

City Council Work Session Handouts

November 4, 2013

- I. Review and Discuss the Dallas County Day of Service and Launch of the "Gathering Soles for Network" Shoe Drive
- II. Review and Discuss the Development of a Public Art Master Plan
- III. Review and Discuss the Investment Policy

Gathering
Soles for
NETWORK



COLLECTION DAYS:
Nov. 1-21



Council
Worksession

November 4, 2013

History

- “Ask Not... Dallas County Day Of Service”



(Feb. 1, 2013 - Announcement)

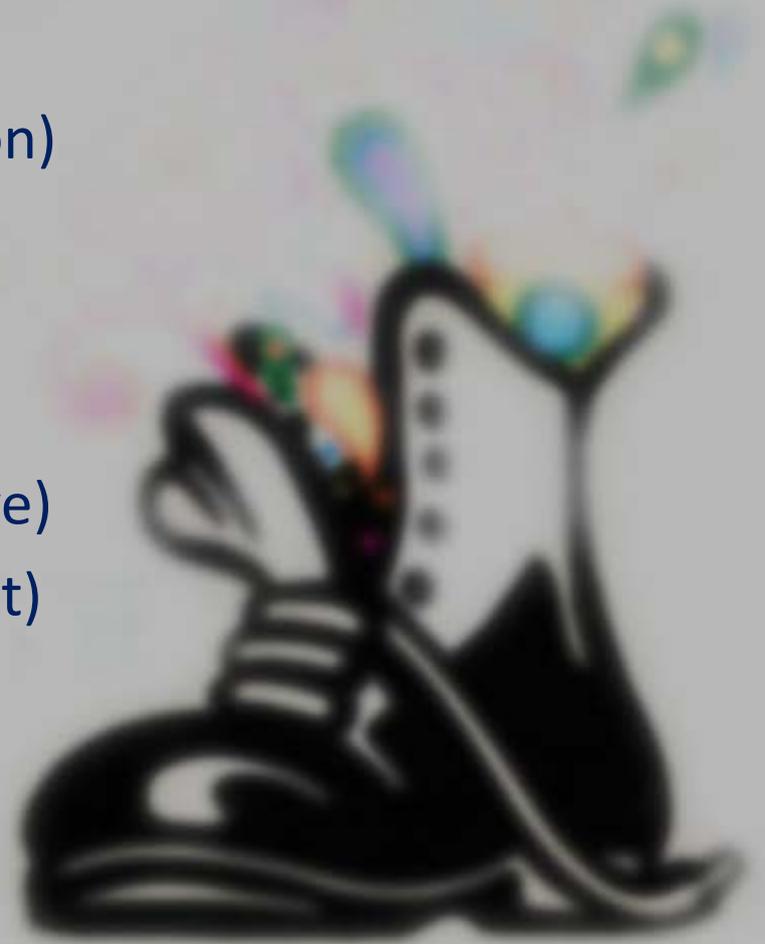
History

- Identification of Community Need
- About NETWORK
 - Founded 1985
 - Church alliance
 - Serves North Dallas County
 - Emergency Services
 - Adolescent / Children's Clinic
 - Senior's Net
- Community Impact
 - Approx. 46,000 (2012)
 - Approx. 250,000 (since 1985)



History

- Current City Partnerships
 - Wildflower Festival (guitar auction)
 - Christmas Parade (toy drive)
 - National Night Out (food drive)
 - Trash Bash (clothing drive)
 - Firefighters Food Drive (food drive)
 - Community Services (Senior's Net)
 - Golf Classic
 - Other...



History

- NETWORK Clothes Closet



Identifying the Need

- Women's shoes – 1,008 in 2012



Identifying the Need

- Men's shoes – 876 in 2012



Identifying the Need

- Children's shoes – 552 in 2012



New Initiative



(Shoe Drive launch event; Nov. 1, 2013)

- Shoe Drive (3 week duration)
 - Seeking New / Gently used shoes
 - Women
 - Men
 - Children* (most pressing need)
 - (toddlers to teens)

COLLECTION DAYS:
Nov. 1-21

Gathering Soles for NETWORK

NETWORK of Community Ministries is collecting new and gently used shoes for toddlers through adult sizes to commemorate John F. Kennedy's commitment to service

Drop Box Locations
Any of the following City locations:

Heights Recreation Center	City Hall	Fire Stations
Huffhines Recreation Center	Service Center	Police Station
Gymnastics Center	Animal Shelter	Library
Senior Citizens Center		Sherrill Park

SPONSORED BY THE CITY OF RICHARDSON

For more information call the NETWORK of Community Ministries at 972-234-8880 or visit cor.net/ShoeDrive

Implementation

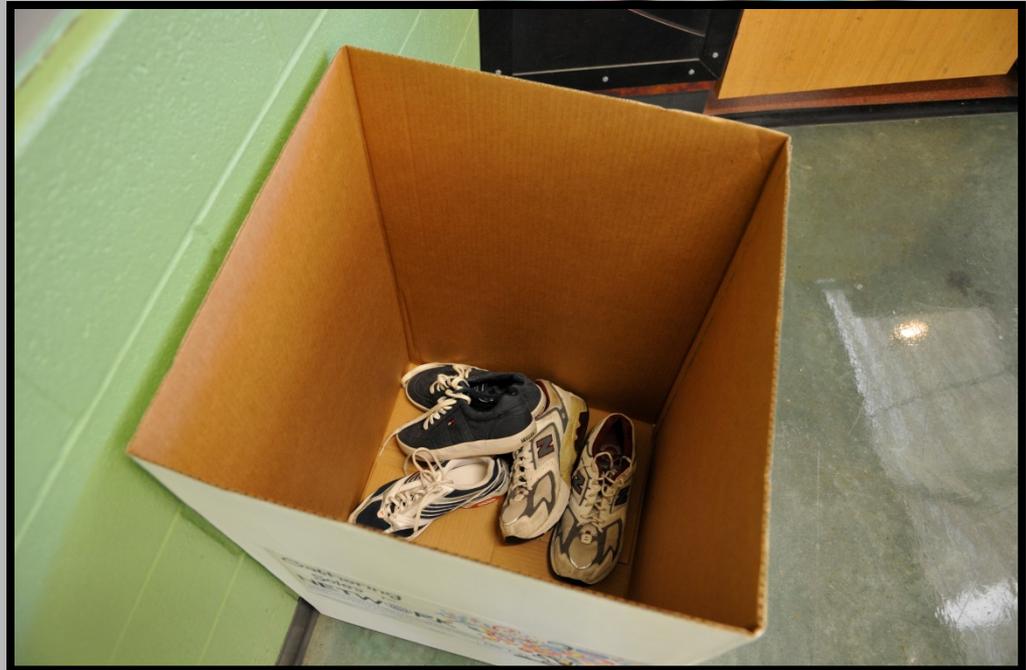
(Fire Station #4)

