Thursday, February 8, 2024
Municipal Development District Board Meeting

Council Chambers
3815 Sachse Road, Building B
7:00 p.m.

Municipal Development District Board meetings are streamed live online or available on-demand (https://sachsetx.swagit.com/live).

A. Regular Meeting

1. Call to Order: The Municipal Development District Board of the City of Sachse will hold a Regular Meeting on Thursday, February 8, 2024, at 7:00 p.m. to consider the following items of business:

2. Invocation and Pledge of Allegiance to the U.S. and Texas Flags.

3. The public is invited to address the Board regarding any topic not already on the agenda. The time limit is 3 minutes per speaker. A Public Comment Card should be presented to the acting Secretary prior to the meeting. According to the Texas Open Meetings Act, the Board is prohibited from discussing any item not posted on the agenda but will take comments under advisement.

4. Introductions of new and current Board members.

5. Election of the Municipal Developemnt District Board President, Vice President, and Secretary.

6. Consider approval of the August 10, 2023, meeting minutes.

7. Consider accepting the Quarterly Investment Report for the quarter ending June 30, 2023.

8. Consider accepting the Quarterly Investment Report for the quarter ending September 30, 2023.

9. Consider accepting the City of Sachse Investment Policy for FY 2023-2024 as adopted by the City Council on December 4, 2023.

10. Discuss and receive an update on Phase 2 of the J.K. Sachse Park project.

11. Set upcoming Board meeting date.

12. Adjournment.

I, the undersigned authority, do hereby certify that this notice of a public meeting was posted in accordance with the regulations of the Texas Open Meetings Act and was posted on the bulletin board, an accessible location at Sachse City Hall.

Leah K Granger

Leah K Granger, City Secretary

Posted: 02/01/2024 by 5pm Removed: _____

Accommodation requests for persons with disabilities should be made at least 48 hours prior to the meeting by contacting Lauren Rose, ADA Coordinator, via phone at 469-429-0415, via email at lrose@cityofsachse.com, or by appointment at 3815 Sachse Road, Building B, Sachse, Texas 75048.

A. Regular Meeting

Subject	**3. The public is invited to address the Board regarding any topic not already on the agenda. The time limit is 3 minutes per speaker. A Public Comment Card should be presented to the acting Secretary prior to the meeting. According to the Texas Open Meetings Act, the Board is prohibited from discussing any item not posted on the agenda but will take comments under advisement.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Information, Procedural

Those who wish to speak may fill out a form or email the City Secretary prior to the meeting.

A. Regular Meeting

Subject	**4. Introductions of new and current Board members.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Discussion, Information

A. Regular Meeting

Subject	**5. Election of the Municipal Developemnt District Board President, Vice President, and Secretary.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Action, Discussion
Recommended Action	Motion to elect _____ as the President of the Municipal Development District Board. Motion to elect _____ as the Vice President of the Municipal Development District Board. Motion to elect _____ as the Secretary of the Municipal Development District Board.

A. Regular Meeting

Subject	**6. Consider approval of the August 10, 2023, meeting minutes.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Action, Minutes
Recommended Action	Approve as presented.

File Attachments
MDDBoard_Regular_Minutes_08.10.2023.pdf (69 KB)

MUNICIPAL DEVELOPMENT DISTRICT BOARD OF THE CITY OF SACHSE
AUGUST 10, 2023, MEETING MINUTES

The Municipal Development District Board of the City of Sachse held a regular meeting on Thursday, August 10, 2023, at 7:00 p.m. at Sachse City Hall, 3815-B Sachse Road. Members present were President Jermaine McDaniel; Board members Valarie Pike, Richard Fricks, and Pat Porter; Leisure Services Director Lance Whitworth; and Administrative Assistant Jennifer Hagood.

Members absent: Vice President Butch Kemper, Secretary Ian Bailey, and Michael Wilson.

Call to Order.
President Jermaine McDaniel called the meeting to order at 7:10 p.m.

Invocation and Pledges of Allegiance to the US and Texas Flags.
Mr. Whitworth led the invocation and the pledges.

Public Comment.
No public comment was made.

Consider approval of the April 13, 2023, meeting minutes.
Ms. Porter made a motion to approve the item as presented. Ms. Pike seconded the motion, and it carried unanimously.

Accept the Quarterly Investment Report for the quarter ending March 31, 2023.
Mr. Whitworth let the Board know that the City funds are being conservatively invested.

Ms. Pike made a motion to approve the item as presented. Ms. Porter seconded the motion, and it carried unanimously.

Discuss and make a recommendation to the City Council on park project funding and the corresponding budget for the Municipal Development District to fund for the 2023-2024 fiscal year budget.
Mr. Whitworth mentioned that last year the City Council approved all Municipal Development District funds to be used for the J.K. Sachse Park project. Mr. Whitworth recommends part of the upcoming fiscal year 2023-2024 funds to be used towards park repairs and maintenance and the rest towards the continued development of J.K. Sachse Park. Phases 2A and 2B have the potential to be completed within the next two fiscal years. The City will possibly break ground on Phase 2A around January/February 2024.

Mr. Fricks made a motion to approve the item as presented. Ms. Porter seconded the motion, and it carried unanimously.

Discuss and receive an update on J.K. Sachse Park.
Mr. Whitworth commented that the J.K. Sachse Park project has made a positive impact on the community and the City's Leisure Services growth.

Set upcoming Board meeting date.
The next meeting is scheduled for Thursday, October 12, 2023, at 7:00 p.m.

Adjournment.
President McDaniel adjourned the Municipal Development District Board meeting at 7:54 p.m.

APPROVE:

ATTEST:

Jermaine McDaniel, President

Valarie Pike, Board Member

A. Regular Meeting

Subject	**7. Consider accepting the Quarterly Investment Report for the quarter ending June 30, 2023.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Action, Discussion
Recommended Action	Accept the Quarterly Investment Report for the quarter ending June 30, 2023.
Goals	Be a model of financial stewardship through growth management, responsible investment, and financial transparency.

BACKGROUND

The Finance Department provides a Quarterly Investment Report to provide an overview of investment activity details for Checking, Money Market, Investment Pool, and Certificate of Deposit accounts. This same Quarterly Investment Report was accepted by City Council on September 5, 2023.

POLICY CONSIDERATIONS

Texas Government Code 2256.023 of the Public Funds Investment Act (PFIA) requires note less than quarterly, the investment officer prepare and submit a written report of investment transactions for all funds covered by the Investment Policy and that the report shall be presented not less than quarterly to each entity's governing body within a reasonable time after the end of the period.

The City's Investment Policy is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of Sachse and conforming to the PFIA and all other State and local statutes governing the investment of public funds.

RECOMMENDATION

Accept the Quarterly Investment Report for the quarter ending June 30, 2023.

