

**RESOLUTION 2015-09-17E**  
**CITY OF OVERTON, TEXAS PUBLIC FUNDS INVESTMENT POLICY**  
**(Revised) (October 1, 2015)**

**I. Policy and Strategy**

It is the policy and strategy of the City of Overton to invest public funds in a manner which will provide the greatest return with maximum security, which while meeting the daily cash flow demands of the City and conforming to the Public Funds Investment Act (the Act), Texas Government Code.

**II. Scope**

This investment policy applies to all financial assets of the City of Overton (including those presently existing, or any funds to be created in the future held in custody by the City of Overton), unless expressly prohibited by law or in contravention of any depository contract between the City and any depository bank. All funds may be pooled for investment purposes and shall not be limited to the following rules:

- General Funds
- Utility (Revenue) Funds
- Economic Development Funds
- Reserve Funds
- Special Revenue Funds
- Capital Project Funds
- Utility Interest and Sinking Fund
- Grant Funds
- Custodial Funds

**III. OBJECTIVES**

The primary objective of the City investment activities shall be: Safety, liquidity, Yield, and Public Trust. It is the policy of the City to invest public funds in a manner that is consistent with state and federal law and which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City. The safety of the principal invested, always remain the primary objective. All investments shall be designed and managed in a manner responsive to the public trust.

**Safety**

Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the presentation of capital in the overall portfolio.

**Liquidity**

Investments will be structured to enable the City to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

### **Yield**

It shall be the design of this policy to earn the greatest return on investments with safety as the primary and liquidity being the secondary objectives of the portfolio structure. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed one year unless approved by the City Council.

### **Public Trust**

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively. The City of Overton investment portfolio shall be open public records and shall be made readily available upon request by the mayor and city Council.

## **IV. RESPONSIBILITY AND CONTROL**

### **Delegation of Authority and Training**

The City Manager is designated as the Investment Officer and is responsible for all investment activities. The Investment Officer of the City, as required by law, must attend a training session once every two years and receive 10 hours of training and such training shall be funded by the City.

### **Internal Controls**

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The investment Officers shall annually provide for the independent review by an external auditor to assure compliance with policies and procedures. The Investment Officers shall refrain from personal business activity that could conflict with proper execution of the City's investment program.

### **Prudence**

The standard of investments applied by the Investment Officers shall be the "prudent investor" rule, which states:

"Investments shall 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."

The investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that the appropriate action is taken to control adverse development.

### **Disclosure**

Investment Officer shall disclose to the City Council, any and all personal or business relationships with any financial institution, broker, other agent or company involved in any manner with the investments of the City.

## **V. INVESTMENTS**

The investment Officer shall invest the City of Overton's funds with any of the following institutions or groups consistent with federal, state law, and City Code provisions:

1. Depository bank(s) of the City;
2. Other state, savings and loan, or national banks domiciled in Texas with offices in Overton, that are insured by FDIC;
3. Investment pools with a rating of AAA or AAAM;
4. Treasury Securities issued by the Federal government.

The City of Overton is empowered by statute to invest in certificates of deposit issued by a state or national bank domiciled in this state or a savings and loan association and is secured by obligations guaranteed or insured by the Federal Deposit Insurance Corporation or its successor.

## **INVESTMENT COLLATERAL AND SAFEKEEPING**

### **Insurance or collateral**

Depositors holding deposits and investments of the city funds that are secured by pledged collateral, shall anticipate market changes. The level of security and collateralization will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC.

Evidence of the pledged collateral shall be maintained by the City Investment Officer. Collateral shall be reviewed to assure that the market value of the pledged securities is adequate.

### **Authorized Investment Collateral**

The City of Overton will accept only the following collateral and securities:

1. FDIC insurance coverage
2. A bond, certificate of indebtedness, or Treasury Note of the united states, or other evidence of indebtedness of the united States that is guaranteed as to principal and interest of the united States;
3. Obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and
4. A bond of the State of Texas or of a county, city or other political subdivision of the State of Texas having been rated as investment grade (investing rating no less than "A" or its equivalent) by a nationally recognized rating agency.

### **Subject to audit**

All collateral shall be subject to inspection and audit by the Finance Officer or the city's independent auditors on a reasonable business basis.

### **Delivery vs. Payment**

Treasury Bills, notes, bonds and government agency securities shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the custodian. The security shall be held in the name of the city. The custodian's records shall assure the notation of the City's ownership of or explicit claim on pledged securities. The original copy of all safekeeping receipts shall be delivered to the City. Market value of all securities shall be determined by a reliable outside source.

### **Limit of Maturity**

Custodial / grant funds may not be invested in any instrument with a maturity of more than 90 days. The weighted average maturity (WAM) for such funds shall be no more than 90 days at any time.

Operating funds (those designed as annually determined by budget allocation) or undesignated funds balances of such funds may not be invested in any instrument with a maturity longer than the current budget cycle. The WAM for such funds shall be no more than the number of days remaining in the current budget cycle at the time of quarterly reporting.

Funds other than operating funds and custodial / grant funds may not be invested in any instrument with a maturity of more than 36 months. The WAM for such funds shall not be more than 36 months at any time.

## VI. AUDIT REQUIRED

The Investment Officer shall assure that an annual audit to confirm compliance with the Texas Public Funds Investment Act and with this Investment Policy. Such audit shall include a full review of all quarterly reporting, if any investments are made in forms other than investment pools, interest bearing accounts, treasury bills or CDs.

## VII. INVESTMENT REPORTING AND PERFORMANCE EVALUATION

At least quarterly, Investment Officers shall prepare and submit to the members of the City council, a written report showing the case and investment positions of all City Funds. The report will:

1. Identify the Fund to which the cash or investment belongs;
2. Identify the source location of the invested funds;
3. Identify any restrictions as to the use of the funds;
4. Identify the rate of return being earned on the investment; and
5. Contain a statement that the investments comply with the adopted policy of the city and the relevant provisions of the Public Funds Investment Act of 1987, as amended.

## VIII. INVESTMENT POLICY ADOPTION

The City of Overton Investment Policy shall be annually adopted by the City Council. The policy shall be reviewed for effectiveness on an annual basis by the Investment Committee and any modifications will be noted in the approval resolution to the city council.

**PASSED AND ADOPTED BY RESOLUTION 2015-09-17C, ON THE 17<sup>th</sup> DAY OF SEPTEMBER, 2015.**

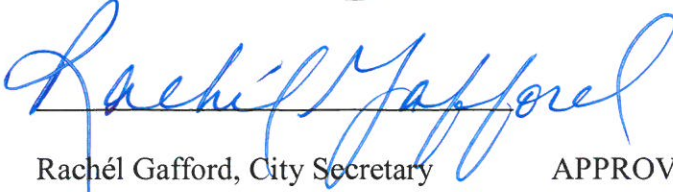


The City of Overton, Texas

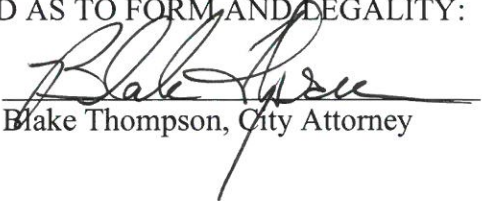
By

  
C. R. Evans Jr., Mayor

ATTEST:

  
Rachél Gafford, City Secretary

APPROVED AS TO FORM AND LEGALITY:

  
Blake Thompson, City Attorney