- Boxes provided to NETWORK
 - Houses of worship
- Partner agencies
 - MRMC, UT Dallas, Richland College, Girl Scouts
 - Richardson Troops: 2120, 2477, 9409
- City facilities identified



Donation Locations

- All Richardson Fire Stations
- City Hall /Civic Center
- Gymnastics Center
- Heights Recreation Center
- Huffhines Recreation Center
- Animal Shelter
- Public Library
- Police Department
- Senior Center
- Service Center
- Sherrill Park Golf Course



(1st pairs of shoes - Huffhines Recreation Center)

Marketing

- NETWORK / houses of worship
- *Richardson Today*
- Website
- Posters
- Social media
- Week in Review
- *NeighborsGo*
- Press release/advisory
 - Launch / closing events
- HOAs
- Business
- Institutional partners
- Community groups

(The Dallas Morning News; Oct. 31, 2013)

RICHARDSON

City, nonprofit to kick off shoe drive Friday

The city will partner with Network of Community Ministries to launch Gathering Soles for NETWORK in a ceremony at 3 p.m. Friday at the nonprofit, 741 S. Sherman St.

The shoe drive ends Nov. 21 and seeks new or gently used shoes for the nonprofit's clothing center.

Drop-off sites include many city facilities, Richland College and Methodist Richardson Medical Center.

Heather Noel

(NeighborsGo; Nov. 1, 2013)

City, nonprofit partner to launch shoe drive

The NETWORK of Community Ministries does so many great things for our community, from operating a food pantry to running a free dental clinic for families in need. Recently they opened a clothing center, but they've found it difficult to keep it stocked with shoes, especially for children.

That's why the city of Richardson is partnering with the nonprofit to launch "Gathering Soles for NETWORK," a shoe drive that kicks off Friday and runs through Nov. 21. The effort is being held in conjunction with "Ask Not...the Dallas County Day of Service," a countywide service project commemorating the 50th anniversary of the death of President John F. Kennedy.

I am honored to join other members of the city council and NETWORK representatives Friday afternoon to donate the first pairs of shoes and officially begin the drive. We'll meet again on Nov. 21 to count the donations.

The city is placing collection bins at most city facilities, including City Hall, Heights and Huffhines recreation centers, the library, animal shelter, senior center and Sherrill Park Golf Course.



SCOTT DUNN
scott.dunn@cor.gov

You can also donate at NETWORK, which is at 741 Sherman St.

We're collecting new and gently used shoes of all types for people of all ages, but the greatest need is for children's shoes. The shoes will be taken to NETWORK's Family Clothing Center, where families in need may select clothing and shoes at no cost. Your donation could help a student be more comfortable at school or to help a parent have one less thing to worry about at work.

You can view a list of donation sites and learn more about the shoe drive at cor.net/shoedrive. I hope you'll join me and others from throughout the county in honoring the legacy of President Kennedy by helping our neighbors in need.

Scott Dunn is the council member for Place 3 in the Richardson City Council.

Shoe drive to benefit NETWORK

The NETWORK of Community Ministries, in partnership with the City of Richardson, is collecting shoes through most of November in the "Gathering Soles for NETWORK" shoe drive.

The event is being held in conjunction with "Ask Not...the Dallas County Day of Service," which is bringing communities throughout Dallas County together to honor the life and legacy of President John F. Kennedy during the commemoration of the 50th anniversary of his death.

Richardson community members of the are asked to donate new or gently used shoes to NETWORK Nov. 1-21. Collection points are at City Hall, recreation centers, the Gymnastics Center, the Senior Center, fire stations, the Police Station, the Library, the Animal Shelter, the Service Center, Sherrill Park Golf Course and the NETWORK office at 741 S. Sherman St., in Richardson.

Other sponsors of the Shoe Drive include: Methodist Richardson Medical Center and Richland College. Each of the partner agencies have also placed bins at their facilities to collect shoes.

"We are proud at the City to partner with the NETWORK of Community Ministries to address a significant need," Richardson Mayor Laura Maczka said. "NETWORK has helped so many people in need in our community, through the food pantry, assistance through Seniors' Net and so many other services. We heard of a need from our friends at NETWORK, and this particular project is a fantastic way for the Richardson community to take part in the larger Dallas County Day of Service."

Shoes that are donated will be distributed to families through the Richardson-North Dallas Family Clothing Center, operated by NETWORK. Through the program, impoverished families are able, at no cost, to select clothing and shoes. A particular need is shoes for children of all ages, from babies through teenagers.

"The Gathering Soles for NETWORK program will do so much to help our organization and all of our clients in the Richardson community," said Chris Barnes, NETWORK board president. "Good shoes allow children to go to school and their parents to go to work. Thank you so much to the City of Richardson and our other sponsors for their support in addressing this great need."