File Attachments
Quarterly Investment Report FY 2023 Q3 2023.06.30.pdf (1,346 KB)

Finance Department Memo

To: **Gina Nash, City Manager**

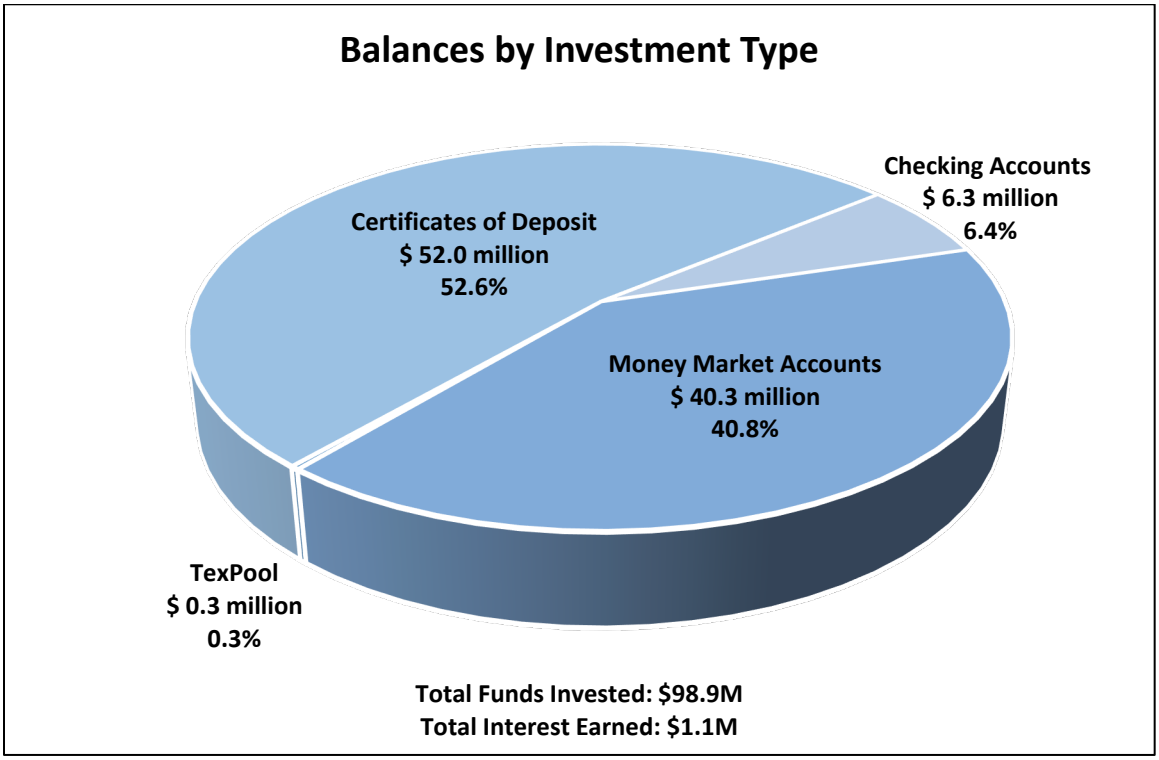
From: David Baldwin, Director of Finance
Ryan Bredehoeft, Assistant Director of Finance
Katelyn Ellis, Senior Accountant

CC: Mayor and City Council

Date: September 5, 2023

Re: **Investment Report for the quarter ending June 30, 2023**

Attached is the Quarterly Investment Report for the quarter ending June 30, 2023. This report complies with the requirements of the City's Investment Policy and the Public Funds Investment Act as amended. The chart below provides a summary of balances by investment type. See the report for further details.



Account Type	Weighted Average Interest Rate
Checking Accounts	0.00%
Money Market Accounts	5.27%
TexPool	5.05%
Certificates of Deposit	4.59%

Average interest rate yield	4.58%
TexPool (benchmark)	5.05%

The City of SACHSE

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2023

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the City is in compliance with the Public Funds Investment Act and the Investment Policy and strategies.

Director of Finance

Assistant Director of Finance

Senior Accountant

Disclaimer: These reports were compiled using information provided by the City of Sachse. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

Asset Type	March 31, 2023 Book Value	March 31, 2023 Market Value	June 30, 2023 Book Value	June 30, 2023 Market Value	Ave. Yield
Bank/Pool	$ 61,353,286	$ 61,353,286	$ 46,922,635	$ 46,922,635	4.56%
CDs/Securities	41,676,035	41,676,035	51,985,622	51,985,622	4.59%
Totals	**$ 103,029,321**	**$ 103,029,321**	**$ 98,908,257**	**$ 98,908,257**	4.58%

Current Quarter Average Yield *(1)*		Fiscal Year-to-Date Average Yield *(2)*	
Total Portfolio	4.58%	Total Portfolio	4.06%
Weighted Average Maturity	106 days		
Rolling Three Month Treasury	5.28%	Rolling Three Month Treasury	4.75%
Rolling Six Month Treasury	5.08%	Rolling Six Month Treasury	4.57%
TexPool	5.05%	TexPool	4.55%

Interest Earnings (Approximate)

	City	EDC
Interest Earnings QTR	$ 1,089,933	$ 54,940
Interest Earnings YTD	$ 2,685,452	$ 152,443

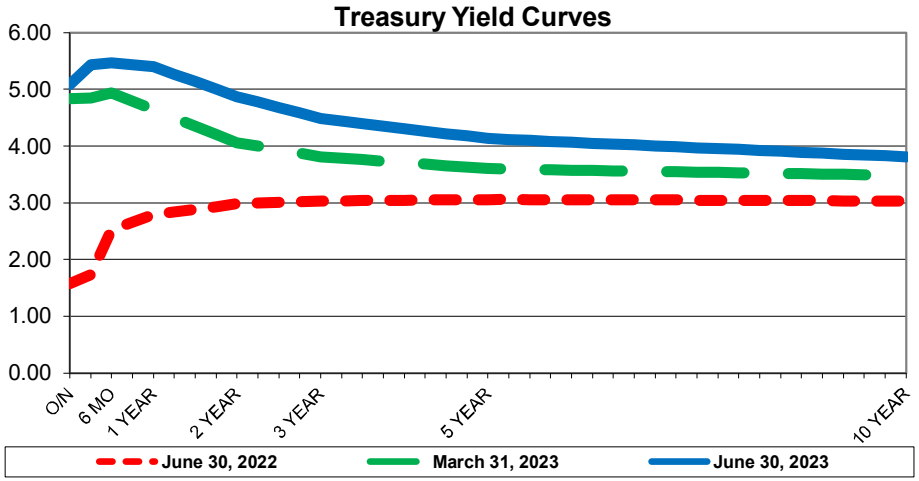
(1) Current Quarter Weighted Average Yield - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis; realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

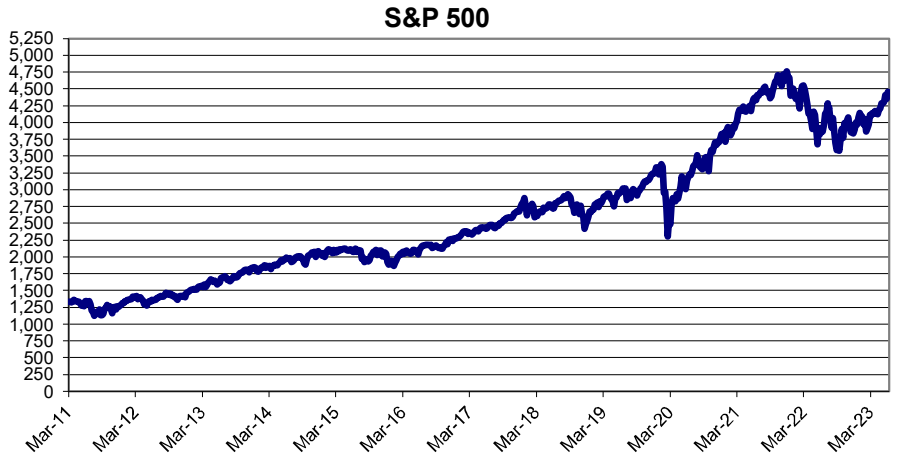
(2) Fiscal Year-to-Date Weighted Average Yields - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

