



**CITY OF COLLEYVILLE**  
**AUDIT COMMITTEE AGENDA**  
100 Main Street, Colleyville, Texas, 76034  
**City Manager's Conference Room - Third Floor**

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**TUESDAY, JUNE 18, 2024 - 3:30 PM**

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**1. CALL TO ORDER**

**2. APPROVAL OF MINUTES**

**2a** February 20, 2024

**3. REGULAR AGENDA ITEMS**

**3a** Approval of the City of Colleyville Investment Policy annual review and recommended changes

**3b** Presentation of the second quarter FY24 investment report

**4. ADJOURNMENT**

I hereby certify this agenda was posted on City Hall bulletin boards Friday, June 14, 2024, by 5:00 p.m.

Christine Loven, TRMC  
City Secretary

A quorum of any Colleyville board, commission, or committee may be present at this meeting. Any matter on this agenda may be opened for public comment and discussion at the discretion of the governing body.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise the City Secretary at least 48 hours in advance at 817.503.1130, and reasonable accommodations will be made to assist you.



# CITY OF COLLEYVILLE AUDIT COMMITTEE MINUTES

100 Main Street, Colleyville, Texas, 76034  
City Manager's Conference Room - Third Floor

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**TUESDAY, FEBRUARY 20, 2024 - 5:00 PM**

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## **1. CALL TO ORDER**

City Secretary Christine Loven called the meeting to order at 5:03 p.m. and called the roll.

**PRESENT:** Committee members Brandi Elder and Scotty Richardson.

**ABSENT:** Chuck Kelley.

**ALSO PRESENT:** Accounting Manager Karen Hines, City Manager Jerry Ducay, Assistant City Manager Mark Wood, and City Secretary Christine Loven.

## **2. APPROVAL OF MINUTES**

November 21, 2023

The November 21, 2023 minutes were approved.

## **3. REGULAR AGENDA ITEMS**

### **3a** Discussion of the draft FY23 Audit and SAS 114 Letter

Accounting Manager Karen Hines introduced Jennifer Ripka, partner, Weaver Tidwell, the City's auditor. Ms. Ripka gave an overview and explained the audit process. She stated the City received an unmodified report, which is the highest report which can be given. She noted there were no material weaknesses, no significant deficiencies, and no noted noncompliance material to the financial statements.

Ms. Ripka thanked Karen and the finance staff for their assistance and advised the Committee they are appreciative of staff and the City Council. With there being no questions regarding the audit, Ms. Ripka advised it will be become final and be presented at the March 19, 2024 City Council meeting for approval.

## **4. REPORTS**

Quarterly investment report

Accounting Manager Karen Hines stated this has been a quiet quarter with more focus on the audit. She noted one CD has renewed during this quarter.

There was general discussion regarding CD renewal and rate structures.

#### **4. ADJOURNMENT**

The meeting adjourned at 5:28 p.m.

PASSED BY A VOTE OF **2** AYES, **0** NAYS, THIS 18<sup>TH</sup> DAY OF JUNE 2024.

Minutes taken and prepared by:

A handwritten signature in blue ink that reads "Christine Loven". The signature is written in a cursive, flowing style.

Christine Loven, TRMC  
City Secretary



# CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

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**Agenda Number** 3a

**Agenda Date** 6/18/2024

**Number**

**Type** Regular Agenda Items

**Department** Finance

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## **Title**

Approval of the City of Colleyville Investment Policy annual review and recommended changes

## **Explanation**

The Public Funds Investment Act requires that the governing body of a public entity review the investment strategy and adopt a written instrument by resolution stating that it has reviewed the investment policy and investment strategies.

Staff has reviewed and updated the attached Investment Policy and Strategy document to be a more thorough, user-friendly, and transparent document. Matt Poston, Finance Director, will provide a high-level review of the recommended changes, and answer questions.

## **Attachments**

1. City of Colleyville 2024 Investment Policy - Draft
2. Investment Policy Update Presentation

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY  
JUNE XX, 2024**

**FORMAL ADOPTION**

This Investment Policy is authorized by the City Council of the City of Colleyville (the “City”) in accordance with Chapter 2256, Texas Government Code (the Public Funds Investment Act or “PFIA”), as amended.

**SCOPE**

This Policy applies to all of the investment activities of the City, excluding the deferred compensation plan, the City’s participation in the Texas Municipal Retirement System, or investments donated to the City for a particular purpose or donated according to terms specified by the donor. Except for cash in certain restricted and special funds, the City will combine cash balances from all funds to maximize investment earnings. This Policy establishes guidelines for those who can invest City funds, for how City funds will be invested, and for when and how a periodic review of investments will be made. The Investment Policy is divided into two sections: General Investment Policy and Investment Strategy.

**GENERAL INVESTMENT POLICY**

The following are general requirements of the City Investment Policy. The general requirements address issues and requirements common to all funds separately invested by the City. Following the general requirements are specific requirements that relate to either specific fund types or funds managed by the City.

**INVESTMENT OBJECTIVES**

The City investment objectives are as follows:

- 1) To preserve capital; the most important investment objective.
- 2) To provide liquidity.
- 3) To optimize earnings within the constraints of Numbers 1 and 2 above.

**TO PRESERVE CAPITAL**

- 1) To preserve capital, the City will only invest in the following:
  - a. Time Deposits, Certificates of Deposit, and other interest bearing accounts at an authorized depository of the City. Investments are limited by the amount of the combination of federal depository insurance, pledged collateral and any surety bond or letter of credit of the depository.

Deposits issued:

- i. by a depository institution that has its main office or a branch office in this state that are:
  1. Guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
  2. Secured in compliance with COLLATERAL; or
  3. Secured in any other manner and amount provided by law for deposits of the investing entity.
- ii. In addition to the authority to invest funds in deposits under Section 1 a., an

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

investment in deposits made in accordance with the following conditions is an authorized investment:

1. The funds are invested through a depository institution or broker that has its main office or a branch office in the state of Texas. Additionally, a broker is required to be selected from a list of approved broker dealers adopted by the City;
2. The depository institution or broker arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City;
3. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
4. If appointed by the City, the depository institution or broker may act as custodian for the City with respect to the deposits issued for the account of the City.

The investment in Certificates of Deposit is limited to seventy-five percent (75%) of the Portfolio

- b. Direct obligations of the United States including Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, and instruments guaranteed by the Full Faith and Credit of the United States; for reporting purposes, these securities will be defined as Government Securities.
- c. Obligations of agencies and instrumentalities of the United States. For reporting purposes, the investment in agency and instrumentality securities will be categorized as Agency Securities. The investment in agencies and instrumentalities is limited to seventy-five percent (75%) of the Portfolio. Investments in agencies or instrumentalities will be diversified among the agencies and instrumentalities.
- d. A Texas local government investment pool, as authorized by PFIA, which is continuously rated AAA. Participation in any pool must be authorized by resolution of the City Council. Pools investing in commercial paper are permissible up to five percent (5%) of total pool investments. The investment in pools is limited to seventy-five percent (75%) of the Portfolio. Investments in pools will be diversified among the City's authorized pools.
- e. A no-load money market mutual fund that is continuously rated AAA or AAAm by at least one nationally recognized rating agency; is regulated by the Securities and Exchange Commission; complies with the requirements of a money market mutual fund; and includes in its investment objectives the maintenance of a stable net asset value of \$1.0000 per share. The investment in money market mutual funds is limited to ten percent (10%) of the Portfolio.
- f. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated AA- or above or its equivalent by a nationally recognized rating agency. Total investment in these securities would be limited to ten percent (10%) of the portfolio.
- g. Bond proceeds may be invested in fully collateralized flexible repurchase agreements ("flex repos"), or similar structured investment, with a defined maturity date not to exceed the final scheduled construction expenditure date. Flexible repurchase agreements must only be entered into with a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in the State of Texas. They must be secured by a combination of cash and obligations of the United States or its agencies and instrumentalities, which are pledged to the City and deposited with a third party custodian approved by the City. The collateralization percentage shall be maintained at or above one hundred two percent (102%) of the outstanding flex repo

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

balance along with any interest accrued but not yet paid. All repurchase agreement transactions shall be governed by a signed repurchase agreement, which requires that the securities being purchased by the City or cash held by the City to be pledged to the City, held in an account in the City's name and deposited at the time the investment is made with the City or with a third party selected and approved by the City

- 2) To preserve capital, the City will not employ any investment strategy that is inherently risky.
  - a. The City will not borrow funds using investment securities as collateral and reinvest the proceeds in other investment securities. Approved no-load money market mutual funds in 1(g) above are allowed to use Reverse Repurchase Agreements.
  - b. The City will not take a position in a security for speculation or only for anticipated capital appreciation.
  - c. While a designated Investment Officer will be empowered to buy and sell securities on behalf of the City, the City will use a buy and hold strategy for most investments.
  - d. The City will diversify investments.
- 3) To preserve capital, the City will not invest in any securities that are inherently risky:
  - a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
  - b. Obligations whose payment represents the principal stream of cash flow from underlying mortgage-backed security collateral and bears no interest.
  - c. Obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.
  - d. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
  - e. Any other obligations similar to items 3(a) through 3(d) above where small changes in market interest rates can produce potentially large changes in the value of a security or substantially extend the life of the security.

