

**RESOLUTION NUMBER 24-R-1111**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS, ADOPTING THE WRITTEN INVESTMENT POLICY FOR INVESTMENT OF MUNICIPAL FUNDS; DESIGNATING INVESTMENT OFFICERS OF THE CITY; APPROVING AUTHORIZED BROKER/DEALER LIST; APPROVING INDEPENDENT TRAINING SOURCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City Council recognizes the necessity of utilizing the public funds entrusted to it by the citizens of Murphy in the most advantageous manner so as to maximize the benefit of those funds for the citizens of Murphy, Texas; and

**WHEREAS**, the City Council recognizes the necessity of protecting the principal of those funds and ensure the ready accessibility of such funds; and

**WHEREAS**, section 2256.005(b) of the Texas Government Code, requires the City to adopt a written investment policy regarding the investment of City funds which emphasizes safety of principal and liquidity; addresses investment diversification, yield, maturity, and the quality and capability of investment management; and

**WHEREAS**, pursuant to section 2256.005(f) of the Texas Government Code, City Council shall designate by ordinance or resolution, one or more City officers or City employees as investment officer who shall be responsible for the investment of the City's funds consistent with the City's investment policy and the laws of the State of Texas; and

**WHEREAS**, pursuant to section 2256.025 of the Texas Government Code, City Council shall adopt a list of qualified brokers that are authorized to engage in investment transactions.

**WHEREAS**, pursuant to section 2256.008 (1) of the Texas Government Code, City Council shall approve independent training sources for investment officer investment training.

**WHEREAS**, the City Council desires to adopt regulations governing the investment of the funds entrusted to it by the citizens of Murphy, Texas.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS, AS FOLLOWS:**

**Section 1.** That the foregoing recitals are hereby found to be true and correct findings of the City of Murphy, Texas, and are fully incorporated into the body of this resolution.

**Section 2.** That the City of Murphy does appoint the Finance Director as the primary Investment Officer, and the City Manager and Controller as secondary Investment Officers. The designated Investment Officers will attend such training and at such times as is necessary to maintain the State standard of competency for an Investment Officer.

**Section 3.** That the City of Murphy does approve a qualified broker/dealer list and independent training sources.

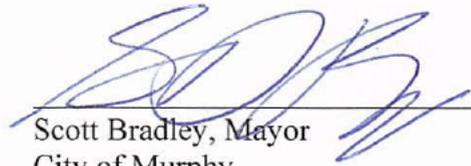
**Section 4.** That the City of Murphy does hereby adopt Texas Government Code, Chapter 2256, Public Funds Investment Act, in its entirety, as the rule and guide for the investment of such public funds as are entrusted to it and are deemed suitable for investment purposes. The Investment Policy attached hereto as *Exhibit A* ("Investment Policy of the City of Murphy, Texas"), and made a part hereof for all purposes is hereby adopted as the Investment Policy of the City of Murphy, Texas, as required by Chapter 2256 of the Texas Government Code.

**Section 5.** If any word, section, article, phrase, paragraph, sentence, clause, or portion of this resolution or application thereto to any person or circumstance is held to be invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this ordinance; and the City Council hereby declares it would have passed such remaining portions of this ordinance despite such invalidity which remaining portions shall remain in full force and effect.

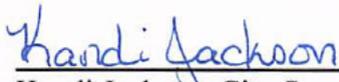
**Section 6.** This resolution shall become effective from and after its passage.

**DULY RESOLVED** by the City Council of the City of Murphy, Texas, on this the 19<sup>th</sup> day of November, 2024.



  
\_\_\_\_\_  
Scott Bradley, Mayor  
City of Murphy

ATTEST:

  
\_\_\_\_\_  
Kandi Jackson, City Secretary  
City of Murphy

APPROVED AS TO FORM AND LEGALITY: 

  
\_\_\_\_\_  
Susan B. Thomas, PhD, Assistant City Attorney  
City of Murphy

**INVESTMENT POLICY  
OF THE  
CITY OF MURPHY, TEXAS**

**I. POLICY STATEMENT**

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Murphy (the “City”) in order to achieve the objectives of safety, liquidity, public trust, and risk-appropriate yield for all investment activity. This Policy serves to satisfy the statutory requirements of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act (the “Act”). The earnings from investment will be used in a manner that best serves the interests of the City.