COLLECTION DAYS
Nov. 1-21

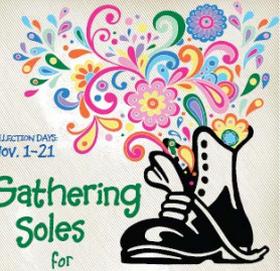
Gathering Soles for NETWORK

Drop Box Locations:

Heights Rec Center	City Hall	Fire Stations
Huffhines Rec Center	Service Center	Police Station
Gymnastics Center	Animal Shelter	Library
Senior Citizens Center		Sherrill Park

SPONSORED BY THE CITY OF RICHARDSON

For more information, call the NETWORK of Community Ministries at 972-234-8888 or visit cor.net/shoedrive



(Richardson Today; November 2013)

Closing Event

NETWORK

Administrative Offices

- 741 Sherman St.
- Thursday, November 21
- 5 p.m.



Gathering
Soles for
NETWORK



COLLECTION DAYS:
Nov. 1-21

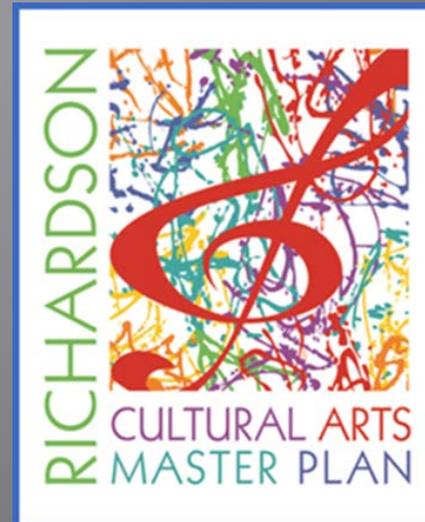


Council
Worksession

November 4, 2013

Public Art Master Plan

November 4, 2013



Public Art Master Plan – Cultural Arts Master Plan

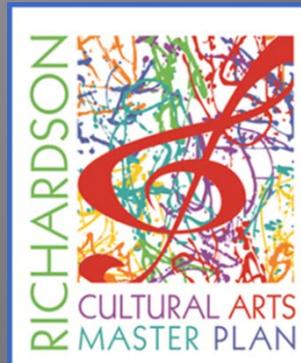
Priority: Focus on Strengths in Numbers - Cultural Clusters

Recommendation 8: Consider public art installations as critical identifiers of cultural clusters

Emphasize clusters through a clearly defined Public Art program that will speak to multiple generations and represent the community

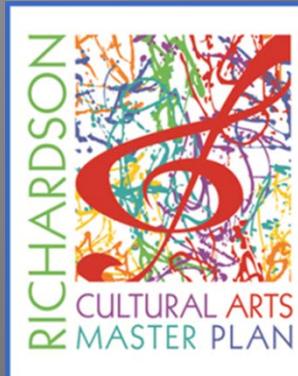
Strategy:

- Public Art Master Plan: Develop and implement a ten year plan for acquisition, site selection, marketing, broad civic use, fundraising & maintenance



Public Art Master Plan – Existing Public Art within Richardson

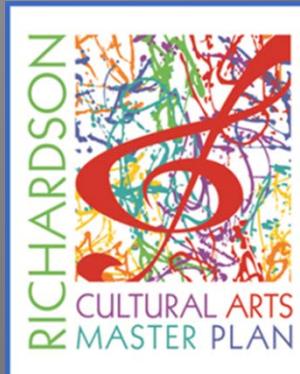
- 28 locations within Richardson have been currently identified with public art installations:
 - 32% are located near city facilities or parks
 - 32% are located at private businesses
 - 14% are located at DART stations
 - 14% are located at churches
 - 8% are located at other sites within the City



Public Art Master Plan

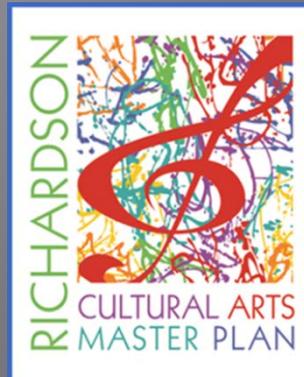
City of Richardson has contracted with Via Partnership to develop a Public Art Master Plan:

- Via Partnership has experience in strategic planning, urban design, public art and community engagement
- Via Partnership is a public art consulting practice that does not represent particular artists
- Clients include:
 - City of McKinney Public Art Master Plan – 2012-2013
 - City of Fort Worth – North Beach Street Corridor Public Art Plan
 - City of Grand Prairie – Central Park Public Art Plan
 - City of Frisco – Public Art Master Plan
 - City of Allen – Public Art Master Plan
 - City of Richardson – “Rocket” art piece commissioning for the Heights Recreation Center and Aquatic Center



Public Art Master Plan

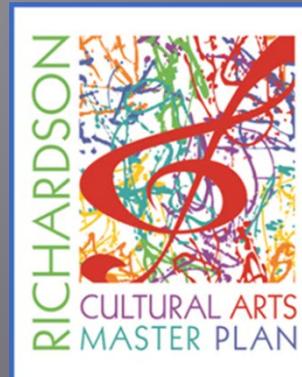
- **Phase I:** Develop an Understanding of the Context for Public Art
- **Phase II:** Conduct Community Outreach
- **Phase III:** Develop a Vision
- **Phase IV:** Develop a Visual Strategy
- **Phase V:** Development of Key Policies and Implementation Strategies



Public Art Master Plan – Final Report

Elements of the Final Public Art Master Plan document will include:

- Background/context for public art
- Vision for public art in Richardson
- Visual strategy
 - Description
 - Goals
 - Map
- Implementation strategy
 - Funding options
 - Roles and responsibilities
 - Artist selection methods



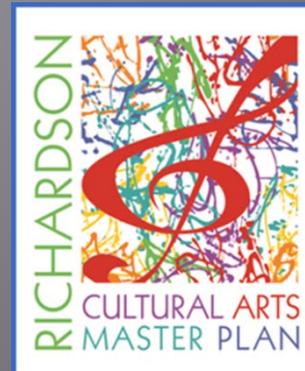
Public Art Master Plan – First Quarter

Mobilization:

- Assemble background information
- Develop outreach strategy
- Establish internal and external advisory taskforces
- Plan first site visit

Research/ Assessment

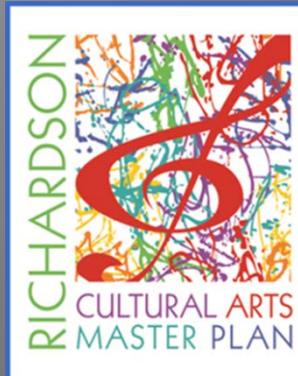
- Inventory, map and evaluate existing public art
- Review city plans
- Review policies and procedures
- Review sites



Public Art Master Plan – First and Second Quarter

Outreach:

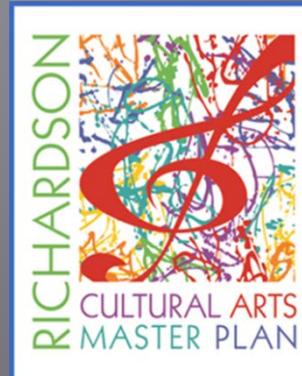
- Individual interviews
- Walkabouts and windshield tours
- Roundtables discussions
- Bus Tour – visit public art installations in the Metroplex
- Community Workshop



Public Art Master Plan – Third Quarter

Plan Development:

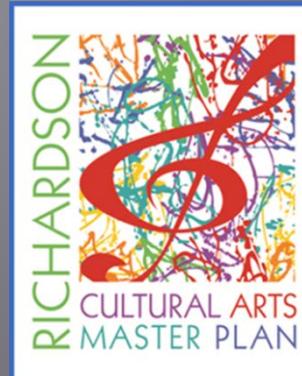
- Develop core components of the Master Plan
 - Vision and goals
 - Projects and priorities
 - Program elements, map of key elements
 - Ordinance, policies and guidelines
- Synthesis site visit
- City Council update
- Completion of draft for review



Public Art Master Plan – Fourth Quarter

Plan Review and Adoption/Vetting Process:

- Draft plan review and revisions
- Final draft of plan
- Adoption by the City Council
- Publication of the Public Art Master Plan



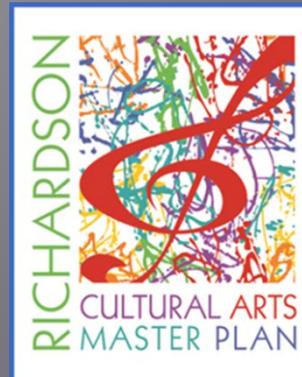
Public Art Master Plan – Roles of Taskforces

External Advisory Taskforce:

- Helps form the vision, goals and priorities for public art opportunities in the community

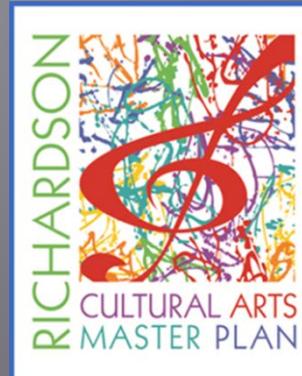
Internal Advisory Taskforce:

- Provides background on City projects and provides valuable feedback on implementation strategies



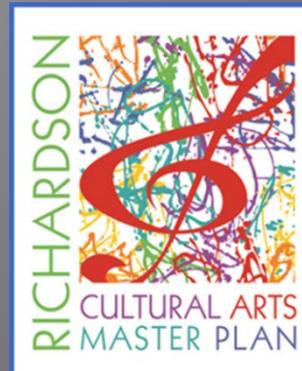
Public Art Master Plan – External Resources

- Arts Commission representative
- Chamber of Commerce
- Citizens
- City Planning Commission representative
- Cultural Institutions
- Developers
- Educational Institution - UTD
- Local arts organizations representatives
- Parks and Recreation Commission representative



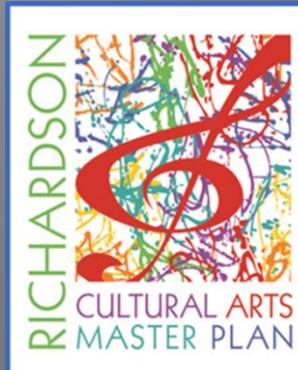
Public Art Master Plan – Internal Resources

- Capital Projects
- City Manager's Office
- Community Services
- Convention and Visitors Bureau
- Development Services
- Eisemann Center
- Library
- Parks and Recreation



Public Art Master Plan – Next Steps

- Identify External and Internal Advisory Taskforce Members
- December 4th-6th: Site tours, interviews, initial meetings of the Internal and External Advisory Taskforces
- Confirm dates and times for bus tour and community workshop to be held in January-February 2014
-



Executive Summary
Investment Policy Renewal
November 4, 2013

Background:

The State's Public Funds Investment Act ("PFIA") and the City's investment policy require that the governing body annually review and ratify the investment policy and strategies of the City. This item is normally placed on your agenda in November or December.

- The Investment Officers and Committee monitor the City's investment policy and overall program by reviewing federal and state legislation, accounting standards, market conditions, quality/performance of brokers and financial institutions, and training requirements.
- When necessary, Staff makes recommendations to change the policy and presents the policy to the City Council for their review. The investment policy has served the City well during the current economy.

Current Banking & Investment Environment

- Quantitative Easing – Federal Reserve purchasing the majority of US Treasury securities to keep long-term interest rates low
- Flight to Quality – with economic uncertainty, corporations purchasing short-term US Agency securities that governments invest in, keeping interest rates near zero
- Banking Environment – harder for banks to access high-quality securities governments prefer for collateralizing CD's and bank deposits

Legislative Activity:

- The Texas Legislature met in 2013, and there were no legislative changes that impacted the City's Investment Policy.