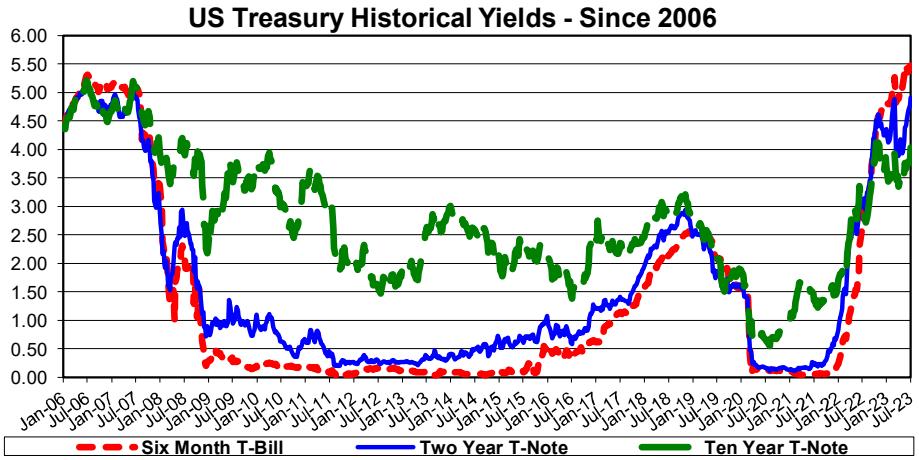
Economic Overview

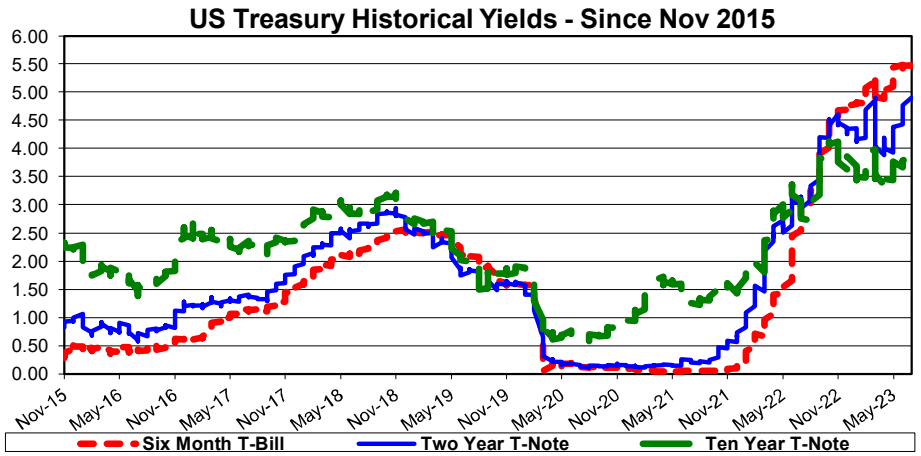
6/30/2023

The Federal Open Market Committee (FOMC) paused and kept the Fed Funds target range 5.00% - 5.25% June 14th (Effective Fed Funds are trading +/-5.08%). Another increase is projected after the July 25-26 meeting. First quarter 2023 GDP (Final) recorded 2.0%. June Non-Farm Payroll added 209k new jobs, below the 230k projection. The three month average declined to 244k. The S&P Stock Index continues moderate increases, trading +/-4,400. The yield curve rose from last month but remains steeply inverted with the expectation of future FOMC rate decreases. Crude Oil trades over +/-$70 per barrel. Inflation declined slightly but is still over the FOMC 2% target (Core PCE +/-4.6% and CPI +/-5.3%). The Ukrainian/Russian war and Middle East conflicts increase market anxiety.









Investment Holdings
June 30, 2023

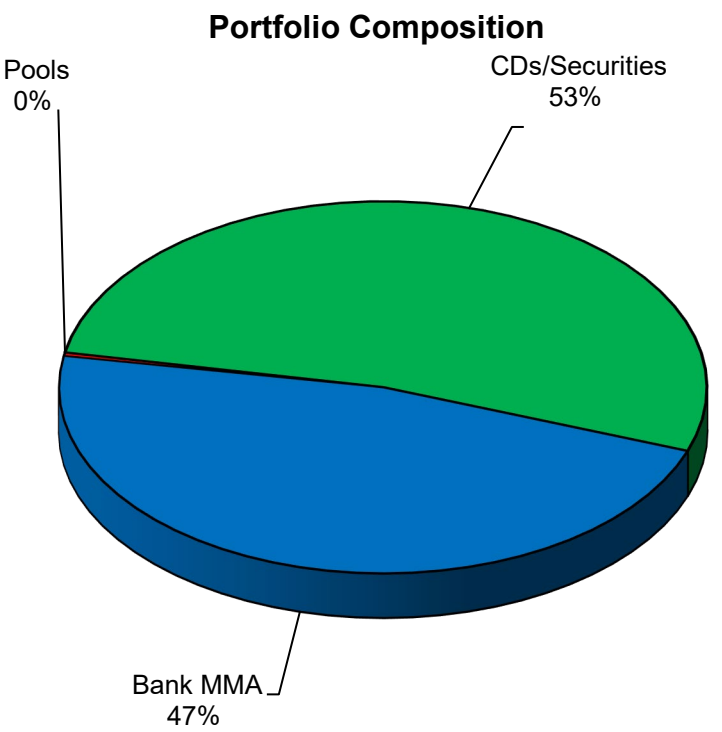
Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Book Value	Market Price	Market Value	Life (days)	Yield
Checking Accounts									
American Nat'l Bank of Texas Checking		0.00%	07/01/23	06/30/23	$ 6,292,115	1.00	$ 6,292,115	1	0.00%
Money Market Accounts									
American Nat'l Bank of Texas		3.92%	07/01/23	06/30/23	443,910	1.00	443,910	1	3.92%
NexBank IntraFi		5.30%	07/01/23	06/30/23	29,582,642	1.00	29,582,642	1	5.30%
Texas Bank		5.25%	07/01/23	06/30/23	10,317,399	1.00	10,317,399	1	5.25%
Local Government Investment Pools									
TexPool	AAAm	5.05%	07/01/23	06/30/23	286,569	1.00	286,569	1	5.05%
Certificates of Deposit									
East West Bank 7048		3.15%	07/01/23	07/26/22	2,059,552	100.00	2,059,552	1	3.15%
Citizens Bank 5763		2.75%	07/07/23	07/07/22	1,037,007	100.00	1,037,007	7	2.75%
Citizens Bank 5773		2.75%	07/07/23	07/07/22	1,037,007	100.00	1,037,007	7	2.75%
Citizens Bank 5783		2.75%	07/07/23	07/07/22	1,037,007	100.00	1,037,007	7	2.75%
East West Bank 0043		3.01%	07/13/23	07/13/22	3,088,611	100.00	3,088,611	13	3.06%
East West Bank 1060		5.67%	09/12/23	06/12/23	3,008,867	100.00	3,008,867	74	5.83%
East West Bank 9276		5.63%	12/12/23	06/12/23	3,008,804	100.00	3,008,804	165	5.79%
East West Bank 6187		4.08%	10/05/23	10/05/22	7,213,668	100.00	7,213,668	97	4.16%
Veritex Community Bank 5162		4.87%	01/09/24	01/09/23	3,068,847	100.00	3,068,847	193	4.87%
Veritex Community Bank 5165		4.84%	01/23/24	01/23/23	7,146,659	100.00	7,146,659	207	4.84%
American Nat'l Bank & Trust 7350		4.25%	03/07/24	10/07/22	5,143,236	100.00	5,143,236	251	4.33%
East West Bank 3409		5.47%	03/12/24	06/12/23	3,008,554	100.00	3,008,554	256	5.62%
East West Bank 1557		5.31%	06/13/24	06/13/23	5,013,109	100.00	5,013,109	349	5.45%
American Nat'l Bank & Trust 7787		4.50%	07/24/24	01/24/23	6,112,533	100.00	6,112,533	390	4.59%
BOK Financial 3645		4.93%	06/12/25	06/15/23	1,002,162	100.00	1,002,162	713	5.05%
					$ 98,908,257		**$ 98,908,257**	**106**	**4.58%**
								(1)	**(2)**