**II. SCOPE**

This Investment Policy applies to the investment activities of the City. All financial assets of the City included in the Annual Comprehensive Financial Report, including the following fund types, shall be administered in accordance with the provisions of these policies.

- General Funds
- Capital Projects Funds
- Debt Service Funds
- Debt Service Reserve Funds
- Utility Funds
- Any new fund created by the City, unless specifically exempted from this Policy by law
- Component units

**III. OBJECTIVES**

The primary objectives of the City’s investment program in order of priority shall be preservation and safety of principal, liquidity, public trust, and risk-appropriate yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit risk and maturity, as necessary. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Local law.

**(a) SAFETY OF PRINCIPAL:**

The foremost and primary objective of the City’s investment program is the preservation and safety

of capital of the overall portfolio. All investments should be of high quality with no perceived default risk. Each investment transaction will seek first to ensure that capital losses are avoided, whether the loss occurs from issuer default or from erosion of market value. The objectives will be to mitigate credit risk and interest rate risk. To control credit risk, investments should be limited to the safest issuers. Financial institutions, broker/dealers and advisers who serve as intermediaries, shall be pre-qualified by the City. The credit ratings of investment pools and individual issuers will be monitored to assure compliance with this Policy and state law.

An investment that requires a minimum rating under this Policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Investment Officers will take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating. The Investment Officers will not be required to liquidate investments that were authorized investments at the time of purchase.

**(b) LIQUIDITY:**

The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow funding requirements, by investing in securities with active secondary markets and by diversification of maturities. Furthermore, since all possible cash demands cannot be anticipated, the portfolio, or portions thereof may be placed in money market accounts, money market mutual funds or local government investment pools, which offer same day liquidity for short-term funds.

**(c) PUBLIC TRUST:**

All participants in the investment process will seek to act responsibly as custodians of the public trust. Investment Officers will avoid any transactions that might impair public confidence in the City's ability to govern effectively. The City Council recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The Investment Officers shall adhere to the City of Murphy Code of Conduct and City Charter.

**(d) RISK-APPROPRIATE YIELD:**

The investment program will seek to augment returns consistent with risk constraints identified herein, cash flow characteristics of the portfolio and prudent investment principles. Investments are limited to relatively low risk issuers in anticipation of earning a fair return relative to the risk being assumed.

**IV. RESPONSIBILITY AND CONTROL**

**(a) DELEGATION OF AUTHORITY**

The City Council shall designate the City Manager, Finance Director and Controller as the Investment Officers. The Investment Officers shall establish procedures for the operation of the investment program consistent with this Investment Policy. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. All investment transactions will require the approval of at least two Investment Officers.

No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Investment Officers.

**(b) INVESTMENT COMMITTEE**

The Investment Committee, consisting of the City Manager, Finance Director, and Controller, shall meet periodically to determine appropriate strategies and to monitor results. The Committee shall monitor the investment activities, assist in the development of investment policies, strategies and procedures, and annually review and approve the City's broker/dealers and independent training sources.

**(c) TRAINING**

In accordance with the Act, and to ensure the quality and capability of investment management, the Investment Officers shall accumulate ten (10) hours of investment training within twelve (12) months of assuming duties and eight (8) hours within every succeeding two (2) year fiscal year cycle. The investment training sessions shall be provided by an independent source, approved by the Investment Committee. The City Council shall approve the independent training sources (Appendix A). Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

**(d) PRUDENT PERSON RULE**

The standard of prudence to be applied by the Investment Officers shall be the "prudent person" rule as provided in the Act. This section states, "Investments shall be made with judgment 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 Officers acting in accordance with written procedures and exercising due diligence shall not be held personally liable for a specific investment's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Pursuant to the Act, in determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration: (1) the investment of all funds, or funds under the City's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment; and (2) whether the investment decision was consistent with the written Investment Policy of the City.