Investment Policy Award:

The City received the Government Treasurers Organization of Texas ("GTOT") Certificate of Distinction for the eighth time in the April of 2013. This award recognizes the development and maintenance of a high-quality investment policy. The investment policy is reviewed and evaluated every two years for the Certificate. Currently, only 20 agencies in the State have received the award for the 2013 evaluation cycle. GTOT's review did not indicate any recommended changes.

Recommended Changes:

Staff is recommending the following changes to the Investment Policy based on the long-term market outlook.

- Add two additional Investment Pools to the City's authorized investments – Texas TERM Daily and Lone Star Government Overnight.
 - Local Government Investment Pools ("LGIPs") traditionally have more flexibility in fees, and can offer higher rates of return than money market mutual funds
- Increase the limit for amounts that can be held in any single investment pool or money market mutual fund from 20% to 25%.

- The addition of two new pools would allow the City to place all of its investments in the four LGIPs in a situation where the City was unable to directly purchase securities.
- Increase the limit for amounts that can be invested in CD's from 25% to 50%.
 - Diversity concerns are mitigated because CD's are fully collateralized or covered by FDIC insurance as required by the PFIA.
 - FDIC insurance is available for CD's up to \$250,000. Otherwise, banks must post collateral to a 3rd party before selling a CD to the City.

Required Guidelines:

The Investment Policy provides the required guidelines that staff follows in investing the City's money. The major guidelines include:

- Investment Objectives
 - Safety
 - Liquidity
 - Yield – Benchmark is the 91-day T-Bill
- Authorized Investments
 - US Treasury and Agency Instruments
 - Investment Pools & Money Market Funds that are rated AAA
 - Certificates of Deposits – Collateralized or FDIC insured
 - No Mortgage-Backed Securities are allowed as an investment
- Diversification
 - Maintain liquidity by staggering maturities
 - Only 20% of the portfolio can be invested in any individual Local Government Investment Pool or Money Market Fund. (**Recommending change to 25%**)
 - Limit of 25% in CDs (**Recommending change to 50%**)
- Authorized Brokers/Dealers
 - 6 Institutional Brokers – take bids for securities
 - 2 Local Government Investment Pools (Texpool/TexStar)
(Recommending adding two additional LGIPs)
 - 4 Money Market Mutual Funds (2 Federated, 2 Invesco)
- Safekeeping (Holding of our Securities)
 - Safekeeping Agreement with the Safekeeping Bank
 - Delivery vs. Payment (Investments delivered to safekeeping before money sent)
- Collateralization
 - Deposits & CD's – 102% - high-quality securities held by Federal Reserve Bank or Federal Home Loan Bank
 - Letters of Credit
 - Repurchase Agreements – 103%
 - No Mortgage-Backed Securities are allowed for collateral
- Quarterly Reports
 - Included on the City's web site as part of the Fiscal Transparency Initiative

Banking/Market-Driven Considerations Staff is Monitoring (Not Recommended at this Time, but Under Review):

- Monitor potential for use of mortgage-backed securities issued by US government agencies as collateral for bank deposits and CD's.
 - Use of mortgage-backed securities is allowed under the Public Funds Investment Act.
 - Federal policies are making it tougher for banks to offer traditional collateral.
 - Fewer local banks are offering CD's collateralized with traditional US Treasury securities.
 - Limitations on collateral could mean fewer potential bank bids when the City's depository contract expires in 2014.
 - Ten of the City's Top 13 comparison cities allow mortgage-backed securities for collateral.

Recommendation:

Staff recommends approval of the Investment Policy with the changes discussed at this time. The resolution will be placed on the consent agenda for the meeting on November 11, 2013, along with resolutions allowing the City to enter into two new investment pools.

Attachment:

- Rate history
- Resolution approving Investment Policy

Investment Information at September 30, 2013

	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
TexPool Rate	0.04%	0.06%	0.10%	0.15%	0.16%
TexStar Rate	0.04%	0.06%	0.11%	0.17%	0.16%
Federated Government	0.01%	0.01%	0.01%	0.02%	0.01%
Federated Treasury	0.01%	0.01%	0.01%	0.01%	0.01%
Invesco Government	0.02%	0.02%	0.02%	0.03%	0.02%
Invesco Treasury	0.02%	0.02%	0.02%	0.02%	0.02%
91 Day T-Bill	0.02%	0.05%	0.07%	0.05%	0.10%
3 month Agency	0.05%	0.05%	0.06%	0.12%	0.13%
6 month Agency	0.07%	0.07%	0.08%	0.15%	0.15%
12 month Agency	0.07%	0.18%	0.17%	0.17%	0.20%
Proposed LGIPs:					
Texas TERM Daily	0.05%	0.05%	0.10%	0.13%	0.13%
Lone Star Government Overnight	0.06%	0.06%	0.11%	0.15%	0.15%

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHARDSON, TEXAS, ADOPTING THE CITY OF RICHARDSON INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT “A”; DECLARING THAT THE CITY COUNCIL HAS COMPLETED ITS REVIEW OF THE INVESTMENT POLICY AND INVESTMENT STRATEGIES OF THE CITY AND THAT EXHIBIT “A” RECORDS ANY CHANGES TO EITHER THE INVESTMENT POLICY OR INVESTMENT STRATEGIES; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in accordance with the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE, the City Council of the City of Richardson, Texas by resolution adopted an investment policy; and

WHEREAS, Section 2256.005, Tex. Gov't Code, requires the City Council to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies.

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

SECTION 1. That the City of Richardson Investment Policy attached hereto as Exhibit “A” be and the same is hereby adopted and shall govern the investment policies and investment strategies for the City, and shall define the authority of the investment official of the City from and after the effective date of this Resolution.

SECTION 2. That the City Council of the City of Richardson has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit “A” hereto.

SECTION 3. That all provisions of the resolutions of the City of Richardson, Texas, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

SECTION 4. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this Resolution be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said Resolution which shall remain in full force and effect.

SECTION 5. That this Resolution shall become effective immediately from and after its passage.

DULY RESOLVED AND ADOPTED by the City Council of the City of Richardson, Texas, on this the _____ day of November, 2013.

