



**AGENDA ITEM REQUEST FORM
CITY OF JOHNSON CITY, TEXAS
CITY COUNCIL**

ITEM NOS. 5, 6 & 7

MEETING DATE: September 20, 2022

AGENDA PLACEMENT:

- Ceremonial
- Consent
- Individual
- Closed Session

CAPTION:

Approval of a Resolution of the City Council of the City of Johnson City, Texas approving an Investment Policy and Strategy for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

Approval of a Resolution of the City Council of the City of Johnson City, Texas designating Investment Officer(s) for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

Approval of a Resolution of the City Council of the City of Johnson City, Texas approving a list of approved brokers / dealers for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

STRATEGIC WORK PLAN:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Not Applicable | <input type="checkbox"/> Goal 5: Improve Fire Safety |
| <input type="checkbox"/> Goal 1: Increase Housing Diversity | <input type="checkbox"/> Goal 6: Improve Streets |
| <input type="checkbox"/> Goal 2: Expand Quality Lodging | <input type="checkbox"/> Goal 7: Increase Publicity & Promotion of the Community |
| <input type="checkbox"/> Goal 3: Improve Code Enforcement | <input type="checkbox"/> Goal 8: Increase Economic Development Activities |
| <input type="checkbox"/> Goal 4: Improve Streetscaping & Signage | |

EXECUTIVE SUMMARY:

Pursuant to the Texas Public Funds Investment Act, municipalities are required to individually review and adopt an investment policy and strategy, designate an investment officer(s), and approve a list of brokers / dealers for public investment purposes on an annual basis.

Texas Government Code Chapter 2256:

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:

- (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
- (B) the maximum allowable stated maturity of any individual investment owned by the entity;
- (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
- (D) methods to monitor the market price of investments acquired with public funds;
- (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
- (F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity....In the administration of the duties of an investment officer, the person designated as 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,

but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity...The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

- (1) received and reviewed the investment policy of the entity; and
- (2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy...

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

The proposed investment policy and strategy authorizes the following types of investments:

1. Obligation of the United States, its agencies and instrumentalities, excluding mortgage backed securities and with a final stated maturity not to exceed two years.
2. Fully insured or collateralized depository certificates of deposit or term share certificate of any bank or credit union doing business in Texas with a stated maturity date not to exceed eighteen (18) months. Certificates of deposit may be purchased through the CDARS program with a bank in Texas.
3. AAA-rated, constant dollar local government investment pools which strive to maintain a stable \$1.00 net asset value and comply with SEC Rule 2a-7.
4. Fully collateralized repurchase agreements purchased through a primary government securities dealer, as defined by the Federal Reserve, with a stated maturity not to exceed six (6) months. A "flex" repurchase agreement may be used for bond proceeds beyond six (6) months but must not exceed the expenditure plan of the funds.
5. AAA-rated SEC registered money market mutual funds which strive to maintain a \$1 net asset value and comply with SEC Rule 2a-7.
6. Interest bearing accounts in any bank or credit union in Texas fully insured by FDIC / NCUSIF or collateralized in accordance with this Policy.
7. Fully FDIC-insured / NCUSIF-insured brokered certificate of deposit securities from banks in any state within the United States of America delivered versus payment to the City's safekeeping depository, not to exceed one (1) year to maturity. Investment Officers must verify the FDIC / NCUSIF status of the bank on www.2fdic.gov/idasp/main_bankfind.asp or www.NCUSIF.gov to assure that the bank is FDIC / NCUSIF insured.