**(e) ETHICS AND CONFLICTS OF INTEREST**

The Investment Officers, and employees involved in the investment process, shall refrain from any personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions.

Investment Officers shall disclose any personal or business relationship involving material interests in financial institutions with which the City conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers shall refrain from undertaking personal investment transactions with the same individual or firm with which business is conducted on behalf of the City.

Any Investment Officer of the City who has a personal business relationship with an organization or is related with the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship, in accordance with the Act, with the Texas Ethics Commission and the City Council.

**(f) INTERNAL CONTROLS**

The Investment Officers are responsible for establishing and maintaining internal controls to protect the assets of the City from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

**(g) ANNUAL AUDIT**

Accordingly, within the scope of the annual audit, the City shall establish a process for annual independent review by an external auditor to assure compliance with this Policy and supporting procedures.

**(h) REPORTING**

The Investment Officers shall prepare for the City Council an investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in detail and summary information. This reporting shall be made in accordance with the Act.

The quarterly investment report shall include a summary statement of investment activity during the period. This summary will be prepared in a manner that will allow the City Council to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

- A listing of individual investments held at the end of the reporting period.
- Average weighted yield to maturity of portfolio.
- Beginning and ending book and market value for the reporting period.
- Fully accrued interest for the reporting period and total earnings for the period.
- The percentage of the total portfolio by type of investment.
- Statement of compliance of the City's investment portfolio with State law and the investment strategy and Policy approved by the City Council.

The Investment Officers shall determine the market value of each investment at least quarterly. Such values shall be obtained from a reputable source independent of the original transaction.

“Weighted average yield to maturity” shall be the standard on which investment performance is calculated.

In conjunction with the annual audit, an independent auditor will perform a formal annual review of the quarterly reports with the results reported to the City Council by that auditor.

**V. INVESTMENT PORTFOLIO**

**(a) AUTHORIZED INVESTMENTS**

The City shall utilize investments that are lawfully enumerated in the Act. The City reserves the right to further restrict the types of investments which can be made. Assets of the City may be invested in the following instruments:

- i. obligations, including letters of credit, of the United States of America or its agencies and instrumentalities, including the Federal Home Loan Banks, and excluding mortgage-backed securities;
- ii. direct obligations of the State of Texas or its agencies and instrumentalities;
- iii. other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States;
- iv. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- v. certificates of deposits and other financial institution deposits issued by a state or national bank or a savings and loan association that has its main or branch office in Texas, and is guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund (NCUSIF) or its successor, or secured by obligations in any manner and amount provided by law for deposits of the City; or, deposits placed through a broker or financial institution that has its main office or a branch office in Texas that arranges for deposit of the funds in one or more federally insured depository institutions, wherever located, for an account of the City, and in compliance with the requirements of the Act;
- vi. fully collateralized repurchase agreements provided the repurchase agreement: has a defined termination date; is secured by cash or obligations described in the Act; requires the securities being purchased by the City to be pledged to the City, held in an account in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas;
- vii. authorized no-load money market mutual funds which are registered with and regulated by the Securities and Exchange Commission; provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); complies with federal Securities and Exchange Commission Rule 2a-7; and includes in its investment objectives the maintenance of a stable net asset value of \$1.0000 for each share;
- viii. guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract: complies with the requirements of the Act and IRS regulations; and
- ix. eligible investment pools if the City Council by ordinance or resolution authorizes investment in the particular pool.

**(b) INVESTMENT INSTRUMENTS NOT AUTHORIZED**

Investments including interest-only or principal-only strips of obligations with underlying mortgage-backed security collateral, or collateralized mortgage obligations with inverse floating interest rate coupons or a maturity date of over 10 years are strictly prohibited.