CITY OF RICHARDSON, TEXAS

MAYOR

ATTEST:

CITY SECRETARY

APPROVED AS TO FORM:

PETER G. SMITH, CITY ATTORNEY
(PGS:11-1-13:TM 63350)

Exhibit “A”

City of Richardson Investment Policy

ARTICLE I PURPOSE AND NEED FOR POLICY

Chapter 2256 of the Government Code, as amended from time to time by the Texas State Legislature (“Public Funds Investment Act”) requires each city to adopt rules governing its investment practices and to define the authority of the investment official. The Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and prudent fiscal management of the City of Richardson funds.

ARTICLE II SCOPE

The Investment Policy applies to the investment and management of all funds under direct authority of the City of Richardson.

- A. These funds are accounted for in the City’s Annual Financial Report and include the following:
- (1) the General Fund;
 - (2) Special Revenue Funds;
 - (3) Capital Project Funds;
 - (4) Enterprise Funds;
 - (5) Trust and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately;
 - (6) Debt Service Funds, including reserves and sinking funds to the extent not required by law or existing contract to be kept segregated and managed separately; and
 - (7) Any new fund created by the City unless specifically exempted from this policy by the City or by law.

This investment policy shall apply to all transactions involving the financial assets and related activity of all the foregoing funds.

- B. This policy excludes:
- 1) Employee Retirement and Pension Funds administered or sponsored by the City.
 - 2) Defeased bond funds held in trust escrow accounts.

C. Review and Amendment

The City Council is required by state statute and by this investment policy to review this investment policy and investment strategies not less than annually and to adopt a resolution or an ordinance stating the review has been completed and recording any changes made to either the policy or strategy statements.

**ARTICLE III
PRUDENCE**

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the City.

All participants in the investment program will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transaction that might impair public confidence in the City's ability to govern effectively. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Nevertheless, the City recognizes that in a marketable, diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment rate of return.

Investment officials, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for market price changes, provided that these deviations from expectations are reported immediately to the Director of Finance, the City Manager and the City Council of the City of Richardson, and that appropriate action is taken by the investment officials and their oversight managers to control adverse developments.

**ARTICLE IV
OBJECTIVES**

A. Preservation and Safety of Principal

Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value.

B. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which can be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

C. Yield

The investment portfolio of the City shall be designed to meet or exceed the average rate of return on 91-day U.S. treasury bills throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. Legal constraints on debt proceeds that are not exempt from federal arbitrage regulations are limited to the arbitrage yield of the debt obligation. Investment officials will seek to maximize the yield of these funds in the same manner as all other City funds. However, if the yield achieved by the City is higher than the arbitrage yield, positive arbitrage income will be averaged over a five year period, netted against any negative arbitrage income and the net amount shall be rebated to the federal government as required by federal regulations.

**ARTICLE V
RESPONSIBILITY AND CONTROL**

A. Delegation

Management responsibility to establish written procedures for the operation of the investment program consistent with this investment policy has been assigned to the Director of Finance by the City Manager. The Director of Finance has delegated this responsibility to the Assistant Director of Finance. Such procedures shall include explicit delegation of authority to persons responsible for the daily cash management operation, the execution of investment transactions, overall portfolio management and investment reporting. The Assistant Director of Finance may delegate the daily investment responsibilities to either an internal investment official or an external investment advisor in combination with an internal investment official. The Assistant Director of Finance and/or his representative(s) will be limited by conformance with all federal regulations, ordinances, and the statements of investment strategy.

B. Subordinates

All persons involved in investment activities shall be referred to as "Investment Officials." No person shall engage in an investment transaction except as provided under the terms of this policy, the procedures established by the Assistant Director of Finance and the explicit authorization by the City Manager to withdraw, transfer, deposit and invest the City's funds. The City Council, by resolution, has authorized the City Manager to appoint these individuals. The Director of Finance and the Assistant Director of Finance shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate Investment Officials.

C. Internal Controls

Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by investment officials. Controls deemed most important would include: control of collusion, separation of duties, third-party custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized investment officials, and documentation of and rationale for investment transactions.

In conjunction with the annual independent audit, a compliance audit of management controls on investments and adherence to the Investment Policy and the Investment Strategy shall be performed by the City's independent auditor.

D. Ethics and Conflicts of Interest

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship with the Texas Ethics Commission and the City Council. For purposes of this section, an investment officer has a personal business relationship with a business organization if:

- (1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or
- (3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

Investment officials of the City shall refrain from personal and business activities involving any of the City's custodians, depositories, broker/dealers or investment advisors which may influence the officer's ability to conduct his duties in an unbiased manner. Investment officials will not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the City's business for personal investment decisions, will in all respects subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchase and sales and will keep all investment advice obtained on behalf of the City and all transactions contemplated and completed by the City confidential, except when disclosure is required by law.

E. Investment Training Requirements

The Director of Finance, the Assistant Director of Finance, and the Investment officials shall attend at least one ten hour training session relating to their investment responsibilities within 12 months after assuming their duties. In addition to this ten hour requirement, each

investment officer shall receive not less than ten hours of instruction in their investment responsibilities at least once during each two year period that begins on October 1st and consists of the two consecutive fiscal years after that date. The investment training session shall be provided by an independent source approved by the investment committee. For purposes of this policy, an “independent source” from which investment training shall be obtained shall include a professional organization, an institute of higher learning or any other sponsor other than a Business Organization with whom the City of Richardson may engage in an investment transaction. Such training shall include education in investment controls, credit risk, market risk, investment strategies, and compliance with investment laws, including the Texas State Public Funds Investment Act. A list will be maintained of the number of hours and conferences attended for each investment official and a report of such information will be provided to the Investment Committee.

