

# RESOLUTION # R-2007-07-01

**A RESOLUTION OF THE CITY OF WESTON, COLLIN COUNTY, TEXAS, ESTABLISHING A POLICY GOVERNING THE INVESTMENT OF CITY FUNDS.**

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

**WHEREAS**, the investment policies must address diversification, safety of principal, yield, maturity, with primary emphasis on safety and liquidity; and

**WHEREAS**, the Weston City Council find that the Investment Policy attached hereto is in the best interest of the eity in order to promote sound management of the City's funds.

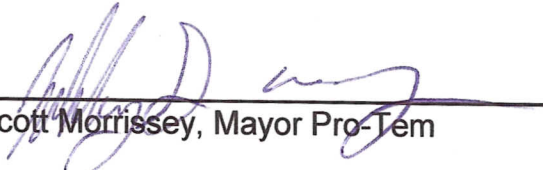
**NOW, THEREFORE, BE IT RESOLVED BY THE BY THE CITY COUNCIL OF THE CITY OF WESTON, COLLIN COUNTY, TEXAS;**

**SECTION I:** The Weston City Council hereby adopts the attached City of Weston Investment Policy which shall govern the investments of the City's funds in accordance with federal and state laws.

**SECTION II:** That this resolution shall take effect immediately from and after its passage

**DULY RESOLVED AND ADOPTED** by the City Council of the City of Weston, Collin County, Texas, on this the 10 th day of July, 2007.

**APPROVED:**

  
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Scott Morrissey, Mayor Pro-Tem

**ATTEST:**

  
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Dedra Bates, City Secretary



**INVESTMENT POLICY FOR THE  
CITY OF WESTON**

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**CITY OF WESTON  
INVESTMENT POLICY**

**I. PURPOSE**

A. Formal Adoption

This Investment Policy (this “Policy”) and the Investment Strategy Statements contained herein (the “Investment Strategy Statements”), are authorized by the City of Weston in accordance with Chapter 2256, as amended, Texas Government Code, the Public Funds Investment Act (the “Act”) and the Development City Act of 1979, Texas Revised Civil Statutes Annotated, as amended.

A. Scope

This Policy applies to all of the investment activities relating to assets of the City, excluding bond proceeds generated as a result of the City’s conduit issuing ability. This Policy establishes guidelines for (1) who can invest City funds; (2) how City funds will be invested; and (3) when and how a periodic review of investments will be made. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and documents and all applicable State of Texas (the “State”) and federal law.

B. Review and Amendment

This Policy and the accompanying Investment Strategy Statements shall be reviewed annually by the City. In conjunction with the City’s annual audit, a compliance audit of management control of investments and adherence to this Policy shall be performed in compliance with the Act. Amendments must be approved by the City.

**II. OBJECTIVES**

A. Investment Strategy

In conjunction with the annual review of this Policy, the City shall review the separate written investment strategy for each of the City’s funds. The investment strategy must describe the investment objectives for each particular fund according to the following priorities:

1. investment suitability,
2. preservation and safety of principal,
3. liquidity,
4. marketability prior to maturity of each investment,

5. diversification, and
6. yield.

B. Safety of Principal

1. The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they be from securities defaults or erosion of market value.

C. Maintenance of Adequate Liquidity

- a. The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintaining appropriate portfolio diversification.

C. Standard of Care

1. The standard of care used by the City shall be the “prudent person rule” and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Funds Investment Act states as follows:
  - a. “Investing 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.”
2. All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the City.

D. Investment Advisors and Brokers/Dealers

Broker/Dealers eligible to transact investment business with the City shall be presented a written copy of this Policy. Additionally the registered principal of the business organization seeking to transact investment business shall execute a letter to the City substantially to the effect that the registered principal has:

1. received and thoroughly reviewed this Policy, and

2. acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the City.

The City shall not enter into an investment transaction with a Broker/Dealer prior to receiving the written instrument described above.