**(c) COMPETITIVE ENVIRONMENT**

The Investment Officers are authorized to solicit quotes for investments orally, in writing, electronically, or in any combination of these methods. It is the policy of the City to provide a competitive environment for individual investment transactions, and financial institution, money market mutual fund, and local government investment pool selections.

**(d) DELIVERY VERSUS PAYMENT**

Securities purchased by the City shall be settled into the City's safekeeping agent on a delivery versus payment (DVP) basis. DVP assures that City funds will not be released until the purchased security has been received. Securities will be held by an independent third-party safekeeping agent as evidenced by safekeeping receipts.

**VI. INVESTMENT STRATEGIES**

The City's basic investment strategy for all financial assets is to preserve principal. In order to achieve that objective, the City shall invest in instruments with limited credit risk and invest in maturities that do not exceed anticipated cash flow requirements.

The objective of liquidity stems from the need of the City to maintain available cash balances sufficient to cover financial outlays. Since the timing and amount of some financial disbursements are not predictable, fund-type strategies shall adjust for the certainty of projected cash flows.

The City shall maintain a "buy and hold" portfolio strategy. Investments shall not be sold or redeemed prior to maturity with the following exceptions:

- (1) An investment with declining credit may be sold or redeemed early to minimize loss of principal,
- (2) A security swap that would improve the quality, yield or target maturity in the portfolio,
- (3) If market conditions present an opportunity for the City to benefit from the sale, or
- (4) Liquidity needs of the portfolio require that the investment be sold or redeemed.

It is also the policy of the City to diversify its investment portfolios. Whenever practical and appropriate, assets held in the investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

City funds shall seek to achieve a competitive yield appropriate for each fund-type. A comparably structured treasury security portfolio shall represent the minimum yield objective. Yield objectives shall at all times be subordinate to the objectives of safety and liquidity.

**(a) GENERAL, ENTERPRISE OR OPERATING-TYPE FUNDS**

- i. Suitability – Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type funds.

- ii. Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund’s portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.
- iii. Liquidity – General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Demand deposit accounts, money market accounts, short-term investment pools, and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
- iv. Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement.
- v. Diversification – Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.
- vi. Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio will be the minimum yield objective.

**(b) CAPITAL PROJECTS FUNDS**

- i. Suitability – Any investment eligible in the Investment Policy is suitable for Capital Projects Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.
- ii. Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Projects Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.
- iii. Liquidity – Most capital projects programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Demand deposit accounts, money market accounts, short term investment pools, and money market mutual funds will provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.
- iv. Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement.
- v. Diversification – Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of

diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

- vi. Yield – Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy’s risk constraints. The yield of an equally weighted, rolling six-month Treasury-Bill portfolio will be the minimum yield objective for non-borrowed funds. Yields on debt proceeds that are not exempt from federal arbitrage regulations are limited to the arbitrage yield of the debt obligation. Investment Officers will seek to preserve principal and optimize the yield of these funds in compliance with current federal regulations.

**(c) DEBT SERVICE FUNDS**

- i. Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.
- ii. Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.
- iii. Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Demand deposit accounts, money market accounts, short term investments pools, and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.
- iv. Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.
- v. Diversification – Market conditions influence the attractiveness of fully extending maturity to the next “unfunded” payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.
- vi. Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio shall be the minimum yield objective.

**(d) DEBT SERVICE RESERVE FUNDS**

- i. Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.
- ii. Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment’s market risk if the City’s debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the

shorter of the final maturity of the borrowing or five years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

- iii. Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.
- iv. Marketability – Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.
- v. Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.
- vi. Yield – Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

## **VII. COLLATERALIZATION AND SAFEKEEPING**

All financial institution deposits shall be insured or collateralized in compliance with applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards those deposits.