**TO PROVIDE LIQUIDITY**

- 1) 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; maintaining appropriate Portfolio diversification; and investing with overnight liquidity. Since projected cash flows are estimates, it is the stated goal to invest in a manner that provides excess funds for reinvestment and additional liquidity each month.
- 2) In conjunction with (1) above, the City will ladder investment maturities. That is, the Portfolio will be structured so that investments mature all along the yield curve and generally target anticipated outflows. However, it will not be necessary to completely cover all outflows for a month before investing further out on the yield curve. By not fully investing every month, the City will be better able to utilize all investment options (especially more short-term securities) available in the Investment Policy. With the laddered Portfolio structure, there would be a steady stream of funds to the Portfolio and high quality short-term securities available if securities needed to be sold

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

before maturity. In conjunction with the above ladder approach, maturities beyond ninety (90) days will be diversified along the yield curve to avoid a concentration of maturities in one or more months.

- 3) Additional liquidity will be provided through attractive cash equivalent investment options. The combined cash equivalent investment should be a minimum of fifteen percent (15%) of the overall Portfolio.

**TO OPTIMIZE EARNINGS**

- 1) Within the constraints of preservation, safety, and liquidity, it is the City's goal to optimize earnings.
- 2) City funds will be deposited daily to optimize funds available for investment.
- 3) Idle cash will be invested until needed to pay obligations.
- 4) The Portfolio will be structured to provide excess funds for reinvestment so that in periods of rising interest rates, funds are available for reinvestment. In periods of falling rates maturities have been laddered to lock in higher returns.

**PORTFOLIO COMPOSITION**

All investments purchased on behalf of the City will have a maturity date that does not exceed five (5) years. At all times at least 80% of the Portfolio must be in investments with maturities of two years or less. No more than 20% of the Portfolio can be held in maturities ranging from two to five years. The maximum dollar weighted average maturity of the Portfolio cannot exceed one year. Individual fund-types may have more restrictive parameters.

**DESIGNATED INVESTMENT OFFICER**

The Finance Director and the Accounting Manager are the designated Investment Officers. After the investment transaction is completed, an authorization of investment form will be executed for all City investments. The Finance Director or the Accounting Manager must sign the form approving investments. Also, the City Manager or an Assistant City Manager must co-sign the form acknowledging the investments.

**INVESTMENT COMMITTEE**

The Investment Officers of the City along with one other member of the management team will be members of the Investment Committee. The role of the committee will be to review and monitor quarterly reports, make recommendations on changes in the Investment Policy, approve training sources, and approve brokers/dealers.

**AUDIT COMMITTEE**

The quarterly investment report and any changes in the Investment Policy will be taken through the Audit Committee before being taken, sent, or presented to the City Council.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
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**PERCENTAGE TESTS**

This Policy contains several percentage tests. Because of daily changes in cash, the Portfolio can be in compliance one day and not in compliance the next day. The Portfolio limits should be adhered to as investments are purchased; however, investments would not have to be sold to comply with Portfolio limits.

**MARKET PRICE VALUATION**

Investment reports will include market price valuations of the Portfolio from a third-party pricing agency or through a source independent of the transaction.

**PERFORMANCE STANDARD**

The performance standard of the Portfolio will be calculated based on the weighted average yield to maturity.

**MONITORING**

Not less than quarterly, the Investment Officers or designee will monitor the credit rating for each held investment that has a Public Fund Investment Act required minimum rating. Prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

Except as stated above, the City is not required to liquidate investments that were authorized investments at the time of purchase.

**SETTLEMENT OF SECURITIES**

All settlements of security transactions will be by “delivery versus payment.”

**INTERFUND TRANSFERS**

From time to time some City funds (for example: General Fund, Drainage Fund, and Utilities Fund) will become over/under invested while the overall Portfolio is compliant with the City's Investment Policy. Investment transfers can be made to correct funds being over/under invested; however, any transfer would have to be suitable for the fund. Investment transfers will be made between funds at book value plus accrued interest. However, transfers involving tax-exempt bond proceeds shall comply with applicable IRS regulations.

**COLLATERAL**

- 1) All bank deposits not insured by federal depository insurance will be collateralized in compliance with the Public Funds Collateral Act and this Policy. Any pledged securities held by an independent third party under a custody arrangement must give the City unconditional rights and claims to the collateral. In lieu of the above collateral requirement the depository may provide a surety bond or letter of credit issued by an agency or instrumentality in compliance with the Public Funds Investment Act. Deposits secured with pledged marketable securities shall have a market value equal to or greater than 102% of the principal plus accrued interest of the deposit, less any

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

amount insured by the FDIC. Deposits secured with letters of credit shall have 100% of principal plus anticipated interest of the deposit, less any amount insured by the FDIC.

- 2) The City will accept as collateral any securities eligible under the Public Funds Collateral Act reserving the right to accept or reject any individual securities.
- 3) The City will routinely compare deposit collateral to deposit levels.
- 4) Authorized depositories will be required to sign a depository agreement with the City. The collateralized deposit 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:
  - a. The agreement must be in writing;
  - b. The agreement must be executed by the depository and the City contemporaneously with the acquisition of the asset;
  - c. The agreement must be approved by the Board of Directors or designated committee of the depository and a copy of the meeting minutes must be delivered to the City; and
  - d. The agreement must be part of the depository's "Official Record" continuously since its execution.

**SAFEKEEPING**

Securities owned by the City should be held in a manner that the safekeeping method will be categorized as "Least Risk" for Governmental Accounting Standards Board (GASB) purposes:

- 1) All securities will be held by the City's third-party safekeeping agent in an account in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited.
- 2) All non-physical securities will be safekept at the Federal Reserve or at the City's third-party safekeeping agent.

**COMPETITIVE BIDDING**

The City will practice competitive bidding orally, by telephone, electronically, or in any combination of these methods when purchasing an investment to help strengthen the investment process. All investments, other than the placement of funds in local government investment pools, money market accounts, and securities which are deemed to be made at prevailing market rates, will be competitively bid, with at least three bids, and placed with providers offering the best value to the City. The City reserves the right to reject the most financially favorable bid if it is potentially disruptive to its investment strategy.

**INTERNAL CONTROLS**

The Finance Director 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 internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

management.

The internal controls shall address the following points:

- 1) Avoidance of collusion,
- 2) Separation of transactions authority from accounting and record keeping,
- 3) Third-party safekeeping and custody,
- 4) Clear delegation of authority of subordinate staff members, and
- 5) Written confirmation for transactions for investments and wire transfers.

**STANDARD OF CARE**

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:

“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 probably income to be derived.”

**STANDARDS OF ETHICS**

All Investment Officers shall file with the Texas Ethics Commission and the City Council 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.

**REPORTING**

Investment performance will be monitored and evaluated by the Investment Officers. The Investment Committee will provide a quarterly comprehensive report signed by all Investment Officers to the Audit Committee and then forward it on to the City Council. This investment report shall be in compliance with the Public Funds Investment Act.

**AUDITS**

The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the City’s Investment Policy and strategies. The quarterly investment reports must also be reviewed annually by the independent auditor, as part of the City’s annual audit, and the result of the review shall be reported to the City Council by that auditor.

**REVIEW AND AMENDMENT**

The City Council shall review and adopt this Policy at least annually. Amendments must be approved by the Investment Committee and adopted by the City Council. Investment Officers will review the Policy for

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

any necessary changes as a result of each Texas Legislative session and include such changes in the annual review and update to the Policy for City Council approval. The timing of amendments and approval of legislative changes to the Policy must align with the required effective dates assigned by the Legislation.

**TRAINING**

In order to have qualified and capable Investment Officers, officers will attend investment training and receive not less than ten (10) hours of instruction relating to investment responsibilities and that is in compliance with the Public Funds Investment Act within 12 months of taking office or assuming investment duties. After the initial training, Investment Officers are required to take eight (8) hours of training every two years aligned with the City's fiscal year. The Investment Committee will approve all investment training sources.

**PRUDENT INVESTMENT MANAGEMENT**

The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

**PRIMARY DEPOSITORY**

In Compliance with Local Government Code, Chapter 105 – Depositories for Municipal Funds, a Primary Depository shall be selected through the City's banking services procurement process, which shall include a formal request for application (RFA). The selection of a primary depository will be determined by evaluation of the "most advantageous" criteria during the RFA process, and may include the following selection criteria:

- 1) The ability to qualify as a depository for public funds in accordance with state law,
- 2) The ability to provide requested information or financial statements for the periods specified,
- 3) The ability to meet the minimum required items in the banking RFA,
- 4) Complete response to all required items on the RFA form, and
- 5) Competitive net banking service cost, consistent with the ability to provide an appropriate level of service.

**BROKER/DEALERS**

Investment Broker/Dealers shall adhere to the spirit, philosophy and specific term of the Policy and shall avoid recommending or suggesting transactions outside the "Standard of Care."

