

City of Lakeway

Investment Policy

There is a continuing need to invest and reinvest the City's funds in order to manage properly the fiscal affairs of the City and to comply with pertinent Resolutions of the City Council. The Public Funds Investment Act as amended (the "Act") authorizes the City to invest and reinvest its available funds in authorized investments, and the Act requires the City to adopt a written investment policy regarding the investment of its funds, designating investment officers to carry out said investment policies, and make various provisions related thereto.

Section 1. Investment Standard.

The City's investment policy shall require that all City funds not immediately needed for operating and administrative expenses be continually invested in one or more of the hereinafter specifically authorized investments under terms and conditions, and for maturities, which are consistent with the City's financial objectives, strategies, and requirements.

Section 2. Investment Objectives.

The investment objectives of the City, in order of priority, are (i) the safety of principal to preserve capital, (ii) liquidity for timely payment of debts with due regard for unforeseeable circumstances, and (iii) a yield representative of market conditions, consistent with the judgment and care that a person of prudence, discretion, and intelligence would exercise in the management of that person's own affairs, not for speculation but for investment.

Section 3. Investment Strategies.

Investment of the City's financial assets shall utilize the following strategies:

(a) Investments of the General Fund and Special Revenue Fund(s) (e.g. the Solid Waste Fund and the Park Donation Fund) shall be highly liquid securities to assure anticipated cash requirements are met;

(b) Investment of Special Project Fund(s) and any similar funds acquired to be used only for a specific project, and to be completely disbursed within two years shall be in highly liquid securities to assure that both projected and unforeseen cash requirements can be met;

(c) Investments for the Capital Improvements Fund(s) shall primarily be to assure that anticipated payment dates for contractual obligations are matched with adequate investment liquidity and, to the extent available, a portion of said Fund(s) shall be in liquid securities to meet any unanticipated outlays;

(d) Investment of the Debt Service Fund(s) shall be made with the primary purpose of acquiring high quality securities which will provide the required funds on bond service payment dates, using a laddered structure if securities are purchased, with a secondary objective to retain a portion of said funds in fully liquid securities to meet unforeseen demands.

Section 4. Authorized Investments.

The financial assets of the City may be invested and reinvested in any of the following types of investments:

(a) direct obligations of the United States which have maturities not to exceed one (1) year that are backed by the full faith and credit of the United States Government (Treasury Bills). It will be the policy of the City that all Treasury Bills shall be purchased using the "Delivery vs. Payment" method through the Federal Reserve System. By so doing, City funds are not released until the City has received, through the Federal Reserve wire, the securities being purchased.

(b) certificates of deposit maturing in six (6) months or less issued by a state or national bank which is a member of the F.D.I.C. and domiciled in this state having capital and surplus of not less than \$50 million, provided that any amount in excess of F.D.I.C. limits shall be secured by the pledge of any investments authorized by the Act; and,

(c) Texas Treasury Safekeeping Trust Company's (TexPool) public funds investment pool, which meets the requirements of Sec. 2256.016 through Sec. 2256.018 of the Act with a maximum average dollar-weighted maturity not to exceed ninety (90) days and a rating of no less than AAA or AAAM.

Section 5. Investment Officers.

(a) The City Manager, Assistant City Manager, City Treasurer (Assistant City Treasurer in the absence of the City Treasurer), and Finance Director are each designated as Investment Officers of the City and authorized and directed to be responsible for the investment of City funds. The concurrence of the Treasurer shall be required for all investments, and investments which exceed \$100,000 shall require the concurrence of the City Manager. Under normal conditions, all investments in TexPool, an investment pool, shall be deemed to have the concurrence of the City Treasurer and City Manager. The Investment Officers are authorized and directed to deposit, withdraw, invest, transfer and manage available City funds consistent with the provisions hereof. The authority granted herewith is valid and effective until rescinded by the City in writing.

(b) The Investment Officers shall comply with the training requirements contained in Sec. 2256.008 of the Act wherein each Investment Officer shall attend at least one training session related to their responsibilities within twelve (12) months after taking office or assuming duties. The City Manager, Assistant City Manager, City Treasurer, Assistant City Treasurers, and Finance Director are required to receive ten (10) PFIA hours of education every two calendar years. Training shall include education in investment controls, security risks, strategy risks, and market risks.

(c) A monthly accounting of each of the investment transactions and compilation of all invested City funds which includes sufficient information to identify all investments, their maturity, yield and price, the Investment Report, shall be approved by the Investment Officers. The Investment Officers shall submit quarterly reports comprised of the prior three months

Investment Reports, together with the TexPool fund details provided by the Texas Safekeeping Trust Company to the Council of the City as prescribed by Section 2256.023 of the Act. In conjunction with its annual audit, the Auditor shall perform a compliance audit of adherence to the City's investment policies.

(d) An Investment Officer (i) who has a personal business interest with any entity seeking to sell an investment to the City or (ii) who is related by blood or marriage within the second degree to a person seeking to sell an investment to the City, shall file a statement disclosing the same information as required by Section 2256.005(i) of the Act.

(e) Investment Officers may authorize the purchase or sale of an authorized investment orally, in writing, electronically, or by a combination thereof, and shall obtain a safekeeping receipt of investments and place the same in the City's records. An Investment Officer shall obtain a written list of securities pledged to the City and is authorized to release or permit the substitution thereof so long as the Treasurer concurs.

(f) All investments which are not TexPool or 100% U. S. Treasury obligations and all investments with maturities exceeding 180 days shall require the concurrence of the City Treasurer and City Manager.

(g) Bids shall be obtained for any proposed investments in excess of \$100,000 which are not placed in 100% U. S. Treasury Obligations or TexPool or which have maturities exceeding 180 days.

Section 6. Investment Marketing Agents.

A written copy of this Resolution shall be presented to any person seeking to sell an authorized investment to the City, and the registered principal of the entity such person represents shall execute a written instrument complying with the provisions of Sec. 2256.005(k) of this Act. The Investment Officers may not purchase securities from a person or entity who has not delivered said instrument.

Section 7. Incumbency Certificate.

The City shall issue, and update as necessary, an Incumbency Certificate specifying the persons who are its Investment Officers. Any entity dealing with the City may continuously rely on this policy and the persons named in the Incumbency Certificate unless and until they receive written notification of any amendment to this policy or change in the persons authorized to act for the City. No entity shall be liable for any action taken pursuant to the provisions of this policy or the instructions of the persons named in the latest Incumbency Certificate by the City until written notification of a change therein is received.