

# City of Mesquite, Texas

## Legislation Details (With Text)

|                      |             |                      |   |                      |                                |
|----------------------|-------------|----------------------|---|----------------------|--------------------------------|
| <b>File #:</b>       | 20-5002     | <b>Version:</b>      | 1 | <b>Name:</b>         | Res - FY2021 Investment Policy |
| <b>Type:</b>         | Agenda Item | <b>Status:</b>       |   | <b>Status:</b>       | Passed                         |
| <b>File created:</b> | 9/1/2020    | <b>In control:</b>   |   | <b>In control:</b>   | City Council                   |
| <b>On agenda:</b>    | 9/21/2020   | <b>Final action:</b> |   | <b>Final action:</b> | 9/21/2020                      |

**Title:** A resolution adopting an Investment Policy and declaring that the City Council completed its review of the investment policies and investment strategies.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution, 2. Redlined Version - Investment Policy

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 9/21/2020 | 1    | City Council | Approved | Pass   |

A resolution adopting an Investment Policy and declaring that the City Council completed its review of the investment policies and investment strategies.

Chapter 2256 of the Public Funds Investment Act (PFIA) requires that the governing body adopt a written investment policy and separate written investment strategy for the funds under its control. The governing body must review these policies and strategies not less than annually.

Staff has reviewed the current Investment Policy in conjunction with the requirements of the PFIA and suggestions from the City's investment advisory firm, Public Trust Advisors. The below changes are recommended:

- Investment Strategy - specify on page 5 that the Local Government Investment Pool (LGIP) balances are included in the dollar weighted average maturity of 365 days or less.
- Investment Objectives of Safety - clarifying language on page 7 regarding Credit Risk.
- Responsibility of Control - Delegation of Authority - updated position title on page 8.
- Suitable and Authorized Investments
  - Additional reason of diversification for security swap under Portfolio Management on page 11.
  - Update language of Authorized Investments on page 11 for Obligations of the United States along with adding an individual issuer exposure limit for Obligations of the State of Texas.
- Investment Maturities and Diversification - specify on page 13 that money market and LGIP balances are included in the weighted average maturity of one year or less.
- Selection of Banks and Dealers - on page 14 authorize the City to engage the services of an investment advisory firm to assist in the management of the portfolio and use their own approved list of broker/dealers.

PFIA requires that the governing body of an entity shall, at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. A review of current brokers was performed by City staff to determine the quality of services provided during the past year. No new brokers are recommended at this time along with no changes to the list of authorized brokers on page 18.

These changes will be reviewed with City Council during the September 21, 2020, Pre-Meeting. The “redlined” version along with the final version of the investment policy have been attached for reference.

**Recommended/Desired Action**

Staff recommends approval of the resolution.

**Attachment(s)**

Resolution

Redlined Version - Investment Policy

**Drafter**

Myra Rogers

**Head of Department**

Cindy L. Smith