The Investment Committee will perform selection of Broker/Dealers at least annually. The Investment Committee will establish criteria to evaluate Broker/Dealers, including:

- 1) Adherence to the City's policies and strategies.
- 2) Transaction pricing.
- 3) Responsiveness to request for services, information and open communication.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
**JUNE XX, 2024**

- 4) Understanding of the inherent fiduciary responsibility of investing public funds.
- 5) Similarity in philosophy and strategy with the City's investment objectives.

Selected Broker/Dealers shall provide timely transaction confirmations.

The approved Broker/Dealers are authorized to engage in investment transactions with the City and can be revised periodically by the Investment Committee. It may become necessary to revise Broker/Dealers during the year to ensure competition and quality service to the City. Therefore, the Investment Committee can add or subtract Broker/Dealers during the year.

**INVESTMENT POLICY CERTIFICATION**

All business organizations (local government investment pools and discretionary investment management firms) must sign a certification acknowledging that the organization has received and reviewed the City's Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the City's Policy and in accordance with the PFIA.

The City shall not transact with a business organization prior to receiving the certification above.

**WIRE/ACH PROCEDURES**

The City is allowed to initiate wires/ACH through a City authorized depository. The individuals authorized to perform wires/ACH transactions include the Finance Director, the Accounting Manager, the accountant, and the accounting specialist. Transactions may be done as repetitive or non-repetitive transactions. Repetitive wires/ACH can be set up at a City depository bank with approval of two of the authorized individuals. Thereafter, repetitive wires may be completed with approval of one of the authorized individuals. Non-repetitive wires/ACH will require approval from two of the authorized individuals.

**INVESTMENT STRATEGY**

**OPERATING FUND**

The operating funds include the General Fund and other Special Revenue Funds of the City. The primary objective in investing available funds is the preservation and safety of principal. All of the allowable investments mentioned in the Investment Policy would be suitable for the operating funds. The investments should be structured so that investments mature to meet cash needs and have excess funds for additional liquidity. In the investment of funds decision, the security with the best return within a three to six month range will be selected with the intention of investing in the other maturities at a later date. This strategy allows the City to take full advantage of the yield curve and all investments securities allowed in the Investment Policy. Short-term securities such as discount notes can be used for shorter maturities, while treasury notes and other agency securities can be used for longer-term maturities. At least some of the purchases will be in U.S. Treasuries or Agency securities, which are both liquid and marketable. Investments in Agency securities should be diversified among different Government Agencies. Investments will be laddered along the yield curve to optimize earnings.

**DEBT SERVICE AND DEBT SERVICE RESERVE FUNDS**

All Debt Service Reserve funds will be kept in local government investment pools, money market mutual funds/accounts, or certificates of deposits in the unlikely event the funds would be needed for a shortfall in making debt service payments. Debt Service funds will be accumulated in local government investment pools or money market funds/accounts until needed for scheduled debt service payments.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
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The primary objective in investing available funds is the preservation and safety of principal. Yield will be dictated by short-term rates.

**PROPRIETARY FUNDS**

Proprietary funds include both Enterprise Funds and Internal Service Funds. These funds provide for the operations, capital replacement, and future claims of each functional area. Specifically, the City maintains only two proprietary funds, the Utilities Fund and the Drainage Fund. All of the allowable investment securities would be suitable for the proprietary funds. The primary objective in investing available funds is the preservation and safety of principal. The investments should be structured so that maturities are scheduled to meet cash needs and have excess funds for additional liquidity. In the investment of funds decision, the security with the best return within a three to six month range will be selected with the intention of investing in the other maturities at a later date. This strategy allows the City to take full advantage of the yield curve and all investments securities allowed in the Investment Policy. Short-term securities such as discount notes can be used for shorter maturities, while treasury notes and other agency securities can be used for longer-term maturities. Most of the purchases will be in U.S. Treasuries or Agency securities, which are both liquid and marketable. Investments in Agency securities should be diversified among different Government Agencies. Investments will be laddered along the yield curve to optimize earnings.

**CAPITAL PROJECT FUNDS**

Capital Project funds are used to account for the construction of various City improvements including General Construction and other capital improvement funds. All allowable City investments would be suitable for the capital projects funds. The cash should be invested to correspond to the estimated aggregate cash draws on the various projects. At least some of the purchases will be in U.S. Treasuries and Agency securities, which provide both liquidity and marketability. Investments in Agency securities should be diversified among the various Government Agencies.

**TRUST FUNDS**

Trust funds will be invested in accordance with provisions of the applicable trust agreement. If there are not specific investment requirements, trust funds will be invested in a similar manner as operating funds. In the investment of funds decision, the security with the best return within a three to six month range will be selected with the intention of investing in the other maturities at a later date. This strategy allows the City to take full advantage of the yield curve and all investments securities allowed in the Investment Policy. Short-term securities such as discount notes can be used for shorter maturities, while treasury notes and other agency securities can be used for longer-term maturities. The primary objective in investing available funds is the preservation and safety of principal.

**BOND PROCEEDS**

The investment of bond proceeds (excluding reserve and debt service funds) shall generally be limited to the anticipated cash flow requirement or the "temporary period," as defined by Federal tax law. During the temporary period bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds and market conditions to achieve compliance with the applicable regulations. Bond proceeds may be invested in a single flexible repurchase agreement if the Investment Officers determine that such an investment has advantage to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY (CONTINUED)**  
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A flexible repurchase agreement provides that disbursements are allowed in the amount necessary to satisfy reasonable expenditure requests and the defined termination date of the investment does not exceed the estimated expenditure date of the bond proceeds.

DRAFT

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY**  
**APPENDIX 2 – APPROVED TRAINING PROVIDERS**

**AGENCIES** – Federal agency securities and/or Government-sponsored entities.

**BENCHMARK** – A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BROKER** – A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT** – A time deposit with a specific maturity evidenced by a certificate.

**CDAR** – A time deposit (certificate of deposit) that breaks up large deposits over the FDIC limit and places them across a network of over 3,000 banks and savings associations across the US.

**COLLATERAL** – Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**DEALER** – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT** – Delivery versus payment is the delivery of a security and there is an exchange of money after the delivery of the security.

**DISCOUNT SECURITIES** – Non-interest bearing money market instruments that are being issued at a discount and redeemed at maturity for full face value, e.g. Treasury Bills.

**DIVERSIFICATION** – Dividing instruments among securities offering independent returns.

**FEDERAL CREDIT AGENCIES** – Agencies of the Federal government set up to supply credit to various classes of institutions and individuals e.g. savings and loans, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)** – A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL HOME LOAN BANKS (FHLB)** – Government sponsored regional wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA)** – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. It is a federal corporation and the largest single provider of residential mortgage funds in the United States. FNMA's securities are highly liquid and widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)** – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations. Security holder is backed by the full faith and credit of the US Government.

**LIQUIDITY** – An asset that can be converted quickly and easily to cash.

**LOCAL GOVERNMENT INVESTMENT POOL** – An investment by local governments in which their money is pooled as a method for managing local funds.

**MARKET VALUE** – The price at which a security is trading and could presumably be purchased or sold.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY  
APPENDIX 2 – APPROVED TRAINING PROVIDERS**

**MASTER REPURCHASE AGREEMENT** – A written contract that establishes each party’s rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY** – The date upon which the principal or stated value of an investment becomes due and payable.

**MUTUAL FUND** – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange disclosure guidelines.

**PORTFOLIO** – Collection of securities held by an investor.

**PRIMARY DEALER** – A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to informal oversight.

**PRUDENT PERSON RULE** – An investment standard outlining fiduciary responsibilities of public funds investors relating to investment practices.

**RATE OF RETURN** – The yield obtainable on a security based on its purchase price or its current market price.

**REPURCHASE AGREEMENT** – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**REVERSE REPURCHASE AGREEMENT** – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**SAFEKEEPING** – Holding of assets (e.g. securities) by a financial institution.

**TREASURY BILLS** – A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year. The yields on these bills are monitored closely for interest rate trends.

**TREASURY BONDS** – Long term US government debt securities with maturities of ten to thirty years.

**TREASURY NOTES** – Intermediate term US government debt securities with maturities of one to ten years.

**YIELD** – The current rate of return on an investment security generally expressed as a percentage of the securities current price.

