

ORDINANCE NO. 11-99

AN ORDINANCE OF THE CITY OF DE LEON ADOPTING AN INVESTMENT POLICY; AMENDING AND REPEALING CONFLICTING ORDINANCES TO THE EXTENT OF THE CONFLICT; AND PROVIDING FOR OPEN MEETINGS, SEVERABILITY AND RELATED MATTERS.

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

Whereas, recent amendments to Chapter 2256, Tex. Gov't Code, establish certain requirements.

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

Section 1. Adoption. This ordinance amends, establishes and adopts the authorized and official investment policy of the City of De Leon, Texas. Such investment policy shall be as set forth in Section 2 of this ordinance and, for the purposes of administrative efficiency and use, Section 2 may be excerpted and placed in any manuals, reports or documents as the "City of De Leon, Texas Investment Policy".

Section 2. City of De Leon, Texas - Investment Policy. The funds and financial resources of the City of De Leon shall be managed and invested in conformance with the provisions and requirements of the Public Funds Investment Act, Chapt. 2256, Texas Government Code; provided that, where the requirements of this policy are more restrictive, the terms, provisions and requirements of this investment policy shall control.

Scope: This investment policy applies to all financial assets of the City of De Leon, and includes all funds listed as follows:

1. General Fund
2. Special revenue Funds
3. Debt Service Funds
4. Enterprise Funds
5. Internal Service Funds
6. Trust and Agency Funds

Statement of Cash Management Philosophy: The City of De Leon shall maintain a comprehensive cash management program, to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City's bank accounts, the payment of obligations so as to comply with state law and in accord with vendor invoices, and the prudent investment of idle funds in accord with this policy.

Objectives: The City's Investment program shall be conducted so as to accomplish the following objectives, listed in priority order:

1. Safety of the principal invested;
2. Availability of sufficient cash to pay obligations of the City when due;
3. Provide for diversification as appropriate given the total funds invested;
4. Investment of idle cash at the highest possible rate of return, consistent with state and local laws and the objectives listed above.

Delegation of Authority: The City Treasurer is responsible for overall management of the City's investment program and is designated as the City's Investment Officer. Accordingly, the City Treasurer is responsible for day-to-day administration of the investment program and for the duties listed below:

1. Maintain current information as to available cash balances in City accounts, and as to the amount of idle cash available for investment
2. Make investments in accord with this policy
3. Ensure that all investments are adequately secured

Prudence: Investments shall be made with judgement 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; and
3. Yield

Authorized Investments: (a) The funds available for investment in any Fund of the City may be invested in the following;

1. U.S. Treasury bills, notes or bonds which are guarantied as to principal and interest by the full faith and credit of the United States of America;
2. Collateralized or fully insured certificates of deposit at FDIC insured banks in the State of Texas, consistent with provisions of the City's current bank depository agreement;
3. Direct obligations of the State of Texas or its agencies; and
4. Other obligations which are unconditionally guarantied or insured by the State of Texas or the United States of America;

(b) Provided that no security shall be purchased for any person who has not delivered the City an instrument in substantially the form required by § 2256.005(k), Tex. Gov't. Code.

Maximum Maturity:

1. No individual investment will be made for longer than a 12 month period except with the prior approval of the City Council.
2. 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.

Qualifying Institutions: Investments may be made with or through the following institutions:

1. Federally insured banks located in the State of Texas;
2. Primary government security dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York; and
3. Local Government Investment Pools.

Collateralization and Safekeeping: The City of De Leon will accept as collateral for its certificates of deposit and other evidence of deposit the following securities:

1. FDIC coverage;
2. U.S. Treasury bills, notes or bonds;
3. State of Texas bonds;
4. Other obligations of the U.S. or its agencies and instrumentalities; and
5. Bonds issued by other Texas governmental entities (city, county, school, special districts), with a remaining maturity of twenty years or less.

Securities pledged as collateral must be retained in a third party bank in the State of Texas and City shall be provided the original safekeeping receipt on each pledged security.

The Mayor must approve release of collateral in writing, after Council approval, 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:

name, type and description of the security
 safekeeping receipt number
 par value
 current market value
 maturity date

Diversification: The City's investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The following general constraints shall apply: maturities shall be staggered to avoid undue concentration of assets in specific maturity sector and maturities selected shall provide for stability of income and reasonable liquidity.

Reports and Review: (a) The City treasurer shall prepare and submit to the City Council each calendar quarter, a summary report showing a list of investments by City Fund, the market value of each such investment, the total value of all investments and cash on hand for each such Fund, the annualized return for such Fund for the previous calendar quarter and the projected return for the then current calendar quarter for each City Fund.

(b) The City Treasurer shall further schedule and cause the City Council to review the Investment Policy of the City during the last quarter of each calendar year.

(c) The Mayor and City Treasurer shall cause a compliance audit of management controls on the investments and adherence to this Investment Policy.

Continuing Education and Training: The City Treasurer shall become and remain familiar with the requirements of Chapter 2256, Tex. Gov't Code; and advise and consult with the officers and governing body of the City for the purpose of assuring the City's compliance with this Investment Policy and Chapter 2256, and to assure that the officers and councilmembers of the City receive the training, if any, required by Chapter 2256.

Section 3. Conflicting Ordinances. All ordinances or part of ordinances in conflict with this ordinance are hereby amended to the extent of such conflict and shall hereinafter read as provided herein. To the extent only, in any, necessary to accomplish the purposes of this ordinance, any such term, condition or provision of any ordinance of the city that is in conflict herewith is hereby repealed to the extent of such conflict.

Section 4. Severability. If any provision of this ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications hereof which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

Section 5. Open Meetings. That 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, Chapt. 551, Loc. Gov't Code.

Section 6. Effective Date. This ordinance shall be in full force

and effect on the date of its final adoption and passage on second and final reading as provided below.

Passed and adopted on first reading this 14 day of September, 1999.

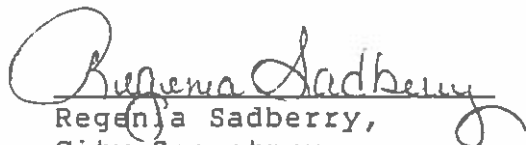
Finally passed and adopted on this 28 day of September, 1999.

City of De Leon, Texas



Norma Jo Locke, Mayor

Attest:



Regina Sadberry,
City Secretary