



AGENDA MEMORANDUM

Future Agenda for the City Council Meeting of November 27, 2018
Action Item for the City Council Meeting of December 4, 2018

DATE: November 15, 2018

TO: Keith Selman, Interim City Manager

THRU: Sylvia Carrillo-Treviño, Assistant City Manager

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

CAPTION:

Resolution amending and reaffirming the City of Corpus Christi's Investment Policy and Investment Strategies for Fiscal Year 2018-2019

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". In accordance with the Public Funds Investment Act, the governing body must approve the City's investment policy annually.

The City of Corpus Christi Investment Policy and Investment Strategies has been revised in an effort to simplify and update the document to reflect current investment

practices and language in the Public Funds Investment Act (PFIA). Additionally, the City Treasurer will submit the Investment Policy, once approved, for certification to the Government Treasurer's Organization of Texas. This will be the first time that the City of Corpus Christi has applied for such a certification.

The recommended substantial changes to the investment policy included the following:

1. Update overall style, structure, and format of document for ease of application and readability.
2. Update title of the document to include investment strategies.
3. Remove the following appendices not required to be included:
 - Appendix A – Texas Public Funds Investment Act
 - Appendix B – Code of Ethics
 - Appendix D – Legal Defense and Indemnification of City Officers and Employees
4. Remove definitions section; words are defined within the body of the document.
5. Simplify scope to include all funds of the City instead of listing out specific types of funds covered by the policy.
6. Update ethics section to reflect PFIA requirements. Only investment officers are required to complete a disclosure of financial interest because investment decisions are made only by investment officers.
7. Remove specific approved training organizations; replace with language in line with the PFIA.
8. Add the Director of Financial Services and Assistant Director of Financial Services over Accounting as Investment Officers.
9. Remove Texas Term Investment Pool as an authorized investment.
10. Add the following authorized investments:
 - Interest-bearing depository accounts of banks in Texas
 - General debt obligations of any US state
 - Commercial paper
 - Securities lending
11. Increase maximum maturity of investments from 2 years to 3 years. Weighted average maturity (WAM) will remain the same at 1 year. This allows for added flexibility to increase earnings in varying market conditions.
12. Update risk benchmark requirement to reflect 1-Year U.S. Treasury.
13. Consolidate safekeeping requirements into one section.
14. Remove prohibited collateral section; add eligible collateral section.
15. Add the City's depository services agreement as a required document to be followed with regard to collateralization.
16. Remove collateral monitoring since this requirement is outlined in the City's depository services agreement and the Public Funds Collateral Act.
17. Move investment strategies section to the end of the document.
18. Remove record retention requirement as the City is required to follow State record retention rules.

19. Remove external reporting/evaluations section; investment officers can obtain this information online when needed.
20. Remove audits and inspections section; replace with audits and compliance with laws section.
21. Update and expand on investment strategies to reflect current investment practices of the City.
 - a. Removed strategies for:
 - Operating and CIP Funds
 - Debt Service Funds
 - Debt Service Reserve Funds
 - Special Purpose Funds
 - b. Added strategies for:
 - Pooled Fund Strategy
 - Texas Utility System Junior Lien Revenue Improvement Bonds Escrow Strategy
 - Airport Passenger Facility Charges Fund Strategy
 - Law Enforcement Seized Assets Fund Strategy
22. Remove inapplicable quarterly reports; replace with reporting requirements as listed in the PFIA.

Additionally, the City has established an Investment Committee which consists of the City Manager, Assistant City Managers, City Attorney, Director of Financial Services, and Director of Management and Budget, or their designees. The Committee met on November 15, 2018 and approved the revisions to the Investment Policy. The City's investment advisor has also reviewed and approved the revisions.

ALTERNATIVES:

Do not make any changes to the Investment Policy.

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

n/a

DEPARTMENTAL CLEARANCES:

- City Attorney's Office
- 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:

Proposed 2018 City Investment Policy
Redline version of Proposed 2018 Investment Policy
Resolution