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY  
APPENDIX 2 – APPROVED TRAINING PROVIDERS**

**Current Approved Broker Dealers**

- 1) Duncan-Williams, Inc.
- 2) Raymond James
- 3) Multi-Bank Securities, Inc. (MBS)
- 4) Wells Fargo

**CITY OF COLLEYVILLE INVESTMENT POLICY AND STRATEGY  
APPENDIX 2 – APPROVED TRAINING PROVIDERS**

**Current Approved Training Providers**

- 1) North Central Texas Council of Governments (NCTCOG)
- 2) Government Treasurers' Organization of Texas (GTOT)
- 3) Government Finance Officers Association of Texas (GFOAT)
- 4) Texas Municipal League (TML)
- 5) University of North Texas Center for Professional Development (UNT)

# **Investment Policy Update**

Audit Committee  
June 18, 2024

# Introduction & Authorization



- **Purpose:** To present the new Investment Policy and its key components. The old policy was adequate, but this update modernizes and refines it. This policy must be approved annually by the City Council.
- **Scope:** Applies to all investment activities of the City, with specific exceptions (deferred compensation plan, Texas Municipal Retirement System, etc.)
- **Authorized by:** City Council of Colleyville
- **In accordance with:** Chapter 2256 Texas Government Code – Public Funds Investment Act (PFIA)

# Investment Policy - Objectives



## **1) Preserve capital**

- Only invest in secure and approved instruments

## **2) Provide liquidity**

- Maintain sufficient liquidity to meet cash flow needs

## **3) Optimize earnings**

- Optimize earnings within constraints of capital preservation and liquidity

# Authorized Investments

- Time Deposits, Certificates of Deposit
- Direct obligations of the United States
- Obligations of U.S. agencies and instrumentalities
- Texas local government investment pools
- No-load money market mutual funds
- Obligations of state and local governments
- Fully collateralized flexible repurchase agreements

# Roles & Responsibilities



- Designated Investment Officers
  - Finance Director, Accounting Manager, and Assistant City Manager
  - Make up investment committee
  - Required to complete initial and ongoing training
  - Must disclose any personal business relationships with investment entities
- Audit Committee
  - Review quarterly investment reports
  - Evaluate any changes to the investment policy
- City Council
  - Receive quarterly investment report
  - Approve any changes to the investment policy

# Monitoring and Reporting



## **Monitoring:**

- Quarterly monitoring of credit ratings
- Prudent measures to liquidate downgraded investments

## **Reporting:**

- Quarterly reports to the Audit Committee and City Council
- Compliance audits as part of the annual financial audit

## **Scope Adjustments:**

- Old Policy: Applies to all financial assets of the City accounted for in the Comprehensive Annual Financial Report.
- New Policy: Specifies exclusions such as deferred compensation plan, Texas Municipal Retirement System, or investments donated with specific terms.

## **Investment Objectives:**

- Old Policy: Emphasis on safety, liquidity, and yield.
- New Policy: Similar emphasis but with detailed strategies for preservation of capital, liquidity, and optimization of earnings.

# Changes from Old to New Policy (Part 2)



## **Authorized Investments:**

- Old Policy: Includes U.S. obligations, Texas obligations, certificates of deposit, local government investment pools, repurchase agreements, SEC-registered no-load money market mutual funds.
- New Policy: More specific limitations and percentages for investment types, addition of obligations of states and political subdivisions, and stricter diversification requirements.

## **Prohibited Investments:**

- Old Policy: Lists several prohibited investments including collateralized mortgage obligations and commercial paper.
- New Policy: New approach of listing only allowed investments and adding detail on inherently risky securities.

## **Monitoring and Reporting:**

- Old Policy: Quarterly written report to Audit Committee and City Council.
- New Policy: Quarterly monitoring of credit ratings, detailed quarterly reports, and compliance audits as part of the annual financial audit. Additionally added information on internal controls in place.

# Conclusion



- **Next Steps:**

- With your approval, we will take to City Council for approval at July 2<sup>nd</sup> meeting
- After Council review and approval, the policy will be submitted to the Government Treasurers' Organization of Texas (GTOT) for review for their Certificate of Distinction award.
  - Colleyville last received this award for the two-year period ended January 31, 2022

- **Questions & Discussion**



# CITY OF COLLEYVILLE AUDIT COMMITTEE BRIEFING

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**Agenda Number** 3b

**Agenda Date** 6/18/2024

**Number**

**Type** Regular Agenda Items

**Department** Finance

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## **Title**

Presentation of the second quarter FY24 investment report

## **Explanation**

Finance Director Matt Poston will present the Quarterly Investment Report.

## **Attachments**

1. Quarterly Investment Report - March 2024 (final)
2. 2024-03 Quarterly Investment Report Presentation

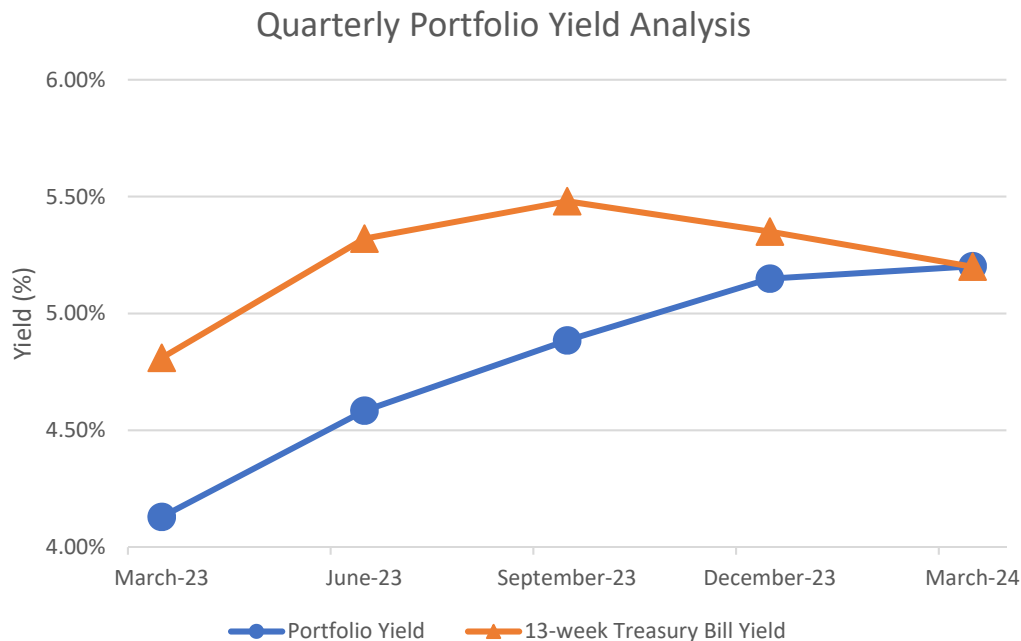
# MEMO



**TO:** City Council  
**THRU:** Audit Committee  
**FROM:** Investment Committee:  
Mark Wood, Assistant City Manager  
Matthew Poston, Director of Finance  
Karen Hines, Accounting Manager  
**DATE:** May 23, 2024  
**RE:** March 31, 2024 Quarterly Investment Report

On March 31, 2024, the City of Colleyville was in compliance with its investment policy and the Public Funds Investment Act. Specifically, the City only purchases securities from brokers who have reviewed the investment policy and signed a statement agreeing to comply with it. The weighted average maturity of the portfolio is approximately 1.26 months, which is well below the 12-month maximum weighted average maturity stipulated in our investment policy. The maturity dates of the City's investments will meet the anticipated cash flow needs of the City.

The overall weighted average portfolio yield is 5.20%, which is competitive in the current market. The chart below shows a comparison to the previous four quarters along with an analysis of the portfolio yield versus the rolling 13-week Treasury note.



Treasury yields can fluctuate at a much higher rate than the portfolio. Our portfolio is designed to hold value. Our laddered strategy will always lag the market. In periods of declining rates, our returns will be greater than the market. Conversely, in periods of

increasing rates, our return will lag relative to the market. In a rising interest rate environment, the market value of the portfolio should decrease.

Our stated objective in the investment policy is to optimize earnings within the constraints of preserving capital and maintaining liquidity. The portfolio investments are typically held until maturity. The laddered structure of the portfolio reduces volatility while providing liquidity. The portfolio market value remains extremely consistent at 99.97%.

The City invests in:

- Certificates of deposit (CDs)
- Governmental agencies
- Local government investment pools
- Cash at the City's authorized depositories

A summary of the portfolio is attached, reflecting a total portfolio, including cash and investments, of \$79,944,194.

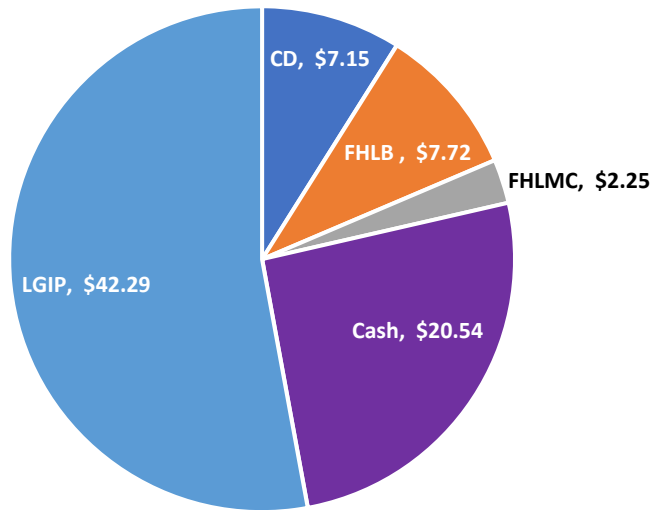
Certificates of deposit are currently a good option to lock in interest rates while they are high. The City utilizes various brokers to place new investments, including brokered CDs that allow us to use multiple banks and keep under the \$250,000 FDIC insurance limit. Currently, the City is receiving approximately 5.15% on a new 52-week CD, 5.20% on a new 39-week CD, and 5.00% on a 26-week CD investment. On March 31, 2024, the City had \$7.2 million in CD investments. Governmental Agency securities are also a good option and offer comparable interest rates to CDs. The portfolio currently holds \$10.0 million in agencies, with holdings in Federal Home Loan Bank securities making up \$7.7 million and Federal Home Loan Mortgage Corporation securities the remaining \$2.3 million.