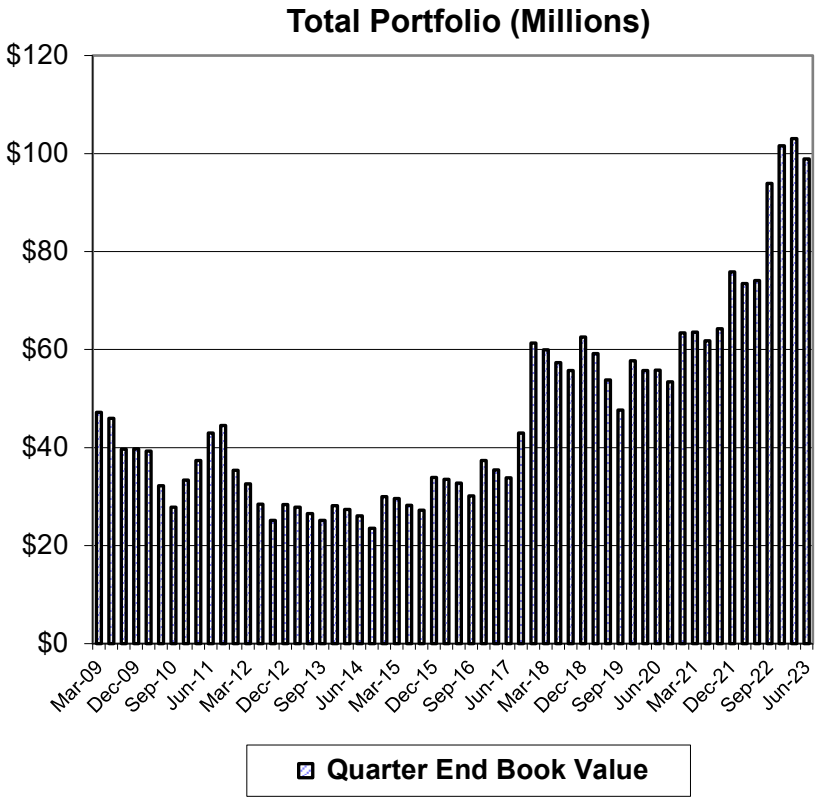
(1) Weighted average life - For purposes of calculating weighted average life, pool investments are assumed to have a one day maturity.

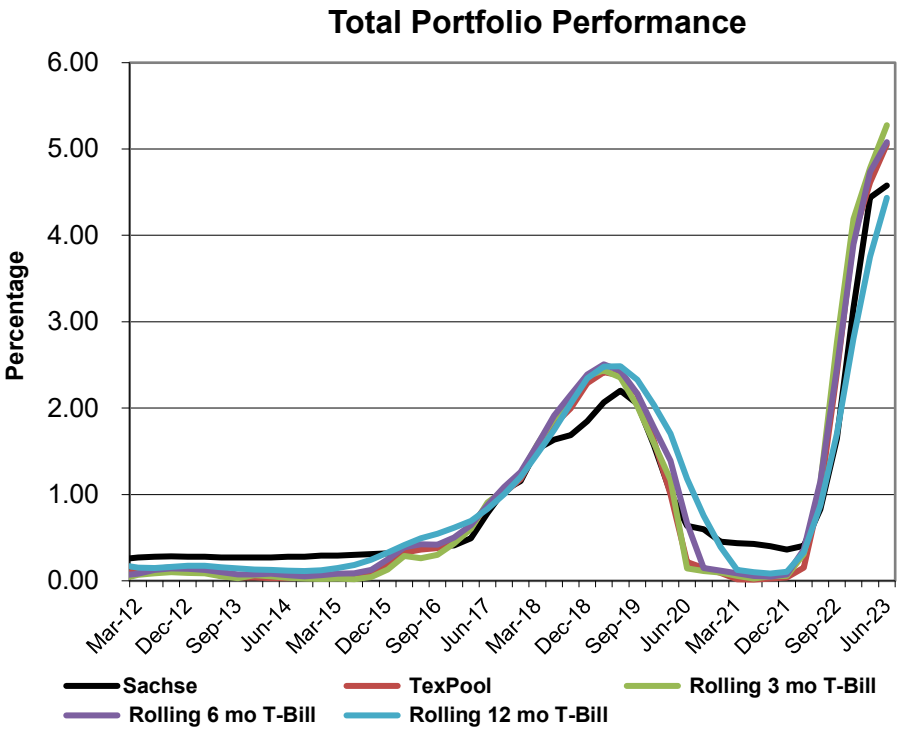
(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered.

