



AGENDA MEMORANDUM

Future Agenda for the City Council Meeting of November 20, 2012
Action Item for the City Council Meeting of December 11, 2012

DATE: December 11, 2012

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Approval of Amendments to the City's Investment Policy

CAPTION:

Resolution approving amendments to the City Investment Policy to amend term for Certificate of Deposit from one to two years and include brokered certificates of deposit as an authorized investment; and approving the Investment Policy as amended.

PURPOSE:

The Public Funds Investment Act requires annual review by the governing body of its Investment Policy, and adoption of a written instrument stating that it has reviewed the investment policy and investment strategies.

BACKGROUND AND FINDINGS:

Under Texas Government Code, Chapter 2256, Subchapter A. Authorized Investments For Governmental Entities, the State of Texas delineates the types of investments and the investment rules that must be followed by governmental entities. This chapter is often referred to as the Public Funds Investment Act. Legislative changes to the Public Funds Investment Act were made in 2011 which provided clarification to several of the sections of the Act. The changes being proposed this year provide further clarification for brokered certificates of deposit (CD) specifically to require brokered CD's to have a "cusip" number (a 9-character alphanumeric code that identifies a financial security for purposes of facilitating clearing and settlement of trades) and to be held in safekeeping at a third-party institution. These changes are being proposed to further protect the City's assets. Additionally, it is being recommended that the City be authorized to purchase CD's for up to a two-year term since interest rates are at historic lows and purchasing longer term investments yield a higher return.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

The City has established an Investment Committee which consists of the City Manager, Assistant City Managers, City Attorney, Director of Financial Services, and Assistant Director of Management and Budget, or their designees. The Committee met on October 31, 2012 to review and approve the Investment Policy. In accordance with the Public Funds Investment Act which requires the governing body to approve the City's investment policy annually, City staff is recommending approval of the policy as amended.

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

n/a

DEPARTMENTAL CLEARANCES:

- Legal Department
- Investment Committee

FINANCIAL IMPACT:

X Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	\$ -	\$ -	\$ -
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ -	\$ -	\$ -
BALANCE	-	\$ -	\$ -	\$ -
FUND(S):				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

City Investment Policy
Resolution