The City has cash invested at the City depository, Frost, totaling \$20.5 million. The City earns an earnings service credit with Frost of 5.39%.

The City has investments in local government investment pools (LGIP) totaling \$42.3 million. The City uses only AAA-rated Texas LGIPs as authorized by the PFIA. The City participates in four different pools. On March 31, 2024, the City held \$19.8 million in TexPool, \$12.9 million in Lone Star, \$6.8 million in Texas Class, and \$2.8 million in Logic. The investment policy allows investment in LGIPs that invest in commercial paper up to a limit of 5% of total pool investments. Currently, the only pool with commercial paper is Logic, which made up 6.5% of pool investments on March 31, 2024, exceeding the 5% limit. The City's position in Logic will be decreased to comply with the investment policy.

The portfolio is well balanced between cash and investment securities and diversified between certificates of deposits and agencies. Local government investment pools comprise 52.9% of the total portfolio, below the 75% limit. Agency securities represent 12.5% of the total portfolio, and certificates of deposit represent 9.0%, both below the 75% limit.

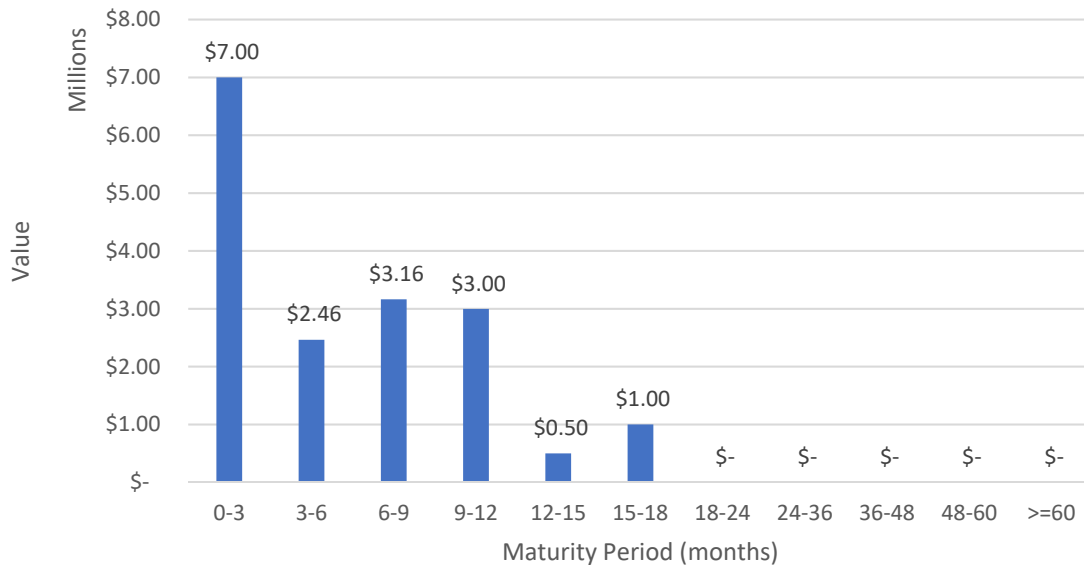
Portfolio Composition as of March 31, 2024 (in millions)



No securities have a maturity date longer than five years, in accordance with our investment policy. Cash balances, including LGIP, make up approximately 78.6% of the portfolio. Other short-term instruments are funds invested in certificates of deposit, comprising approximately 9.0% of the portfolio, ranging in maturity from 6 to 24 months upon issuance.

The portfolio is well-positioned, with a heavier weighting in the zero to three-month maturity area. In an increasing rate environment, many of these funds will be available to reinvest at higher rates. Below is a graph of the investment maturities by quarter.

Investment Maturities by Quarter as of March 31, 2024



Also attached for your review is the March 31, 2024, quarterly investment report. The format of this report is defined by the Public Funds Investment Act (PFIA) and shows the portfolio investments by fund for the quarter ending March 31, 2024. If you have any questions or would like to receive additional information regarding the City's investments, please let us know.



Mark Wood, Assistant City Manager



Matthew Poston, Director of Finance



Karen Hines, Accounting Manager

**City of Colleyville  
Investment Holding Report  
For the Quarter Ended March 31, 2024**

<u>Security Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Purchase Date</u>	<u>Ending Market Value</u>	<u>Ending Amort Value</u>
Cash - Frost	5.39%	3/31/2024	3/31/2024	\$ 20,530,038.00	\$ 20,530,038.00
Cash - MBS	1.00%	3/31/2024	3/31/2024	6,835.50	6,835.50
TexPool LGIP	5.33%	3/31/2024	3/31/2024	19,837,306.05	19,837,306.05
Lone Star LGIP	5.34%	3/31/2024	3/31/2024	12,925,353.63	12,925,353.63
Texas Class LGIP	5.26%	3/31/2024	3/31/2024	6,763,987.20	6,763,987.20
LOGIC LGIP <sup>1</sup>	5.47%	3/31/2024	3/31/2024	2,760,975.46	2,760,975.46
Total Cash and Cash Equivalents				62,824,495.84	62,824,495.84
CD 0.40 03/29/24	0.40%	3/29/2024	9/29/2021	248,970.12	249,000.00
CD 4.40 10/11/24	4.40%	10/11/2024	10/14/2022	247,807.29	249,000.00
CD 4.40 10/21/24	4.40%	10/21/2024	10/21/2022	247,764.96	249,000.00
CD 5.00 02/10/25	5.00%	2/10/2025	2/9/2024	247,640.40	248,000.00
CD 5.00 09/16/24	5.00%	9/16/2024	3/15/2024	247,637.92	248,000.00
CD 5.00 11/12/24	5.00%	11/12/2024	2/12/2024	237,595.40	238,000.00
CD 5.00 11/18/24	5.00%	11/18/2024	2/16/2024	239,596.80	240,000.00
CD 5.15 03/07/25	5.15%	3/7/2025	3/8/2024	248,066.96	248,000.00
CD 5.15 07/26/24	5.15%	7/26/2024	5/26/2023	247,816.48	248,000.00
CD 5.15 11/26/24	5.15%	11/26/2024	5/26/2023	247,838.80	248,000.00
CD 5.15 11/29/24	5.15%	11/29/2024	2/29/2024	239,848.80	240,000.00
CD 5.15 11/29/24	5.15%	11/29/2024	2/29/2024	239,848.80	240,000.00
CD 5.15 12/05/24	5.15%	12/5/2024	3/5/2024	236,864.91	237,000.00
CD 5.20 05/24/24	5.20%	5/24/2024	5/26/2023	236,876.76	237,000.00
CD 5.20 05/25/24	5.20%	5/25/2024	2/26/2024	1,548,072.96	1,548,072.96
CD 5.20 09/12/24	5.20%	9/12/2024	9/12/2023	718,625.16	718,625.16
CD 5.20 11/19/24	5.20%	11/19/2024	5/19/2023	242,859.06	243,000.00
CD 5.20 12/09/24	5.20%	12/9/2024	3/7/2024	239,952.00	240,000.00
CD 5.20 12/20/24	5.20%	12/20/2024	3/20/2024	239,988.00	240,000.00
CD 5.20 12/23/24	5.20%	12/23/2024	12/22/2022	249,965.00	250,000.00
CD 5.60 10/18/24	5.60%	10/18/2024	10/19/2023	248,267.84	248,000.00
CD 5.75 09/13/24	5.75%	9/13/2024	9/13/2023	248,314.96	248,000.00
FHLB 2.625 4/25/2024	2.63%	4/25/2024	4/25/2022	998,220.00	1,000,000.00
FHLB 2.700 4/29/2024	2.70%	4/29/2024	4/29/2022	449,095.50	450,000.00
FHLB 3.000 5/17/2024	3.00%	5/17/2024	5/20/2022	513,496.20	515,000.00
FHLB 3.000 5/17/2024	3.00%	5/17/2024	5/16/2022	997,090.00	1,000,000.00
FHLB 4.875 7/25/2024	4.88%	7/25/2024	10/25/2022	998,180.00	1,000,000.00
FHLB 5.000 7/29/2025	5.00%	7/29/2025	1/29/2024	997,670.00	1,000,000.00
FHLB 5.015 2/19/2025	5.02%	2/19/2025	2/15/2024	1,248,537.50	1,250,000.00
FHLB 5.340 4/26/2024	5.34%	4/26/2024	8/10/2023	1,500,015.00	1,500,000.00
FHLMC 5.125 1/27/2025	5.13%	1/27/2025	2/28/2024	1,248,012.50	1,250,000.00
FHLMC 5.150 5/23/2024	5.15%	5/23/2024	11/28/2022	499,730.00	500,000.00
FHLMC 5.350 5/16/2025	5.35%	5/16/2025	5/16/2023	498,690.00	500,000.00
Investment Total				17,098,956.08	17,119,698.12
Total Portfolio				\$ 79,923,451.92	\$ 79,944,193.96

99.97%

<sup>1</sup> - LOGIC is invested in commercial paper.