E. Authority to Invest

The following official of the City of Weston is designated an “Investment Officer”, of the City:

City Secretary

The Investment Officer is authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage City funds according to this Policy with the written approval of at least one of the following city officials who shall constitute the Investment Committee:

Mayor  
Mayor Pro-tem  
Authorized Signer on Bank Account

The Investment Officer shall attend at least one training session, within twelve months of assuming these duties, that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

F. Standards of Ethics

Additionally, all Investment Officers shall file with the Texas Ethics Commission and the City a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the City.

### III. ELIGIBLE INVESTMENTS

A. All funds will be invested in the following:

1. Banking Institutions:

Certificate, time and demand deposits at any one banking institution (which is a state or national bank domiciled in the State of Texas) shall not exceed Federal Deposit Insurance Corporation or Federal Home Loan

Bank insurance limits which are currently \$100,000 unless they are secured by government securities as further described in III. A(2) and held by a third party financial institution.

2. U.S. Government Obligations:

(i) Obligations of the United States or its agencies and instrumentalities; (ii) direct obligations of the State of Texas or its agencies or 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; and, (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; excluding (i) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (ii) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; (iii) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and (iv) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

3. Money Market Mutual Funds:

(i) Money market mutual funds regulated by the Securities and Exchange Commission, with a dollar weighted average portfolio maturity of 90 days or less; that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940; that fully invest dollar-for-dollar all City funds without sales commissions or loads; and, whose investment objectives include seeking to maintain a stable net asset value of \$1 per share; or (ii) Money market mutual funds regulated by the Securities and Exchange Commission, with a dollar weighted average portfolio maturity of less than two years; is invested exclusively in obligations authorized by Chapter 2256, as amended, Texas Government Code; is continually rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and conforms to the requirements in Sections 2256.016(b) and (c), as amended, Texas Government

Code, for the eligibility of investment pools to receive and invest funds of investing entities. The City may not (i) invest more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service in the permitted money market mutual funds; (ii) invest any portion of bond proceeds, reserves, and funds held for debt service, in the permitted money market mutual funds; (iii) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one permitted money market mutual fund, in an amount that exceeds 10 percent of the total assets of the money market mutual fund.

4. Eligible Investment Pools:

Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that (a) investment in the particular pool has been authorized by the Investment Officer; (b) the pool shall have furnished the Investment Officers an offering circular containing the information required by Section 2256.016(b) of the Government Code; (c) the pool shall furnish to the Investment Officers investment transaction confirmations with respect to all investments made with it; (d) the pool shall furnish to the Investment Officer monthly reports that contain the information required by Section 2256.016(c)(2) of the Texas Government Code; and, (e) continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

5. Any other investment permitted by the Act or the laws of the State of Texas, including, but not limited to, guaranteed investment contracts.

B. No investment will be greater than 5 years in maturity unless approved by the City.

#### IV. RESPONSIBILITY AND CONTROLS

A. Investments will be selected by the Investment Officer of the City with written approval of at least two city officials.

B. Investment records and checking records will be held by the City Secretary.

C. At each regular Council meeting, the City Secretary of the City will report to the Council the City's investments in compliance with the Act, their disbursements, revenue, and expenses. The Council's report does not require an independent audit.



## V. COLLATERALIZATION

A. Consistent with the requirements of State law, the City requires all bank and savings and loan association deposits to be federally insured or collateralized with eligible securities. Financial institutions that hold City deposits in excess of the FDIC insured amount will be required to sign a Depository Agreement (the Agreement”) with the City and the City’s safekeeping agent. The safekeeping 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:

1. the Agreement must be in writing;
2. the Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
3. the Agreement must be approved by the City Council; and
4. the Agreement must be a part of the Depository’s “official record” continuously since its execution.
5. the collateral market value shall be determined using bid price, or the price received upon sale of collateral.

### B. Allowable Collateral

#### 1. Certificates of Deposit

- a. Eligible securities for collateralization of deposits are defined by the “Public Funds Collateral Act,” as amended.
- b. The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than 102% of the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.
- c. The City will review at each regular council meeting a financial report to include monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Committee will monitor adequacy of collateralization levels to verify market values and total collateral positions.

- d. If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution issuing the certificate of deposit will be notified by the Investment Officer and will be required to pledge additional securities no later than the end of the next succeeding business day.