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 03/31/23	Increases	Decreases	Book Value 06/30/23	Market Value 03/31/23	Change in Market Value	Market Value 06/30/23
Checking Accounts									
American Nat'l Bank of Texas	0.00%	07/01/23	$ 2,412,480	$ 3,879,635	$ –	$ 6,292,115	$ 2,412,480	$ 3,879,635	$ 6,292,115
Money Market Accounts									
American Nat'l Bank of Texas	3.92%	07/01/23	3,429,229	–	(2,985,319)	443,910	3,429,229	(2,985,319)	443,910
NexBank IntraFi	5.30%	07/01/23	42,078,415	–	(12,495,772)	29,582,642	42,078,415	(12,495,772)	29,582,642
Texas Bank	5.25%	07/01/23	10,185,816	131,583	–	10,317,399	10,185,816	131,583	10,317,399
Local Government Investment Pools									
TexPool	5.05%	07/01/23	3,247,347	–	(2,960,778)	286,569	3,247,347	(2,960,778)	286,569
Certificates of Deposit									
East West Bank 8172	2.87%	06/30/23	5,109,289	–	(5,109,289)	–	5,109,289	(5,109,289)	–
East West Bank 7048	3.15%	07/01/23	2,043,441	16,111	–	2,059,552	2,043,441	16,111	2,059,552
Citizens Bank 5763	2.75%	07/07/23	1,030,084	6,923	–	1,037,007	1,030,084	6,923	1,037,007
Citizens Bank 5773	2.75%	07/07/23	1,030,084	6,923	–	1,037,007	1,030,084	6,923	1,037,007
Citizens Bank 5783	2.75%	07/07/23	1,030,084	6,923	–	1,037,007	1,030,084	6,923	1,037,007
East West Bank 0043	3.06%	07/13/23	3,065,521	23,090	–	3,088,611	3,065,521	23,090	3,088,611
East West Bank 1060	5.83%	09/12/23	–	3,008,867	–	3,008,867	–	3,008,867	3,008,867
East West Bank 9276	5.79%	12/12/23	–	3,008,804	–	3,008,804	–	3,008,804	3,008,804
East West Bank 6187	4.16%	10/05/23	7,140,666	73,002	–	7,213,668	7,140,666	73,002	7,213,668
Veritex Community Bank 5162	4.87%	01/09/24	3,032,422	36,425	–	3,068,847	3,032,422	36,425	3,068,847
Veritex Community Bank 5165	4.84%	01/23/24	7,062,191	84,468	–	7,146,659	7,062,191	84,468	7,146,659
American Nat'l Bank & Trust 7350	4.33%	03/07/24	5,088,531	54,705	–	5,143,236	5,088,531	54,705	5,143,236
East West Bank 3409	5.62%	03/12/24	–	3,008,554	–	3,008,554	–	3,008,554	3,008,554
East West Bank 1557	5.45%	06/13/24	–	5,013,109	–	5,013,109	–	5,013,109	5,013,109
American Nat'l Bank & Trust 7787	4.59%	07/24/24	6,043,723	68,810	–	6,112,533	6,043,723	68,810	6,112,533
BOK Financial 3645	5.05%	06/12/25	–	1,002,162	–	1,002,162	–	1,002,162	1,002,162
TOTAL / AVERAGE	**4.58%**		**$ 103,029,321**	**$ 19,430,094**	**$ (23,551,158)**	**$ 98,908,257**	**$ 103,029,321**	**$ (4,121,065)**	**$ 98,908,257**


Portfolio Composition
Pools
0%
CDs/Securities
53%
Bank MMA
47%


Total Portfolio (Millions)
$120
$100
$80
$60
$40
$20
$0
Mar-09
Dec-09
Sep-10
Jun-11
Mar-12
Dec-12
Sep-13
Jun-14
Mar-15
Dec-15
Sep-16
Jun-17
Mar-18
Dec-18
Sep-19
Jun-20
Mar-21
Dec-21
Sep-22
Jun-23
Quarter End Book Value


Total Portfolio Performance
Percentage
6.00
5.00
4.00
3.00
2.00
1.00
0.00
Mar-12
Dec-12
Sep-13
Jun-14
Mar-15
Dec-15
Sep-16
Jun-17
Mar-18
Dec-18
Sep-19
Jun-20
Mar-21
Dec-21
Sep-22
Jun-23
Sachse
TexPool
Rolling 3 mo T-Bill
Rolling 6 mo T-Bill
Rolling 12 mo T-Bill

FUND EQUITY IN POOLED CASH AND INVESTMENT

FUND	FUND NAME	3/31/2023	6/30/2023	Percent	Quarterly Change
01	General Fund	$ 23,614,246	$ 20,039,664	20.25%	$ (3,574,582)
02	Utility Fund	21,130,003	$ 22,020,734	22.26%	890,732
03	Debt Service	2,546,411	$ 2,243,355	2.27%	(303,056)
04	Capital Projects	12,117,571	$ 10,051,555	10.16%	(2,066,016)
05	Special Revenue Fund	743,993	$ 846,227	0.86%	102,234
06	Sachse Economic Development (EDC)	4,279,504	$ 4,823,952	4.88%	544,449
09	PGBT Reinvestment Zone TIF Fund	31,828	$ 30,564	0.03%	(1,264)
10	Impact Fees	8,151,124	$ 8,772,084	8.87%	620,960
11	Street Maintenance	1,672,184	$ 1,512,300	1.53%	(159,885)
12	Vehicle Equipment Replacement Fund (VERF)	2,343,539	$ 2,288,652	2.31%	(54,887)
13	Sachse Municipal Development District (MDD)	114,561	$ (72,395)	-0.07%	(186,957)
14	TIRZ #2 Station	138,004	$ 621,197	0.63%	483,193
15	Health Insurance	1,478,221	$ 1,633,813	1.65%	155,592
16	Station O&M PID	27,707	$ 26,704	0.03%	(1,003)
17	American Rescue Plan Act (ARPA)	6,501,177	$ 5,525,301	5.59%	(975,876)
18	Hotel Occupancy Tax	19,976	$ 22,624	0.02%	2,648
19	TIRZ 3 - Highway 78	-	$ 523,319	0.53%	523,319
21	2022 Bond Construction Fund	18,119,274	$ 17,998,608	18.20%	(120,666)
	TOTAL POOLED CASH AND INVESTMENTS	**$ 103,029,321**	**$ 98,908,257**	**100.00%**	**$ (4,121,064)**

Notes:

Consistent with City policy, investment activity is attributed to all of the City's accounting funds collectively and on a proportional basis to each fund's total cash balance.

The City does not carry any security instrument (investment type) on its books that is traded on the open market; therefore, all investments are listed at 100% of market value.

It is the strategy of the Finance Department to maintain a high percentage of its idle funds invested in safe and secure investment securities and pooled investment types in accordance with the Public Funds Investment Act.

The City's investments are liquid and have same day access. The City's funds are swept into the above accounts and are withdrawn as needed for operational cash flow requirements.

A. Regular Meeting

Subject	**8. Consider accepting the Quarterly Investment Report for the quarter ending September 30, 2023.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Action, Discussion
Recommended Action	Accept the Quarterly Investment Report for the quarter ending September 30, 2023.
Goals	Be a model of financial stewardship through growth management, responsible investment, and financial transparency.

BACKGROUND

The Finance Department provides a Quarterly Investment Report to provide an overview of investment activity details for Checking, Money Market, Investment Pool, and Certificate of Deposit accounts. This same Quarterly Investment Report was accepted by City Council on December 4, 2023.

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The City's Investment Policy is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of Sachse and conforming to the PFIA and all other State and local statutes governing the investment of public funds.

RECOMMENDATION

Accept the Quarterly Investment Report for the quarter ending September 30, 2023.