City of Colleyville  
Investment Transactions  
For the Quarter Ending March 31, 2024  
Approved Investment Policy 1/17/2023

Fund	Fund Description	Market Value*	Balance	Acquisitions	Maturities	Change in	Balance	Market Value*	Accrued Interest
		December 31, 2023	December 31, 2023			Cash	March 31, 2024	March 31, 2024	March 31, 2024
001	GENERAL FUND	\$ 10,999,419.58	\$ 11,037,110.75	\$ 6,741,072.96	\$ (6,252,400.00)	\$ 4,040,401.98	\$ 15,566,185.69	\$ 15,550,664.90	\$ 86,754.39
002	UTILITY FUND	6,448,976.20	6,450,446.98	726,000.00	-	62,780.57	7,239,227.55	7,236,106.25	29,483.17
003	CAPITAL PROJECTS	6,500,222.00	6,503,053.13	-	-	2,903,379.67	9,406,432.80	9,404,005.05	900.49
005	VOLUNTARY PARK FUND	1,090,400.88	1,090,400.88	-	-	13,757.96	1,104,158.84	1,104,158.84	-
006	SESQUICENTENNIAL FUND	3,543.86	3,543.86	-	-	44.72	3,588.58	3,588.58	-
011	VOLUNTARY LIBRARY FUND	528,028.52	528,028.52	-	-	6,662.32	534,690.84	534,690.84	-
012	PARK LAND DEDICATION FUND	644,471.33	644,471.33	-	-	8,131.52	652,602.85	652,602.85	-
015	POLICE ASSET FORFEITURE FUND	9,804.74	9,804.74	-	-	123.71	9,928.45	9,928.45	-
017	DRAINAGE FEE FUND	714,177.89	714,177.89	-	-	9,544.93	723,722.82	723,722.82	-
018	TREE PRESERVATION FUND	270,694.22	270,694.22	-	-	3,415.43	274,109.65	274,109.65	-
024	C'VILLE ECONOMIC DEVELOPMENT	4,647,321.22	4,646,991.22	-	-	42,055.69	4,689,046.91	4,689,061.91	39,382.50
026	TIF FUND	1,050,076.97	1,050,076.97	-	-	13,249.18	1,063,326.15	1,063,326.15	-
027	CRIME DISTRICT FUND	2,574,352.45	2,576,259.21	-	(1,000,000.00)	11,052.91	1,587,312.12	1,587,309.96	9,540.62
029	COURT TECHNOLOGY FEE FUND	9,724.79	9,724.79	-	-	122.70	9,847.49	9,847.49	-
032	VEHICLE/EQUIP REPLACEMENT FUND	1,612,212.56	1,612,212.56	-	-	21,031.31	1,633,243.87	1,633,243.87	-
033	PUBLIC ART FUND	6,494.49	6,494.49	-	-	81.94	6,576.43	6,576.43	-
035	PARKS TOMORROW FUND	936,095.88	936,095.88	-	-	12,491.96	948,587.84	948,587.84	-
036	STRATEGIC INCENTIVE FUND	540,891.52	540,891.52	-	-	7,218.07	548,109.59	548,109.59	-
039	UTILITY-CAPITAL PROJECTS FUND	12,889,133.61	12,897,432.86	9,178.76	(1,000,000.00)	146,505.79	12,053,117.41	12,053,432.37	3,057.96
041	DRAINAGE-CAPITAL PROJECTS FUND	1,336,502.77	1,336,502.77	-	-	17,001.94	1,353,504.71	1,353,504.71	-
		<b>\$ 52,812,545.48</b>	<b>\$ 52,864,414.57</b>	<b>\$ 7,476,251.72</b>	<b>\$ (8,252,400.00)</b>	<b>\$ 7,319,054.30</b>	<b>\$ 59,407,320.59</b>	<b>\$ 59,386,578.55</b>	<b>\$ 169,119.13</b>

\* Market Valule provided by an independent third-party pricing agency.

City of Colleyville Investment Listing  
 March 31, 2024

Security Name	CUSIP/Account		Broker/Bank		Purchase	Mature	Rate	Par	Market	Acc Int	
	nt	Fund	nk	Type							
American Eagle Bank	02554BEV9	001	MBS	BCD	3/15/2024	9/16/2024	5.000%	248,000.00	247,637.92	543.56	
Bank Hope	062683HX8	002	MBS	BCD	5/26/2023	5/24/2024	5.200%	237,000.00	236,876.76	10,466.96	
Bank United National Assoc	066519WX3	001	MBS	BCD	3/7/2024	12/9/2024	5.200%	240,000.00	239,952.00	820.60	
Blupeak CU	09644EAK8	039	MBS	BCD	9/13/2023	9/13/2024	5.750%	248,000.00	248,314.96	703.23	
Capital Education FCU	14008LAA4	002	RJ	BCD	12/22/2022	12/23/2024	5.200%	250,000.00	249,965.00	-	
Cornerstone Community CU	21923LAP8	001	MBS	BCD	3/8/2024	3/7/2025	5.150%	248,000.00	248,066.96	804.81	
Crossfirst Bank	22766APU3	001	MBS	BCD	3/20/2024	12/20/2024	5.200%	240,000.00	239,988.00	376.11	
Dime Community Bank	25432JDN0	002	MBS	BCD	2/16/2024	11/18/2024	5.000%	240,000.00	239,596.80	1,446.58	
FHLB 2.625 4/25/2024	3130ARLC3	001	MBS	FHLB	4/25/2022	4/25/2024	2.625%	1,000,000.00	998,220.00	11,375.00	
FHLB 2.700 4/29/2024	3130ARPS4	001	MBS	FHLB	4/29/2022	4/29/2024	2.700%	450,000.00	449,095.50	5,130.00	
FHLB 3.000 5/17/2024	3130ARV65	001	MBS	FHLB	5/20/2022	5/17/2024	3.000%	515,000.00	513,496.20	5,750.83	
FHLB 3.000 5/17/2024	3130ARVT5	001	RJ	FHLB	5/16/2022	5/17/2024	3.000%	1,000,000.00	997,090.00	11,083.33	
FHLB 4.875 7/25/2024	3130ATK63	001	RJ	FHLB	10/25/2022	7/25/2024	4.875%	1,000,000.00	998,180.00	8,802.08	
FHLB 5.000 7/29/2025	3130AYPP5	001	RJ	FHLB	1/29/2024	7/29/2025	5.000%	1,000,000.00	997,670.00	8,472.22	
FHLB 5.015 2/19/2025	3130AYML7	001	RJ	FHLB	2/15/2024	2/19/2025	5.015%	1,250,000.00	1,248,537.50	11,840.96	
FHLB 5.340 4/26/2024	3130AVJN3	024	RJ	FHLB	8/10/2023	4/26/2024	5.340%	1,500,000.00	1,500,015.00	39,382.50	
FHLMC 5.125 1/27/2025	3134GYFG2	001	RJ	FHLMC	2/28/2024	1/27/2025	5.125%	1,250,000.00	1,248,012.50	11,210.94	
FHLMC 5.150 5/23/2024	3134GX7F5	027	RJ	FHLMC	11/28/2022	5/23/2024	5.150%	500,000.00	499,730.00	9,084.03	
FHLMC 5.350 5/16/2025	3134GYS52	002	MBS	FHLMC	5/16/2023	5/16/2025	5.350%	500,000.00	498,690.00	10,031.25	
Frost Bank CD	Frost	001	Frost	CD	2/26/2024	5/25/2024	5.200%	1,548,072.96	1,548,072.96	7,498.61	
Great Southern Bank	39120VTC8	003	MBS	BCD	10/21/2022	10/21/2024	4.400%	249,000.00	247,764.96	300.16	
Harborstone CU	41166MAG0	002	MBS	BCD	5/26/2023	7/26/2024	5.150%	248,000.00	247,816.48	174.96	
Hinsdale Bank & Trust	433411DES	001	MBS	BCD	2/29/2024	11/29/2024	5.150%	240,000.00	239,848.80	1,049.75	
Intercity State Bank	45847PAD8	001	MBS	BCD	3/5/2024	12/5/2024	5.150%	237,000.00	236,864.91	869.43	
Lake Forest Bank & Trust	509685FU2	001	MBS	BCD	2/29/2024	11/29/2024	5.150%	240,000.00	239,848.80	1,049.75	
Morgan Stanley Bank	61773TKZ5	003	MBS	BCD	10/14/2022	10/11/2024	4.400%	249,000.00	247,807.29	600.33	
Pacific Western Bank	69506YZM4	002	MBS	BCD	5/19/2023	11/19/2024	5.200%	243,000.00	242,859.06	4,604.35	
Pentagon Federal CU	70962LAN2	001	MBS	BCD	9/29/2021	3/29/2024	0.400%	249,000.00	248,970.12	76.41	
Simmons Bank CD	Simmons	039	Simmons	CD	9/12/2023	9/12/2024	5.200%	718,625.16	718,625.16	2,354.73	
Technology CU	87868YAU7	002	MBS	BCD	2/9/2024	2/10/2025	5.000%	248,000.00	247,640.40	1,019.18	
Truestone Finl CU	89841MAS6	027	MBS	BCD	10/19/2023	10/18/2024	5.600%	248,000.00	248,267.84	456.59	
Western Alliance Bank	95763PRW3	002	MBS	BCD	2/12/2024	11/12/2024	5.000%	238,000.00	237,595.40	1,564.93	
Workers Federal CU	98138MBW9	002	MBS	BCD	5/26/2023	11/26/2024	5.150%	248,000.00	247,838.80	174.96	
								17,119,698.12	17,098,956.08	169,119.13	
Brokered Certificate of Deposit								BCD	4,888,000.00	4,883,521.26	27,102.65
Certificate of Deposit								CD	2,266,698.12	2,266,698.12	9,853.34
Federal Home Loan Bank								FHLB	7,715,000.00	7,702,304.20	101,836.92
Federal Home Loan Mortgage Corporation								FHLMC	2,250,000.00	2,246,432.50	30,326.22
Securities								17,119,698.12	17,098,956.08	169,119.13	
Cash								5.389%	20,536,873.50	20,536,873.50	
LGIP								5.331%	42,287,622.34	42,287,622.34	
Total Portfolio								79,944,193.96	79,923,451.92		