### C. Collateral Substitution

1. Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer, or financial institution requesting substitution must contact the Investment Officer for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officer, or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Committee may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

### D. Safekeeping of Certificate of Deposit Collateral

1. All collateral securing bank and savings and loan deposits must be held by a third-party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank.

## RESOLUTION NO. 2007-07-03

**A RESOLUTION OF THE CITY OF WESTON COMPELLING THE FORMER CITY OFFICERS AND PERSONNEL TO PROVIDE ALL PAPERWORK AND ALL ELECTRONIC DOCUMENTATION INCLUDING BUT NOT LIMITED TO CORRESPONDENCE, NOTES, MAPS, CD'S, FLOPPY DISKS, REMOVABLE STORAGE DEVICES, EMAILS, AND TEXT MESSAGES RELATED TO THE CITY OF WESTON INCLUDING BUT NOT LIMITED TO COMMUNICATIONS WITH THE CITY OF WESTON'S OFFICERS AND PERSONNEL, BETWEEN CONSULTANTS AND/OR LAWYERS, AND/OR ANY OTHER THIRD PARTY.**

**WHEREAS**, the City of Weston, Texas is a Type A general-law municipality located in Collin County, created in accordance with the provisions of Chapter 6 of the Local Government Code and operating pursuant to the enabling legislation of the State of Texas; and

**WHEREAS**, per Local Government Code 201.003 (8)

*"Local government record" means any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by a local government or any of its officers or employees pursuant to law, including an ordinance, or in the transaction of public business.*

**WHEREAS**, per Local Government Code 201.005

**DECLARATION OF RECORDS AS PUBLIC PROPERTY; ACCESS.**

*(a) Local government records created or received in the transaction of official business or the creation or maintenance of which were paid for by public funds are declared to be public property and are subject to the provisions of this subtitle and Subchapter J, Chapter 441, Government Code.*

*(b) A local government officer or employee does not have, by virtue of the officer's or employee's position, any personal or property right to a local government record even though the officer or employee developed or compiled it.*

**WHEREAS**, per Local Government Code 203.021

**DUTIES AND RESPONSIBILITIES OF GOVERNING BODY.**

*The governing body of a local government, including a commissioners court with regard to nonelective county offices, shall:*

*(1) establish, promote, and support an active and continuing program for the efficient and economical management of all local government records;*

*(2) cause policies and procedures to be developed for the administration of the program under the direction of the records management officer;*

*(3) facilitate the creation and maintenance of local government records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the local government and designed to furnish the information necessary to protect the legal and financial rights of the local government, the state, and persons affected by the activities of the local government;*

(4) facilitate the identification and preservation of local government records that are of permanent value;

(5) facilitate the identification and protection of essential local government records; and

(6) cooperate with the commission in its conduct of statewide records management surveys.

**WHEREAS**, per Local Government Code 202.005 (a)

The governing body may demand and receive from any person any local government record in private possession created or received by the local government the removal of which was not authorized by law.

**WHEREAS**, per Local Government Code 201.006

**RECORDS TO BE DELIVERED TO SUCCESSOR IN OFFICE.**

(a) A custodian of local government records shall, at the expiration of the custodian's term of office, appointment, or employment, deliver to the custodian's successor, if there is one, all local government records in custody. If there is no successor, the governing body shall determine which officer of the local government shall have custody.

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

**SECTION 1.** The City of Weston requests all existing "Government Records" as defined by State Code in the possession of the City of Weston's former officers and employees to be delivered to the City of Weston's Records Management Officer within 14 calendar days of the effective date of this resolution.

Additionally this request includes storage media purchased by the City of Weston including floppy diskettes and removable storage devices commonly known as "Thumb Drives" or "USB Drives".

**SECTION 2. EFFECTIVE DATE**

This resolution shall be effective from and after its passage and adoption by the City Council.

**RESOLVED AND ENTERED** this the 10<sup>th</sup> day of July 2007.

  
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Scott Morrissey, Mayor Pro-Tempore

ATTEST:

  
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Dedra J. Bates, City Secretary