File Attachments
Quarterly Investment Report FY 2023 Q4 2023.09.30.pdf (1,625 KB)

Finance Department Memo

To: **Gina Nash, City Manager**

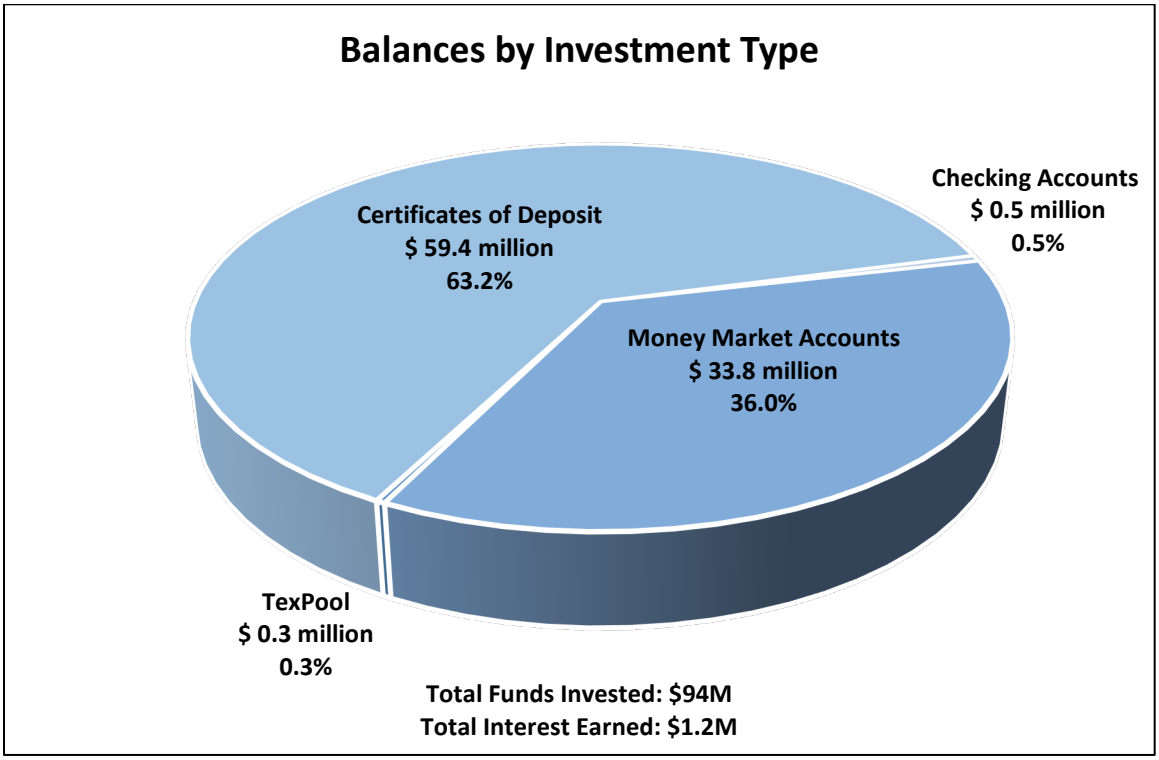
From: David Baldwin, Director of Finance
Ryan Bredehoeft, Assistant Director of Finance
Katelyn Ellis, Senior Accountant

CC: Mayor and City Council

Date: December 4, 2023

Re: **Investment Report for the quarter ending September 30, 2023**

Attached is the Quarterly Investment Report for the quarter ending September 30, 2023. This report complies with the requirements of the City's Investment Policy and the Public Funds Investment Act as amended. The chart below provides a summary of balances by investment type. See the report for further details.



Account Type	Weighted Average Interest Rate
Checking Accounts	0.00%
Money Market Accounts	5.51%
TexPool	5.32%
Certificates of Deposit	5.05%

Average interest rate yield	5.19%
TexPool (benchmark)	5.32%

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2023

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the City is in compliance with the Public Funds Investment Act and the Investment Policy and strategies.

Director of Finance

Assistant Director of Finance

Senior Accountant

Disclaimer: These reports were compiled using information provided by the City of Sachse. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

	September 30, 2022			September 30, 2023		
Asset Type	**Ave. Yield**	**Book Value**	**Market Value**	**Ave. Yield**	**Book Value**	**Market Value**
Demand Deposit/ Money Market/Pool	1.59%	$ 69,723,449	$ 69,723,449	5.43%	$ 34,589,332	$ 34,589,332
CDs/Securities	1.82%	24,177,419	24,177,419	5.05%	59,445,297	59,445,297
Totals		**$ 93,900,868**	**$ 93,900,868**		**$ 94,034,629**	**$ 94,034,629**
Fourth Quarter-End Yield	**1.65%**			**5.19%**		

Average Quarter-End Yields

	2022 Fiscal Year	2023 Fiscal Year
Sachse (1)	0.81%	4.34%
Rolling Three Month Treasury	1.06%	4.95%
Rolling Six Month Treasury	1.01%	4.77%
TexPool	0.90%	4.74%
Fiscal YTD Interest Earnings-City	$ 395,714	$ 3,827,028
Fiscal YTD Interest Earnings-EDC	$ 12,868	$ 213,742

(1) Average Quarter Ends Yield - based on adjusted book value. Realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for Demand Deposit, Money Market and Pool balances.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2023 Book Value	June 30, 2023 Market Value	September 30, 2023 Book Value	September 30, 2023 Market Value	Ave. Yield
Demand Deposit/ Money Market/Pool	$ 46,922,635	$ 46,922,635	$ 34,589,332	$ 34,589,332	5.43%
CDs/Securities	51,985,622	51,985,622	59,445,297	59,445,297	5.05%
Totals	**$ 98,908,257**	**$ 98,908,257**	**$ 94,034,629**	**$ 94,034,629**	5.19%

Current Quarter Average Yield *(1)*		Fiscal Year-to-Date Average Yield *(2)*	
Total Portfolio	5.19%	Total Portfolio	4.34%
Weighted Average Maturity	132 days		
Rolling Three Month Treasury	5.54%	Rolling Three Month Treasury	4.95%
Rolling Six Month Treasury	5.38%	Rolling Six Month Treasury	4.77%
TexPool	5.32%	TexPool	4.74%

Interest Earnings (Approximate)

	City	EDC
Interest Earnings QTR	$ 1,141,576	$ 61,299
Interest Earnings YTD	$ 3,827,028	$ 213,742

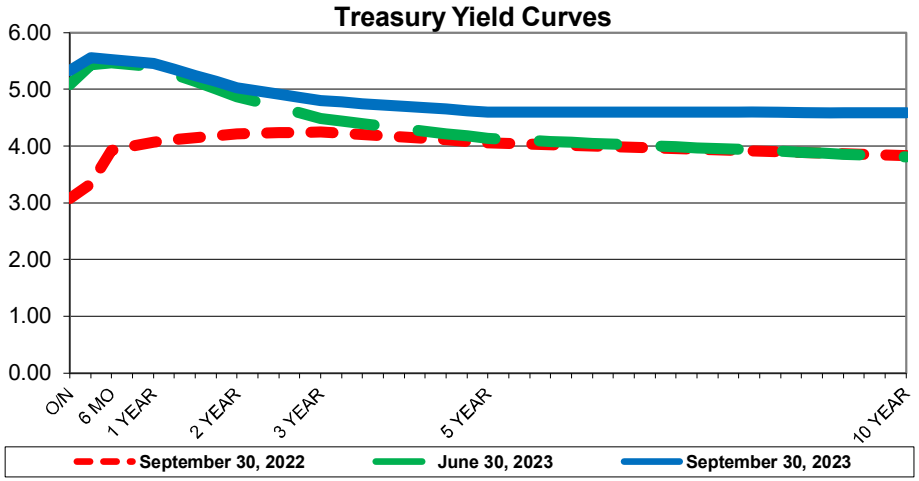
(1) Current Quarter Weighted Average Yield - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis; realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