Moreover, the proposed policy and associated Resolution authorize the following investment officers for the City:

1. Rick Schroder, CAO; and
2. Whitney Walston, City Secretary.

Lastly, the final Resolution establishes four (4) brokerage firms through which the City can purchase securities, such as Treasuries and brokered certificates of deposit:

1. Loop Capital;
2. Raymond James;
3. Stifel Nicolaus; and
4. Wells Fargo.

FINANCIAL: N/a

ATTACHMENTS: Proposed Resolutions

SUGGESTED ACTION:

Motion to approve:

A Resolution of the City Council of the City of Johnson City, Texas approving an Investment Policy and Strategy for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

A Resolution of the City Council of the City of Johnson City, Texas designating Investment Officer(s) for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

A Resolution of the City Council of the City of Johnson City, Texas approving a list of approved brokers / dealers for public investment purposes for FYE 2023; authorizing the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution; incorporating recitals; providing for severability; and adopting an effective date. (Staff)

PREPARED BY: City Staff

DATE SUBMITTED: 9/16/22

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RESOLUTION NO. R22-091

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, TEXAS (CITY) DESIGNATING INVESTMENT OFFICER(S) FOR PUBLIC INVESTMENT PURPOSES FOR FISCAL YEAR ENDING (FYE) 2023; AUTHORIZING THE CHIEF ADMINISTRATIVE OFFICER TO TAKE ALL NECESSARY STEPS TO IMPLEMENT THE PROVISIONS OF THIS RESOLUTION; INCORPORATING RECITALS; PROVIDING FOR SEVERABILITY; AND ADOPTING AN EFFECTIVE DATE.

WHEREAS, the Public Funds Investment Act, codified in the Texas Government Code Chapter 2256, governs local government investment; and

WHEREAS, the City intends to fulfill the requirements of the Public Funds Investment Act in order to secure the safety of its funds; and

WHEREAS, the Public Funds Investment Act (Section 2256.005f) states that:

Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers as investment officer(s) to be responsible for the investment of its funds consistent with the adopted Investment Policy and Investment Strategy. Authority granted to a person to invest an entity's funds is effective until rescinded by the City Council or until the expiration of the officer's term or termination of employment.

In the administration of the duties of an Investment Officer, the 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, but the City Council retains ultimate responsibility as fiduciaries of the assets. The Investment Officer(s) may deposit, withdraw, transfer, or manage the funds in any other manner; and

WHEREAS, the Public Funds Investment Act and the City's Investment Policy require the Investment Officer(s) to perform certain duties and report regularly to the City Council on the investment program.

NOW, THEREFORE, BE IT RESOLVED that:

Section One. Designation of Investment Officer(s). The City has complied with the requirements of the Public Funds Investment Act and its Investment Policy and designates the following individuals to serve as Investment Officers:

Rick A. Schroder, Chief Administrative Officer
Whitney Walston, City Secretary

to exercise the judgment and care, under circumstances then prevailing, that a prudent person would exercise in the management of the person's own affairs and to perform all requirements of the Act.

Section Two. Assignment of Responsibility. The aforementioned Investment Officer(s) are hereby assigned the responsibility for the investment, management, and safekeeping of all funds, regardless of their source or form, at all times.

Section Three. Authorization. The Chief Administrative Officer is hereby authorized to take all necessary steps to implement the provisions of this Resolution.

Section Four. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section Five. Recitals. The City Council finds all of the above recitals to be true and correct and incorporates the same in this Resolution as findings of fact.

Section Six. Severability. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held to be unconstitutional or illegal, such decision shall not affect the validity of the remaining sections of this Resolution. The City Council hereby declares that it would have passed this Resolution, and each section, subsection, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared void.

PASSED, ADOPTED, AND APPROVED by the City Council of the City of Johnson City this the 20th day of September 2022.

APPROVED:

Rhonda Stell
Mayor

ATTEST:

Whitney Walston
City Secretary



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Certificate of Completion

This certificate is presented to

Rick Schroder

for successfully completing Texas Public Funds Investment Act on Jan 13 2021. Rick Schroder completed ten hours of Investment Training in full compliance with Texas Government Code Chapter 2256.008 of the Public Funds Investment Act.

Signature Linda Patterson

PATTERSON & ASSOCIATES



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Certificate of Completion

This certificate is presented to

Savannah Walston

for successfully completing Texas Public Funds Investment Act on Aug 24 2021. Savannah Walston completed ten hours of Investment Training in full compliance with Texas Government Code Chapter 2256.008 of the Public Funds Investment Act.

Signature *Linda Patterson*

PATTERSON & ASSOCIATES



INVESTMENT PROFESSIONALS

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