### **(a) COLLATERALIZATION**

Financial institutions serving as City depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement must be executed by the depository and the City contemporaneously with the acquisition of the asset;
- The agreement must be approved by the Board of Directors or designated committee of the depository and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the depository's "official record" continuously since its execution.

The written agreement will specify the acceptable collateral, require independent custodian of the collateral, only allow substitution of collateral of equal or greater value than the collateral being substituted and require City approval before release of the collateral.

A clearly marked evidence of pledge must be supplied to the City and retained by the Investment Officers. A monthly collateral report provided by the custodian shall be reviewed by the Investment Officers to assure that the market value of the collateral is adequate.

**(b) COLLATERAL LEVELS**

For financial institution deposits, the market value of securities pledged as collateral for deposits must at all times be equal to or greater than 102% of the par value of the deposit plus accrued interest less the amount insured by the FDIC or the NCUSIF, or their successors. The depository shall be liable for monitoring and maintaining the collateral and collateral margins at all times. Letters of credit pledged as collateral shall at all times be equal to the total value of the deposits plus accrued interest less the applicable level of FDIC/NCUSIF insurance.

If the value of the securities pledged falls below the required collateral level, the financial institution must pledge additional securities no later than the end of the next succeeding business day.

**(c) SAFEKEEPING**

The City shall contract with a bank or banks for the safekeeping of securities owned by the City as part of its investment portfolio. The securities will be held in an account in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited.

**VIII. PRIMARY FINANCIAL INSTITUTION, BROKER/DEALERS AND ADVISORS**

**(a) PRIMARY FINANCIAL INSTITUTION**

Primary depositories shall be selected through the City's banking services procurement process, which shall include a formal Request for Applications (RFA) issued in compliance with applicable State law. This contract can be extended as per the RFA specifications.

**(b) AUTHORIZED BROKER/DEALERS**

Broker/dealers eligible to transact investment business with the City shall be presented a written copy of this Investment Policy. The City Council shall approve the list of authorized broker/dealers (Appendix B).

**(c) INVESTMENT ADVISORS**

The City may select an Investment Advisor to advise the City in the investment of City funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 or with the Texas State Securities Board.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity within the guidelines of this Investment Policy and without any discretionary authority to transact business on behalf of the City.

**(d) CERTIFICATION OF BUSINESS ORGANIZATIONS**

Additionally, local government investment pools and discretionary investment management firms shall provide certification of having read the City's Investment Policy signed by a qualified representative of the organization, acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization in accordance with the Act.

The City shall not enter into an investment transaction with a pool or discretionary investment manager prior to receiving the written instrument described above.

**IX. INVESTMENT POLICY ADOPTION**

The City's Investment Policy shall be reviewed and adopted at least annually by resolution of the City Council. It is the City's intent to comply with State laws and regulations. The City's Investment Policy may be revised by Council consistent with changing laws, regulations, or the needs of the City. The City Council shall review and approve the Policy and investment strategies annually, approving any changes or modifications, at a legally scheduled meeting.

## **Appendix A**

### **APPROVED INDEPENDENT TRAINING SOURCES**

In compliance with the Public Funds Investment Act and the City's Investment Policy, the Investment Committee authorizes the following list of independent training sources to provide Investment Officer education:

American Institute of Certified Public Accountants  
Council of Governments  
International City/County Management Association  
Government Finance Officers Association  
Government Finance Officers Association of Texas  
Government Treasurers' Organization of Texas  
North Central Texas Council of Governments  
Texas City Management' Association  
Texas Municipal Clerks Association  
Texas Municipal League  
TEXPO  
University of North Texas Center for Public Management

Prior adoption by the City Council on November 21, 2023 for Fiscal Year 2024.

## **Appendix B**

### **AUTHORIZED BROKER/DEALER LIST**

FHN Financial  
Multi-Bank Securities  
SAMCO Capital  
Stifel Financial  
Wells Fargo Securities

Prior adoption by the City Council on November 21, 2023 for Fiscal Year 2024.