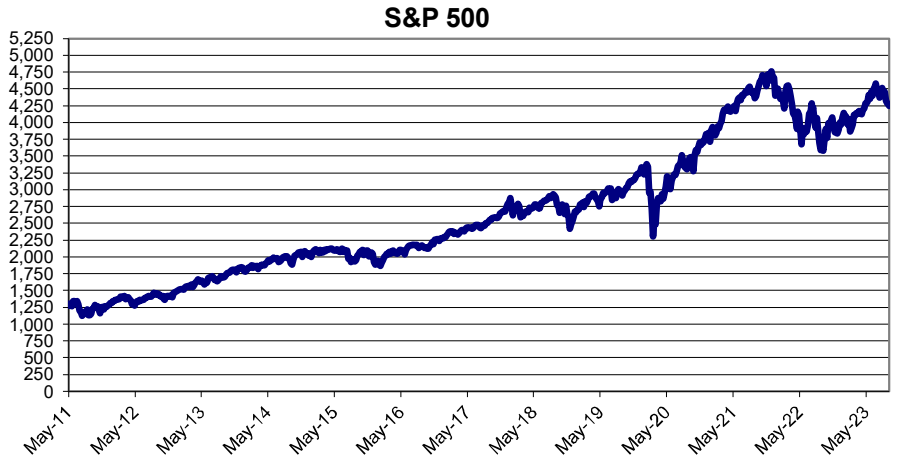
(2) Fiscal Year-to-Date Weighted Average Yields - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

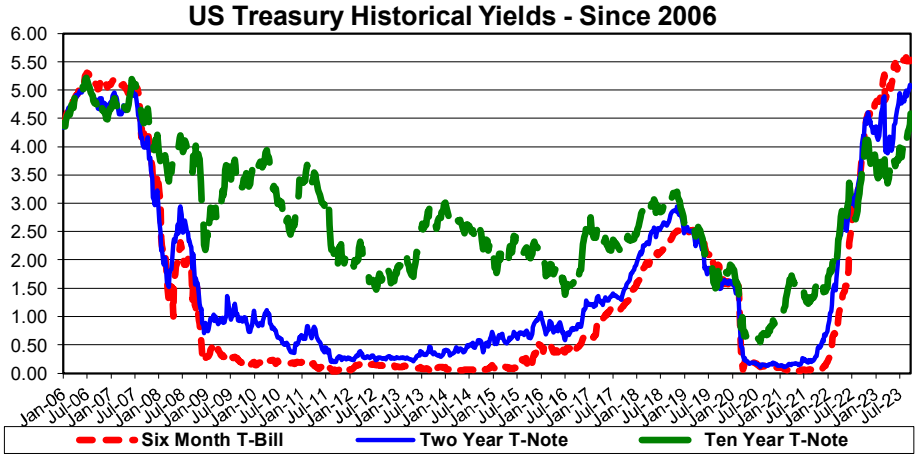
Economic Overview

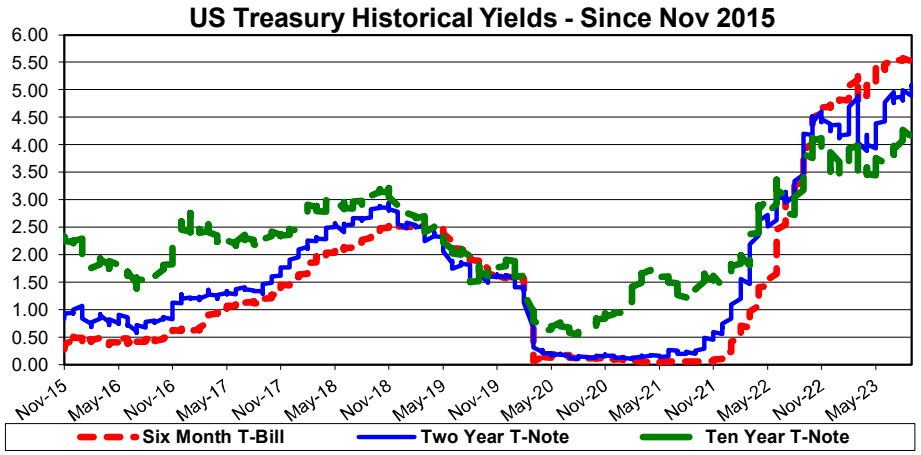
9/30/2023

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). A pause is projected at least until the November 1st announcement date, with any future actions data-dependent. Second Quarter 2023 GDP posted 2.1%. September Non-Farm Payroll surged up 336k new jobs, above the 170k projection. The S&P Stock Index continued to slide below 4,300. The yield curve drifted higher on the long end. Crude Oil traded +/-$85 per barrel. Inflation drifted lower but still over the FOMC 2% target (Core PCE +/-3.9% and CPI +/-3.7%). The slowing China and German economies, Ukrainian/Russian and Israeli/Hamas conflicts continue to weight on future outlooks.