ARTICLE VI AUTHORIZED INVESTMENTS

- A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities.
- B. Direct obligations of the State of Texas or its agencies and instrumentalities.
- C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, the State of Texas, or the United States or its instrumentalities.
- D. Obligations of states, agencies, 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.
- E. Joint Investment Pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.
- F. Certificates of Deposit issued by a depository institution that has its main office or branch office in Texas:
 - (1) and such Certificates of Deposit are:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their successors; or
 - b. Secured by obligations described in Article VI, sections A through D above.
 - (2) or such depository institution contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended.

Certificates of Deposit brokered by an authorized broker/dealer that has its main office or a branch office in Texas who contractually agrees to place the funds in federally insured

depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended.

- G. Fully collateralized repurchase or reverse repurchase agreements, including flexible repurchase agreements (flex repo), with a defined termination date secured by a combination of cash and obligations of the United States or its agencies and instrumentalities pledged to the City held in the City's name by a third party selected by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. The securities received for repurchase agreements must have a market value greater than or equal to 103 percent at the time funds are disbursed. All transactions shall be governed by a Master Repurchase Agreement between the City and the primary government securities dealer or financial institution initiating Repurchase Agreement transactions.

The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

- H. No-load money market mutual funds if the mutual fund:
- (1) Is registered with and regulated by the Securities and Exchange Commission;
 - (2) Has a dollar-weighted average stated maturity of 90 days or fewer; and
 - (3) Includes in its investment objectives the maintenance of a stable net asset value of one dollar for each share.
- I. Investment instruments not authorized for purchase by the City of Richardson include the following:
- (1) Banker's Acceptances;
 - (2) "Bond" Mutual Funds;
 - (3) Collateralized Mortgage Obligations of any type; and
 - (4) Commercial Paper, except that the City can invest in local government investment pools and money market mutual funds that have commercial paper as authorized investments. A local government investment pool or money market mutual fund that invests in commercial paper must meet the requirements of Article VI, Sections E and H above.
- J. If an investment in the City's portfolio becomes an unauthorized investment due to changes in the Investment Policy or the Public Funds Investment Act, or an authorized investment is rated in a way that causes it to become an unauthorized investment, the investment officials of the City shall review the investment and determine whether it would be more prudent to hold the investment until its maturity, or to redeem the investment. Officials shall consider the time remaining until maturity of the investment, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining the appropriate steps to take.

**ARTICLE VII
PORTFOLIO AND INVESTMENT ASSET PARAMETERS**

A. Bidding Process for Investments

It is the policy of the City to require competitive bidding for all investment transactions (securities and bank C.D.'s) except for:

- (1) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates); and
- (2) treasury and agency securities purchased at issue through an approved broker/dealer.

At least three bids or offers must be solicited for all other investment transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price of the security. Security swaps are allowed as long as maturity extensions, credit quality changes and profits or losses taken are within the other guidelines set forth in this policy.

B. Maximum Maturities

The City of Richardson will manage its investments to meet anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase.

C. Maximum Dollar-Weighted Average Maturity

Under most market conditions, the composite portfolio will be managed to achieve a one-year or less dollar-weighted average maturity. However, under certain market conditions investment officials may need to shorten or lengthen the average life or duration of the portfolio to protect the City. The maximum dollar-weighted average maturity based on the stated final maturity, authorized by this investment policy for the composite portfolio of the City shall be three years.

D. Diversification

The allocation of assets in the portfolios should be flexible depending upon the outlook for the economy and the securities markets. In establishing specific diversification strategies, the following general policies and constraints shall apply.

- (1) Portfolio maturities and call dates shall be staggered in a way that avoids undue concentration of assets in a specific sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.
- (2) To attain sufficient liquidity, the City shall schedule the maturity of its investments to coincide with known disbursements. Risk of market price volatility shall be controlled through maturity diversification such that aggregate realized price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.
- (3) The following maximum limits, by instrument, are established for the City's total portfolio:
 - U.S Treasury Notes/Bills 100%
 - U.S. Government Agencies & Instrumentalities..... 100%
 - U.S. Treasury & U.S. Agency Callables..... 25%

- Certificates of Deposit ~~25~~50%
 - Repurchase Agreements (*See D. (4) below*)..... 50%
 - Money Market Mutual Funds (*See D.(5) below*)..... 100%
 - Local Government Investment Pools (*See D.(5) below*)..... 100%
 - State of Texas Obligations & Agencies 25%
 - Obligations of states, agencies, cities and other political subdivisions of any state 25%
- (4) The City shall not invest more than 50% of the investment portfolio in repurchase agreements, excluding bond proceeds and reserves.
- (5) The City shall not invest more than ~~20~~25% of the investment portfolio in any individual money market mutual fund or government investment pool.
- (6) The investment committee shall review diversification strategies and establish or confirm guidelines on at least an annual basis regarding the percentages of the total portfolio that may be invested in securities other than U.S. Government Obligations. The investment committee shall review quarterly investment reports and evaluate the probability of market and default risk in various investment sectors as part of its consideration.

**ARTICLE VIII
AUTHORIZED BROKER/DEALERS
AND FINANCIAL INSTITUTIONS**

- A. Investment officials will maintain a list of financial institutions and broker/dealers selected by credit worthiness, who are authorized to provide investment services to the City. These firms may include:
- (1) all primary government securities dealers; and
 - (2) those regional broker/dealers who qualify under Securities and Exchange Commission Rule 15C3-1(uniform net capital rule), and who meet other financial credit criteria standards in the industry.

The investment officials may select up to six firms from the approved list to conduct a portion of the daily City investment business. These firms will be selected based on their competitiveness, participation in agency selling groups and the experience and background of the salesperson handling the account. The approved broker/dealer list will be reviewed and approved along with this investment policy at least annually by the investment committee.

