

A G E N D A



Recommendation for Council Action

Austin City Council - Commissioners Court Meeting	Item ID	36263	Agenda Number	72.
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Meeting Date:	9/25/2014	Department:	Treasury
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Subject

Approve a resolution adopting the City of Austin Fiscal Year 2014-15 Investment Policy.

Amount and Source of Funding

Fiscal Note

Purchasing Language:	
Prior Council Action:	The City of Austin's Investment Policy was last approved by City Council on September 26, 2013.
For More Information:	Art Alfaro, Treasurer 974-7882
Boards and Commission Action:	Presented to the City Council's Audit and Finance Committee Meeting on September 24, 2014
MBE / WBE:	
Related Items:	

Additional Backup Information

The Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code, is the state law that governs the investment of public funds. In Section 2256(e), the PFIA requires governmental bodies to adopt an investment policy on an annual basis to serve as the guideline for the investment of public funds. The City of Austin's Investment Policy was last approved by Council on September 26, 2013.

The PFIA provides the legal parameters for the City of Austin's investments, which are further narrowed by adoption of specific investment policies by the Austin City Council.

There are seven recommended changes to the City of Austin's Investment Policy. The changes are refinement or clarification items that were suggested as result of a review of the Investment Policy by the Government Treasurer's Organization of Texas. All revisions are minor in nature and outlined below. The proposed changes to the City's Investment Policy were approved by the City of Austin Investment Committee and presented to the City Council's Audit and Finance Committee.

The first change, on page five, consolidates the two eligible investment sections pertaining to Certificates of Deposits (CDs). Currently the Investment Policy has CDs issued by state and national banks and CDs issued by savings banks as separate eligible investments. The two eligible investments for CDs are now combined into one eligible investment that encompasses all depository institutions (national banks, state banks, and savings banks).

The second change, on page five, revises the language for Share Certificates to more closely mirror PFIA language. State or Federal credit union has been replaced with “depository institution.”

The third change, on page five, adds that CDs have a collateral requirement of 102%. This additional collateral requirement will provide added security for CD investments. Additionally, due to Credit Unions not offering the collateralization of Share Certificates, we are removing language pertaining to this requirement.

The fourth change, on page five, documents additional reporting information required for Money Market Mutual Funds. The addition requires Money Market Mutual Funds to provide the City with a Prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940.

The fifth change, on page seven, clarifies that the list of investment providers will be reviewed and approved at least annually by the City's Investment Committee. Currently, the Investment Policy reads that it will be “reviewed” at least annually. It should be noted that the City's Investment Committee formally approves the list of investment providers annually, therefore this simply documents a current practice.

The sixth change, on page fifteen, proposes additional language pertaining to training requirements for personnel authorized to execute investment transactions. The addition “containing at least 10 hours of instruction within 12 months after taking office or assuming duties” has been documented. This training requirement was already in place, therefore this is also documentation of a current practice.

The seventh change, on page sixteen, modifies language regarding certification requirements for firms transacting investment business with the City. The verbiage “in order that it is apprised of the investment goals of the City” was removed because it too narrowly defines the scope of certification required by investment firms. All firms wishing to transact investment business with the City must certify that they are apprised of all facets of the City of Austin's Investment Policy, which is detailed on the Certification form that must be signed by a qualified representative at the firm before business is transacted.