# **Quarterly Investment Report Highlights**

**March 31, 2024**


Audit Committee  
June 18, 2024

# Introduction



- Overview of the Report
  - Compliance with the City's investment policy and the Texas Public Funds Investment Act (PFIA)
- Investment Strategies and objectives
  - 1) Preserve capital
  - 2) Provide Liquidity
  - 3) Optimize earnings within constraints of 1) and 2)

**MEMO**



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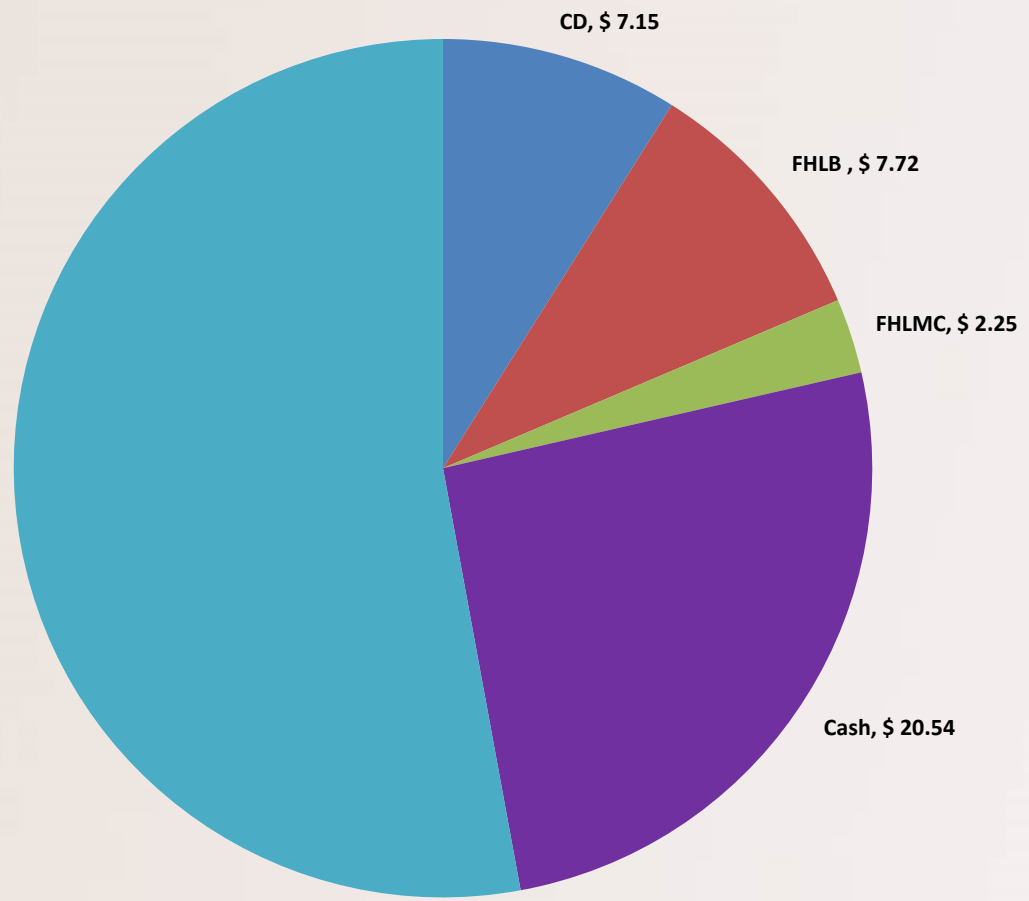
**TO:** City Council  
**THRU:** Audit Committee  
**FROM:** Investment Committee:  
Mark Wood, Assistant City Manager  
Matthew Poston, Director of Finance  
Karen Hines, Accounting Manager  
**DATE:** May 23, 2024  
**RE:** March 31, 2024 Quarterly Investment Report

On March 31, 2024, the City of Colleyville was in compliance with its investment policy and the Public Funds Investment Act. Specifically, the City only purchases securities from

# Portfolio Composition



Total Value:  
\$79.9 Million



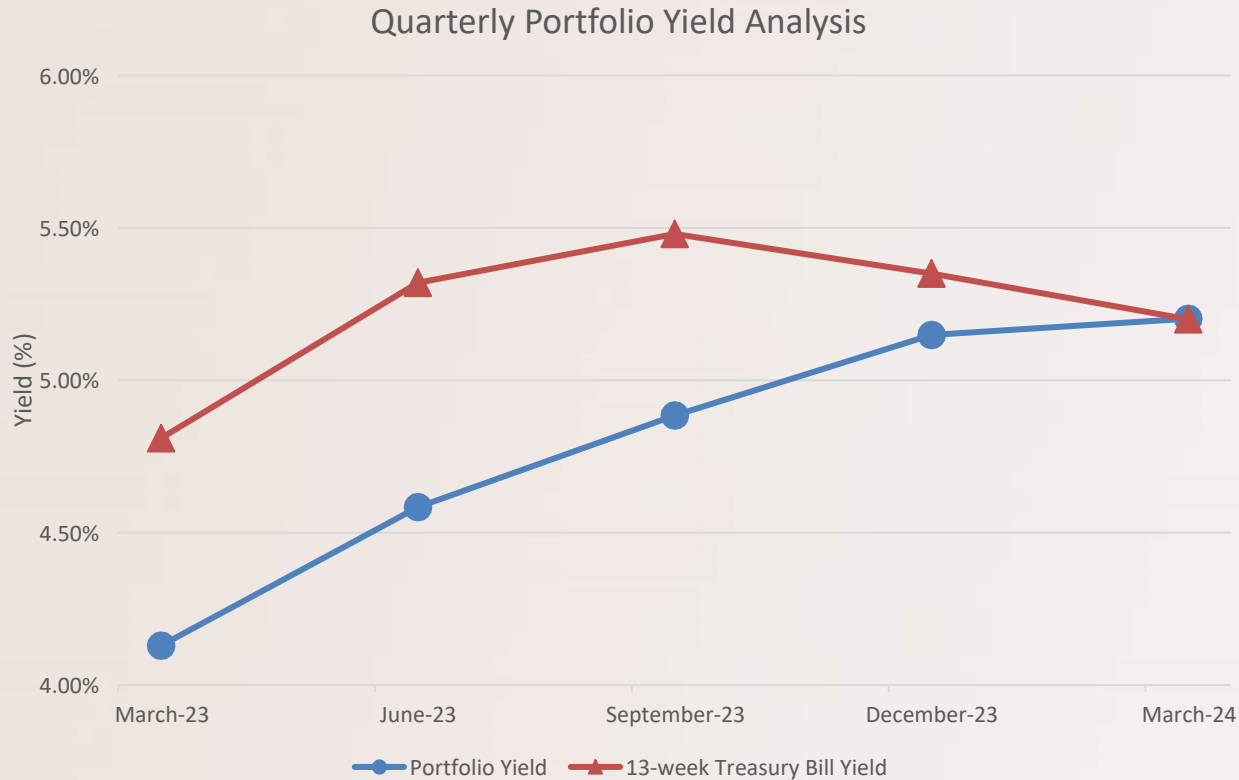
- Legend:**
- LGIP – Local Government Investment Pool
  - CD – Certificate of Deposit
  - FHLB – Federal Home Loan Bank
  - FHLMC – Federal Home Loan Mortgage Corporation

