2021.

CITY OF WOODCREEK

Gloria Whitehead, Mayor

ATTEST:

Linda Land, City Secretary



CITY OF WOODCREEK INVESTMENT POLICY AND STRATEGY

Sec. 1.05.031 Written Policy

The Public Funds Investment Act (PFIA) prescribes that the city is to adopt written rules governing its investment practices and to define the authority of the investment officer. The following sections address the methods, procedures, and practices which must be exercised to ensure effective and judicious fiscal management of the city's funds.

Sec. 1.05.032 Authority to Invest Funds

- (a) The city council may purchase, sell, and invest its funds and funds under its control in investments hereinafter authorized and in compliance with investment policies approved by the city council and according to the standard of care set out in Section 1.05.034.
- (b) The city will ensure all prudent measures are taken to liquidate an investment once downgraded below the required minimum rating. The city will monitor credit rating changes in accordance with the Public Funds Investment Act. All security transactions entered into by the city shall be conducted on a delivery-versus-payment basis. Securities will be held by a third-party custodian designated by the investment officer and evidenced by safekeeping receipts.

Sec. 1.05.033 Contract with Approved Firm

In the exercise of its powers, the city council may contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the state securities board to provide for the investment and management of its public funds or other funds under its control. A contract with an approved investment management firm may not be for a term longer than two (2) years, and a renewal or extension of the contract must be approved by the city council by ordinance or resolution. The investment officer may use the city's employees or the services of a contractor of the city to aid the investment officer in the execution of his duties.

Sec. 1.05.034 Standard of Care

- (a) 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. Investment of funds shall be governed by the following investment objectives, in order of priority:
 - (1) Preservation and safety of principal;
 - (2) Liquidity;
 - (3) Diversification of the portfolio; and
 - (4) Yield.
- (b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following
 - (1) The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
 - (2) Whether the investment decision was consistent with the written investment policy of the entity.

Sec. 1.05.035 Investment Strategies

The PFIA requires the city council to adopt a separate written investment strategy for each of the funds or group of funds under its control. The city directs that each of its accounts be governed by the following investment objectives and strategies, in order of priority:

- (1) Understanding of the suitability of the investment to the financial requirements of the city;
- (2) Preservation and safety of principal;
- (3) Liquidity of the funds to meet anticipated disbursements;
- (4) Marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) Diversification of the investment portfolio; and

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- (6) Yield.

Sec. 1.05.036 Authorized Investments

- (a) Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements (including but not limited to V.T.C.A., Government Code, Chapter 2256) the city may invest funds in any of the following:
 - (1) U. S. Treasury Bills, notes or bonds which are guaranteed as to principal and interest by the full faith and credit of the United States of America;
 - (2) A certificate of deposit or share certificate that meets the requirements of Texas Government Code section 2256.010.
 - (3) Direct obligations of the state or its agencies;
 - (4) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; and
 - (5) State investment pools organized under the Interlocal Cooperation Act (V.T.C.A., Government Code chapter 791) that meets the requirements of V.T.C.A., Government Code 2256, and have been specifically approved by city council. The maximum average dollar-weighted maturity allowed for pooled investments, based on the stated maturity date for the portfolio, shall not exceed sixty (60) days.
- (b) No individual investment will be made for longer than a twelve-month period, except with prior approval of the city council.
- (c) The following are not authorized investments under this section:
 - (1) Obligations whose payment represent the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal;
 - (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
 - (3) Collateralized mortgage obligations that have a final stated maturity date of greater than 10 years; and
 - (4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Sec. 1.05.037 Collateralization

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- (a) The city will accept as collateral for its certificates of deposit and other evidence of deposit the following securities:
 - (1) FDIC;
 - (2) U.S. Treasury Bills;
 - (3) Other obligations of the U.S. or its agencies and instrumentalities; and
 - (4) Bonds issued by other state government entities (city, county, school, and special districts) with a remaining maturity of twenty (20) years or less.

- (b) Securities pledged as collateral must be retained in a third party bank in the state and city shall be provided the original safekeeping receipt on each pledged security. The investment officer must approve release of collateral in writing prior to its removal from the safekeeping account. The financial institution(s) with which the city invests and/or maintains other deposits shall provide quarterly, and as requested by the city, a listing of the collateral pledged to the city marked to current market prices. The listing shall include at a minimum, total pledged securities itemized by
 - (1) Name, type and description of the securities pledged;
 - (2) Safekeeping receipt;
 - (3) Par value;
 - (4) Current market value; and
 - (5) Maturity date.

- (c) 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 all uninsured collected balances, plus accrued interest, if any.

Sec. 1.05.038 Investment Officer

- (a) The city shall appoint an investment officer from time to time, by separate ordinance or resolution, who shall be responsible for the investment of the city's funds consistent with this investment policy. The authority granted to the investment officer is effective until rescinded by the city, until the expiration of the officer's term of office, or the termination of the person's employment by the city, or if an investment management firm, until expiration of the contract with the city. The investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs; however, the city council retains ultimate responsibility as fiduciaries of the assets of the city. Unless authorized by law, a

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person may not deposit, withdraw, transfer, or manage in any other manner the funds of the city.

- (b) An investment officer of the city who has a personal business relationship with a business organization offering to engage in an investment transaction with the city shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity, as determined under chapter 573 [V.T.C.A. Government Code], to an individual seeking to sell an investment to the city shall file a statement disclosing that relationship. In addition, a statement required under this section must be filed with the state ethics commission and the governing body of the city. For purposes of this section, an investment officer has a personal business relationship with a business organization if:

- (1) The investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000.00 or more of the fair market value of the business organization;

- (2) Funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or

- (3) The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500.00 or more for the personal account of the investment officer.

Sec. 1.05.039 Investment Officer Training

- (a) The investment officer shall receive at least the minimum amount of training required under the PFIA.
- (b) 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 two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under the Public Funds Investment Act.

Sec. 1.05.040 Annual Review of Policy

The city council shall review its investment policy and investment strategies not less than annually. The city council shall adopt an ordinance stating that it has reviewed the investment policy and investment strategies and that the ordinance so adopted shall record any changes made to either the investment policy or investment strategies.

Sec. 1.05.041 Compliance Audit

The city in conjunction with its annual audit shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

Sec. 1.05.042 Requirements Prior to Any Transactions Investment Policy

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with the city or to an investment management firm under contract with the city to invest or manage the entity's investment portfolio. For this section, a business organization includes investment pools and an investment management firm under contract with the city to invest or manage the entity's investment portfolio. Nothing in this subsection relieves the city of the responsibility for monitoring the investments made by the city to determine that they are in compliance with this policy. The qualified representative of the business organization offering to engage in an investment transaction with the city shall execute a written instrument that is approved by the City of Woodcreek.

The investment officer of the city may not acquire or otherwise obtain any authorized investment described in the investment policy of the city from a person who has not delivered to the city an executed form approved by the City of Woodcreek authorized representative. The City Secretary shall keep a list of approved depositories, which list shall be updated from time to time.

Approved this the 16th day of November, 2016.

Signed:

A handwritten signature in blue ink, appearing to read "Brenton B. Lewis". The signature is stylized with a large initial "B" and a long horizontal stroke.

Brenton B. Lewis, City Manager

Eric Eskelund, Mayor