

RESOLUTION NO. R2020-02

A RESOLUTION ADOPTING THE CITY OF BURNET, TX, INVESTMENT POLICY AND NAMING THE FINANCE DIRECTOR AND SENIOR ACCOUNTANT AS THE INVESTMENT OFFICERS.

WHEREAS, Chapter 2256 of the Government Code, commonly known as the "Public Funds Investment Act," requires the city to adopt an investment policy by rule, order, ordinance, or resolution; and

WHEREAS, the Public Funds Investment Act requires the investment officer of the city to attend investment training; and

WHEREAS, the City of Burnet approves the investment training course sponsored by the Texas Municipal League; and

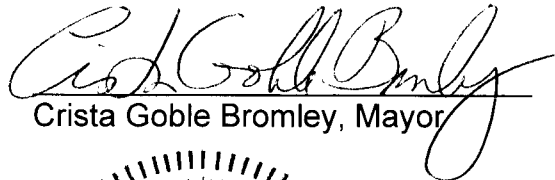
WHEREAS, the investment officers of the city, have attended an investment training course sponsored by the Texas Municipal League as required by the Public Funds Investment Act; and

WHEREAS, the attached investment policy and incorporated strategy comply with the Public Funds Investment Act and authorize the investment of city funds in safe and prudent investments.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS:

That the City of Burnet has complied with the requirements of the Public Funds Investment Act, and the Investment Policy, attached hereto as "Exhibit A," is hereby adopted as the investment policy of the city effective January 28, 2020.

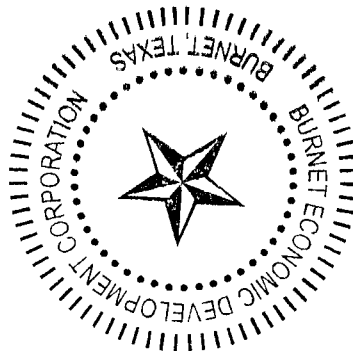
PASSED, ADOPTED AND APPROVED by the City Council of the City of Burnet this the 28th day of January 2020.


Crista Goble Bromley, Mayor

ATTEST:



Kelly Dix, City Secretary



“Exhibit A”

CITY OF BURNET INVESTMENT POLICY

The investment policy of the City is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming with all state and local statutes governing investment of public funds.

SCOPE

The investment policy applies to investment activities of all funds of the City and all funds under the control of the City.

Funds covered by this policy are as follows:

All funds

OBJECTIVES

The primary objectives, in priority order, of the City’s investment activities are:

1. **Safety.** Safety of principal is the primary objective of the investment transaction. Investments shall be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity.** The City’s investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.
3. **Return on investment.** The City’s investment portfolio will be designed with the objective of attaining a rate of return commensurate with the City’s investment risk restraints and the cash flow operating requirements.
4. **Diversification.** Diversification may be required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

STANDARD OF CARE

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

DELEGATION OF AUTHORITY

Authority to manage the City’s investment program is derived from state statutes and City resolutions. The Investment Officers for the City of Burnet designated by the City Manager shall invest and reinvest funds of the City in accordance with the City’s investment policy. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate subordinate officials. The

Investment Officers are Patricia Langford, Director of Finance and Stefani Wright, Senior Accountant.

INVESTMENT TRAINING

It is the City's policy to provide training required by the Public Funds Act, Sec. 2256.008 for the City's Investment Officers. The Investment Officers shall attend at least one training session within twelve months after taking office or assuming duties. In addition, they shall participate in an investment training session not less than once in a two year period consisting of not less than 8 hours of instruction. Training includes education in investment controls, security risks, strategy risks and compliance with the Public Funds Investment Act.

ETHICS AND CONFLICTS OF INTEREST

An Investment Officer who has a personal business relationship with an entity seeking to sell an investment to the City will file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. These statements must be filed with the Texas Ethics Commission and the City Council.

COLLATERALIZATION

All funds must be insured by the FDIC or FSLIC or by collateral pledged to the extent of the fair market value of any amount not insured. To the extent not insured by the FDIC or FSLIC, City funds must be secured by direct obligations of the United States backed by the full faith and credit of the government or by governmental securities or obligations issued by the State of Texas, its agencies or political subdivisions. Collateral will be held by an independent third party, and a safekeeping receipt will be supplied to the City. The City's bank depository will provide the City with a monthly report on the collateral pledged, and a City representative will have the right to inspect the pledged collateral at any time. Collateral may be substituted; however, the City must approve any substitution of collateral in writing.

INVESTMENT POLICY DISCLOSURE

A written copy of the City's investment policy shall be presented to any person seeking to sell to the City an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has received and thoroughly reviewed the Investment Policy of the City and acknowledged 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. The Investment Officers of the City may not buy any securities from a person who has not delivered to the City a written document providing the above information.

AUTHORIZED INVESTMENTS

Investments described below are some of those authorized by the Public Funds Investment Act and considered suitable for investment of City funds:

1. Obligations of the United States or guaranteed by the United States. The City may invest in funds in obligation of the United States or its agencies and instrumentalities.
2. Certificates of Deposit. The City is authorized to invest its funds in certificates of deposit or other interest bearing accounts of any bank or savings and loan association domiciled in the State of Texas. All certificates of deposit must be fully insured or collateralized. Certificates of deposit should mature one to twenty-four months after purchase with maturity dates falling one to six months apart.
3. Public Funds Investment Pools. The City is authorized to invest in public fund investment pools which strive to maintain a stable \$1.00 net asset value and maintain either a "AAA" or "AA" rating from a nationally recognized rating agency.

INVESTMENT STRATEGIES

Investment strategies are developed to attain the investment objectives of the City.

GENERAL FUND AND ENTERPRISE FUNDS

The investment objectives of the City are as follows:

1. Safety of Principal
2. Liquidity. Availability of funds to meet the monthly operating expenditures of the City in accordance with budgeted expenditures and availability of funds to meet unexpected expenditures.

To attain these objectives, investments should be short term that can be liquidated to assure adequate cash flows as necessary. The weighted average maturity should be 180 days or less.

CAPITAL PROJECTS FUND

The investment objectives of the capital projects fund are as follows:

1. Safety of Principal
2. Availability of funds to meet construction needs of the City.

To attain these objectives, investment maturities should be structured to mature no later than the date funds will be needed for project payments.

DEBT SERVICE FUNDS

Investment objectives of the debt service funds are as follows:

1. Safety of Principal
2. Liquidity
3. Yield

Since payment of debt is one of the highest priorities of the City, safety of principal should be of the highest priority when selecting an investment. To ensure safety, investments should consist of United States Treasury notes and bills, public fund investment pools, and certificates of deposit. The investment should have a weighted average maturity of

365 days or less and should be structured to insure that the necessary amounts to retire debt on each date will mature 5 days before said due date.

INVESTMENT REPORTS

No less than quarterly, the Investment Officers shall prepare and submit to the City Council a quarterly written investment report. The report must describe in detail the investment position of the City on the date of the report, state the book value and fair market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested. State the maturity date of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested. State the fund for which each individual investment was acquired and state the compliance of the investment portfolio of the City as it relates to the investment policies and investment strategies expressed in the City's Investment Policy and the Public Funds Investment Act.

COMPLIANCE AUDIT

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City's Investment Policy.