\* - Figures are in millions and as of March 31, 2024

# Portfolio Performance



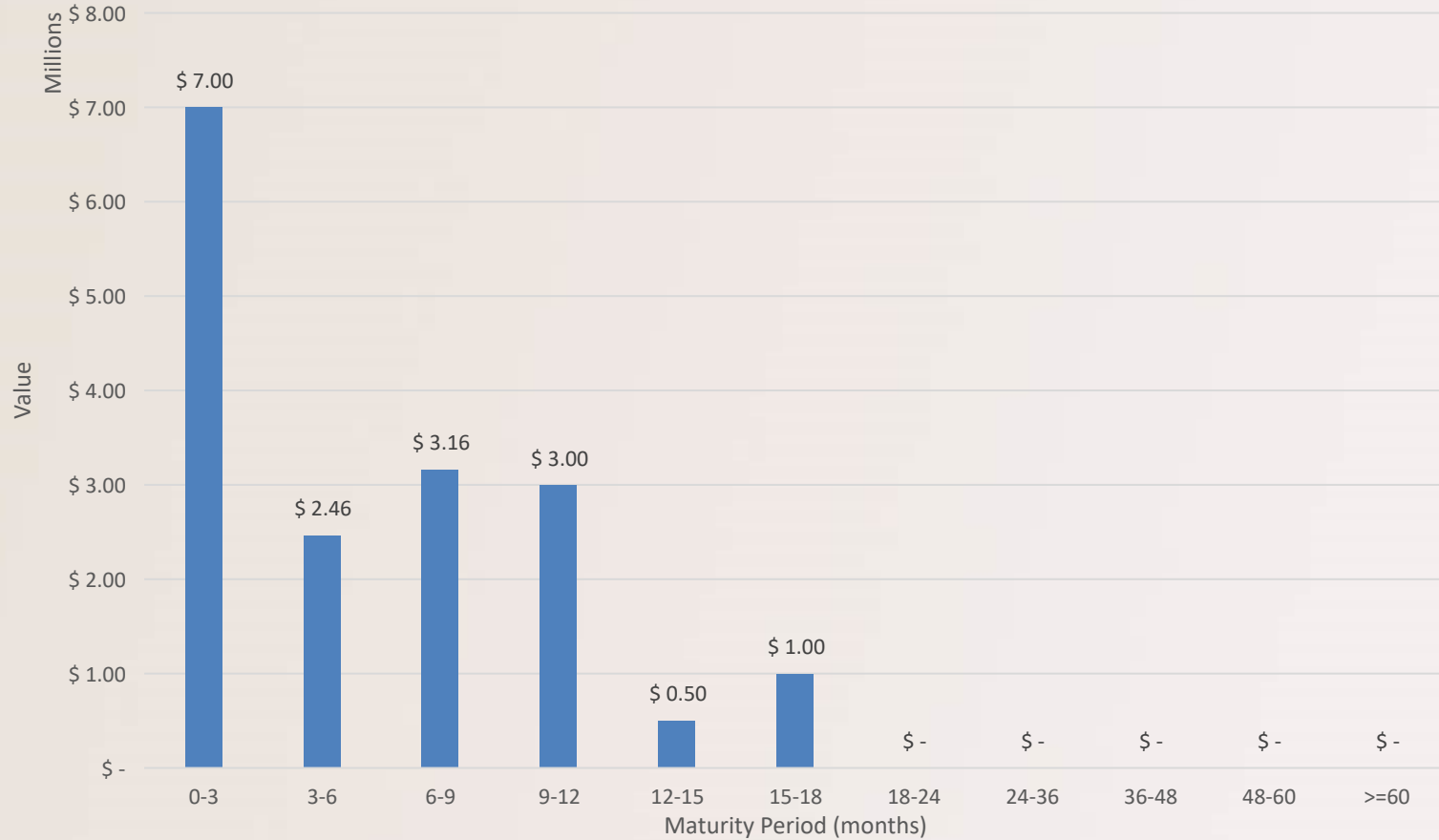
- Weighted Average Maturity: 1.26 months
- Weighted Average Yield: 5.20%



# Investment Distribution



Investment Maturities by Quarter as of March 31, 2024



# Compliance & Strategy



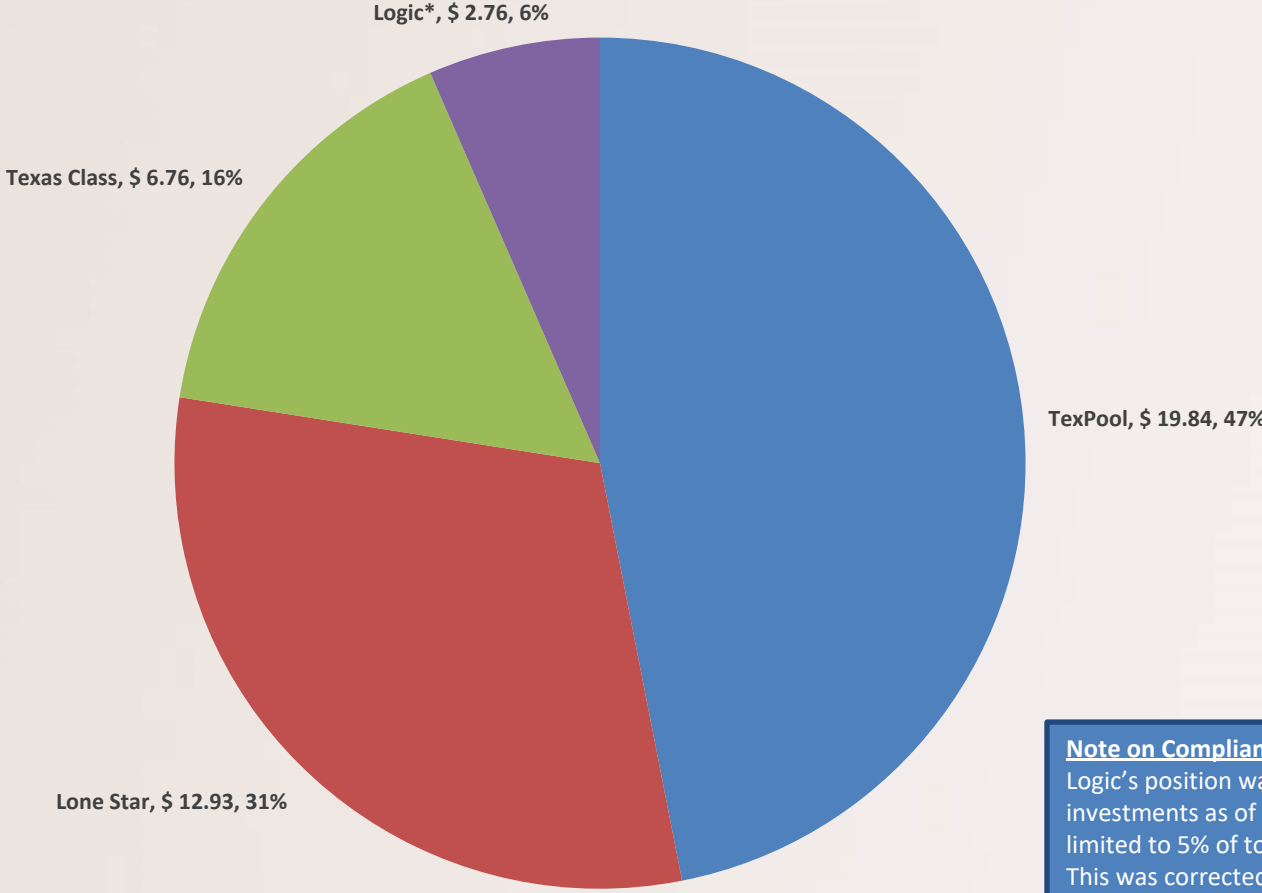
- **Compliance with Policy Limits:**
  - LGIPs: 52.9% (below 75% limit)
  - Agency Securities: 12.5% (below 75% limit)
  - CDs: 9.0% (below 75% limit)
- **Investment Strategy:**
  - Laddered structure for reduced volatility and maintained liquidity
  - Transition from brokered CDs to placement with local banks and other programs

# Highlights of Specific Investments

- **Certificates of Deposit:**
  - Recent CD investment have been yielding us return in the low 5% range
- **Governmental Agencies:**
  - Holdings diversified in FHLB and FHLMC yielding us return in the low 5% range
- **Cash and Cash Equivalents**
  - Frost Bank – City's primary depository
    - Earnings credit rate of 5.39%
  - Local Government Investment Pools
    - TexPool – 5.33%
    - Lone Star – 5.34%
    - Texas Class – 5.26%
    - Logic<sup>1</sup> – 5.47%

<sup>1</sup>- Logic is the only approved pool that invests in commercial paper, limited per policy to 5% of total LGIP investment

# Local Government Investment Pools (LGIP)



**Note on Compliance:**  
Logic's position was 6.5% of total LGIP investments as of 3/31/2024. Logic is limited to 5% of total LGIP holdings. This was corrected as soon as it was identified by partially liquidating our holding in Logic.

\*- Logic is the only approved pool that invests in commercial paper, limited per policy to 5% of total LGIP investment

# Conclusion



- **Summary**
  - Strong compliance and strategic investment
  - Stable and optimized portfolio performance
- **Next Step:**
  - Continued monitoring and adjustment to maintain compliance and optimize returns
  - Continue to build out our laddered investment strategy
  - We will be back in a few months with the June 2024 quarterly report

# Questions & Discussion