- B. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment officials with the following:
- (1) Audited financial statements;
 - (2) Proof of National Association of Securities Dealers (N.A.S.D.) certification, unless it is a bank;
 - (3) Resumes of all sales representatives who will represent the financial institution or broker/dealer firm in dealings with the City; and
 - (4) An executed written instrument, by the qualified representative, in a form acceptable to the City and the business organization substantially to the effect that the business organization has received and reviewed the investment policy of the City and

acknowledges that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the organization that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

ARTICLE IX SAFEKEEPING AND CUSTODY OF INVESTMENT ASSETS

All security transactions, including collateral for repurchase agreements entered into by the City shall be conducted using the delivery vs. payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the safekeeping bank. The only exceptions to DVP settlement shall be wire transactions for money market funds and government investment pools. The safekeeping or custody bank is responsible for matching up instructions from the City's investment officials on an investment settlement with what is wired from the broker/dealer, prior to releasing the City's designated funds for a given purchase. The security shall be held in the name of the City or held on behalf of the City in a bank nominee name. Securities will be held by a third party custodian designated by the investment officials and evidenced by safekeeping receipts or statements. The safekeeping bank's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City. A safekeeping agreement must be in place which clearly defines the responsibilities of the safekeeping bank.

ARTICLE X COLLATERAL

The City's depository bank shall comply with Chapter 2257 of the Government Code, Collateral for Public Funds, as required in the City's bank depository contract.

A Market Value

The Market Value of pledged Collateral must be equal to or greater than 102% of the principal and accrued interest for cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) insurance coverage. The Federal Reserve Bank and the Federal Home Loan Bank are designated as custodial agents for collateral. An authorized City representative will approve and release all pledged collateral. The securities comprising the collateral will be marked to market on a monthly basis using quotes by a recognized market pricing service quoted on the valuation date, and the City will be sent reports monthly.

B Collateral Substitution

Collateralized investments often require substitution of collateral. The Safekeeping bank must contact the City for approval and settlement. The substitution will be approved if its value is equal to or greater than the required collateral value.

C Collateral Reduction

Should the collateral's market value exceed the required amount, the Safekeeping bank may request approval from the City to reduce Collateral. Collateral reductions may be permitted only if the collateral's market value exceeds the required amount.

D Letters of Credit

Letters of Credit, as defined in Article VI (A), are acceptable collateral for Certificates of Deposit. Upon the discretion of the City, a Letter of Credit can be acceptable collateral for City funds held by the City's bank depository.

**ARTICLE XI
INVESTMENT REPORTS**

A. Reporting Requirements

The investment officials shall prepare a quarterly investment report in compliance with section 2256.023 of the Public Funds Investment Act of the State of Texas. The report shall be submitted to the City Council and the Investment Committee within 45 days following the end of the quarter.

B. Investment Records

An investment official designated by the Assistant Director of Finance shall be responsible for the recording of investment transactions and the maintenance of the investment records with reconciliation of the accounting records and of investments carried out by an accountant. Information to maintain the investment program and the reporting requirements, including pricing or marking to market the portfolio, may be derived from various sources such as: broker/dealer research reports, newspapers, financial on-line market quotes, direct communication with broker/dealers, market pricing services, investment software for maintenance of portfolio records, spreadsheet software, or external financial consulting services relating to investments.

C. Auditor Review

The City's independent external auditor must formally review the quarterly investment reports annually to insure compliance with the State of Texas Public Funds Investment Act and any other applicable State Statutes.

**ARTICLE XII
INVESTMENT COMMITTEE**

A. Members

An Investment Committee, consisting of the City Manager or his designee, the Director of Finance, the Assistant Director of Finance, the Controller, and an appointed investment official, shall review the City's investment strategies and monitor the results of the investment program at least quarterly. This review can be done by reviewing the quarterly written reports and by holding committee meetings as necessary. The committee will be authorized to invite other advisors to attend meetings as needed.

B. Scope

The Investment Committee shall include in its deliberations such topics as economic outlook, investment strategies, portfolio diversification, maturity structure, potential risk to the City's funds, evaluation and authorization of broker/dealers, rate of return on the investment portfolio, review and approval of training providers and compliance with the investment policy. The Investment Committee will also advise the City Council of any future amendments to the investment policy that are deemed necessary or recommended.

C. Procedures

The investment policy shall require the Investment Committee to provide minutes of investment information discussed at any meetings held. The committee should meet at least annually to discuss the investment program and policies.

**ARTICLE XIII
INVESTMENT STRATEGY STATEMENTS**

The City of Richardson portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value among asset groups shall be analyzed and pursued as part of the investment program within the restrictions set forth by the investment policy.

The City of Richardson maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

A. Operating Funds

Suitability - All investments authorized in the Investment Policy are suitable for Operating Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for the pooled operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar-weighted average maturity of operating funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less. Constant \$1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. Investments for these funds shall not exceed an 18-month period from date of purchase.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Operating Funds shall be the 91 day Treasury bill.

B. Reserve and Deposit Funds

Suitability - All investments authorized in the Investment Policy are suitable for Reserve and Deposit Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for reserve and deposit funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund from investments with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short-to-intermediate-term maturities. The dollar-weighted average maturity of reserve and deposit funds, based on the stated final maturity date of each security, will be calculated and limited to three years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve and Deposit Funds shall be the 91 day Treasury bill.

C. Bond and Certificate Capital Project Funds and Special Purpose Funds

Suitability - All investments authorized in the Investment Policy are suitable for Bond and Certificate Capital Project Funds and Special Purpose Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for bond and certificate capital project funds, special projects and special purpose funds portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final

maturity dates of investments held should not exceed the estimated project completion date or a maturity of no greater than five years. The dollar-weighted average maturity of bond and certificate capital project funds and special purpose funds, based on the stated final maturity date of each security, will be calculated and limited to three years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Bond and Certificate Capital Project Funds and Special Purpose Funds shall be the 91 day Treasury bill. A secondary objective of these funds is to achieve a yield equal to or greater than the arbitrage yield of the applicable bond or certificate.

D. Debt Service Funds

Suitability - All investments authorized in the Investment Policy are suitable for Debt Service Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date. The dollar-weighted average maturity of debt service funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the 91 day Treasury bill.