



Agenda Item Report

Legislative Board: City Council
Date: September 17, 2024
Contact: Bianca Redmon
Agenda Item ID / Number: 2024-790- / H.4

ITEM TITLE: Approval of a Resolution updating and adopting the City of Buda's Investment Policy (Finance Director Bianca Redmon)

1. EXECUTIVE SUMMARY

The City's investments are governed by the Public Funds Investment Act (PFIA) under Chapter 2256 of the Local Government Code. The act requires the City to review and annually adopt an investment policy for the funds or group of funds under its control. To meet the PFIA requirements, the investment policy must: be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management.

2. BACKGROUND/HISTORY

The City Council last amended the City's Investment Policy in October 2022 which included major changes to the policy as the City transitioned to a new investment adviser - Meeder Public Funds. The PFIA requires a municipality to update the policy annually. The City's investment adviser reviewed the City's current investment policy and there are no recommended changes to the current policy. The policy is attached to this agenda item for reference.

The investment policy also requires the city to maintain a list of broker/dealers authorized to provide brokerage services. The security broker/dealers must be authorized to sell securities in the State of Texas. The City's investment adviser provides the City with a list of authorized broker/dealers that City Council is responsible for adopting annually. Attached to this agenda item is the updated list of authorized broker/dealers. Also included is the prior year broker/dealer list for reference.

The changes add the following Broker/Dealers:

- Arbor Research & Trading, LLC
- Citigroup Global Markets Inc
- U.S. Bancorp Investments

No Broker/Dealers from 2023 were removed.

3. ANALYSIS

The City's investment adviser reviewed the City's current investment policy and there are no recommended changes to the current policy. The City's parameters in the investment policy are financially sound from a strategy perspective. Additionally, there have been no changes to the PFIA in this legislative session.

4. FINANCIAL IMPACT

The policy continues to focus on the City's investment objectives of safety, liquidity, and yield as required by the PFIA.

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES WITH A LOW TAX RATE

6. STRATEGIC PLAN OBJECTIVES

Have fund balance/reserves consistent with all policies.

7. PROS AND CONS

Pros: adoption ensures compliance with the Public Funds Investment Act.

Cons: none.

8. ALTERNATIVES

The City Council may suggest other changes or amendments to the policy that meet the Public Funds Investment Act.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Approval of a resolution adopting the City of Buda's Investment Policy.

Attachments:

[Investment Policy Resolution_2024.docx](#)

[Draft Broker Dealer List 06.30.24.pdf](#)

[Approved Broker Dealer List 06.30.23 FOR REFERENCE ONLY.pdf](#)

[2022 Investment Policy FOR REFERENCE ONLY](#)