Investment Holdings
September 30, 2023

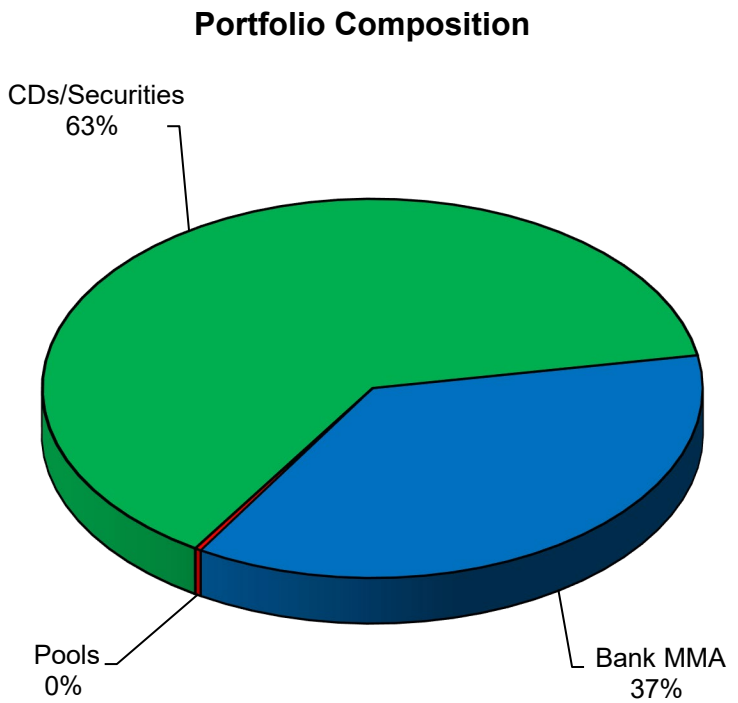
Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Book Value	Market Price	Market Value	Life (days)	Yield
Checking Accounts									
American Nat'l Bank of Texas Checking		0.00%	10/01/23	09/30/23	$ 485,666	1.00	$ 485,666	1	0.00%
Money Market Accounts									
American Nat'l Bank of Texas		3.92%	10/01/23	09/30/23	448,185	1.00	448,185	1	3.92%
NexBank IntraFi		5.55%	10/01/23	09/30/23	22,906,296	1.00	22,906,296	1	5.55%
Texas Bank		5.50%	10/01/23	09/30/23	10,458,809	1.00	10,458,809	1	5.50%
Local Government Investment Pools									
TexPool	AAAm	5.32%	10/01/23	09/30/23	290,377	1.00	290,377	1	5.32%
Certificates of Deposit									
East West Bank 6187		4.08%	10/05/23	10/05/22	7,288,230	100.00	7,288,230	5	4.16%
East West Bank 9276		5.63%	12/12/23	06/12/23	3,051,802	100.00	3,051,802	73	5.79%
East West Bank 1060		5.80%	12/12/23	09/12/23	3,052,380	100.00	3,052,380	73	5.97%
Veritex Community Bank 5162		4.87%	01/09/24	01/09/23	3,105,672	100.00	3,105,672	101	4.87%
Veritex Community Bank 5165		4.84%	01/23/24	01/23/23	7,232,055	100.00	7,232,055	115	4.84%
American Nat'l Bank & Trust 7350		4.25%	03/07/24	10/07/22	5,198,529	100.00	5,198,529	159	4.33%
East West Bank 3409		5.47%	03/12/24	06/12/23	3,050,318	100.00	3,050,318	164	5.62%
East West Bank 0248		5.57%	04/05/24	07/05/23	5,067,593	100.00	5,067,593	188	5.73%
East West Bank 1557		5.31%	06/13/24	06/13/23	5,080,651	100.00	5,080,651	257	5.45%
East West Bank 3829		5.48%	07/05/24	07/05/23	5,066,494	100.00	5,066,494	279	5.63%
American Nat'l Bank & Trust 7787		4.50%	07/24/24	01/24/23	6,182,127	100.00	6,182,127	298	4.59%
BOK Financial 3645		4.93%	06/12/25	06/15/23	1,014,684	100.00	1,014,684	621	5.05%
BOK Financial 2643		4.93%	07/03/25	07/06/23	505,906	100.00	505,906	642	5.05%
BOK Financial 3602		4.93%	07/10/25	07/13/23	4,548,855	100.00	4,548,855	649	5.05%
					$ 94,034,629		**$ 94,034,629**	**132**	**5.19%**
								(1)	**(2)**

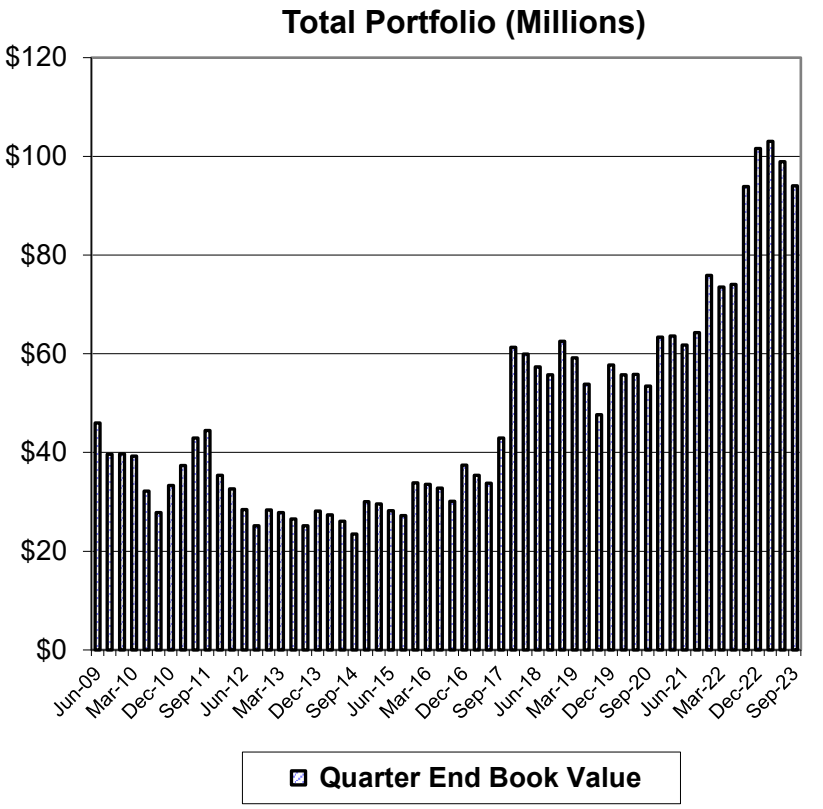
(1) Weighted average life - For purposes of calculating weighted average life, pool investments are assumed to have a one day maturity.

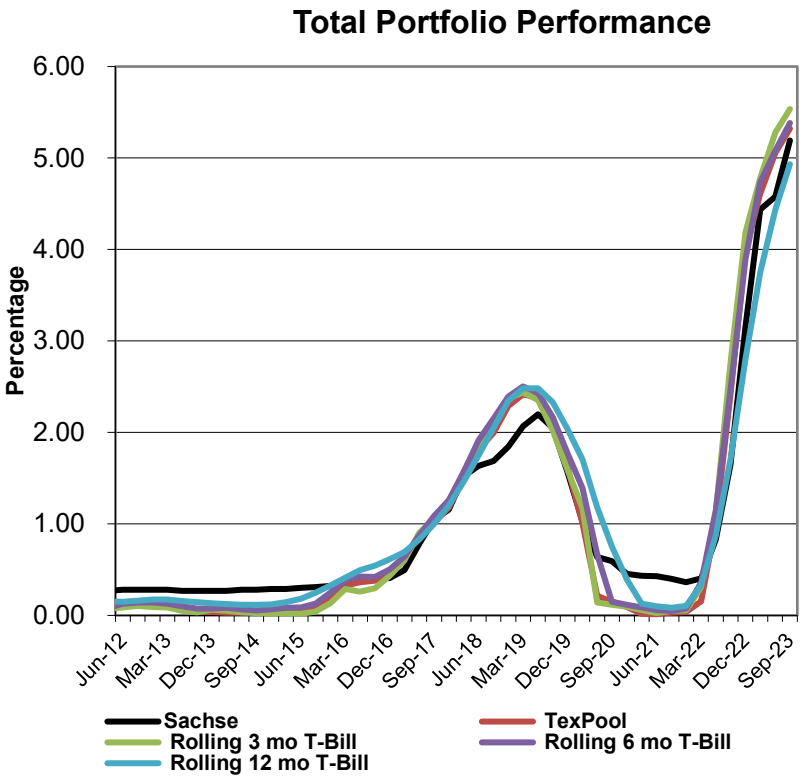
(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered.

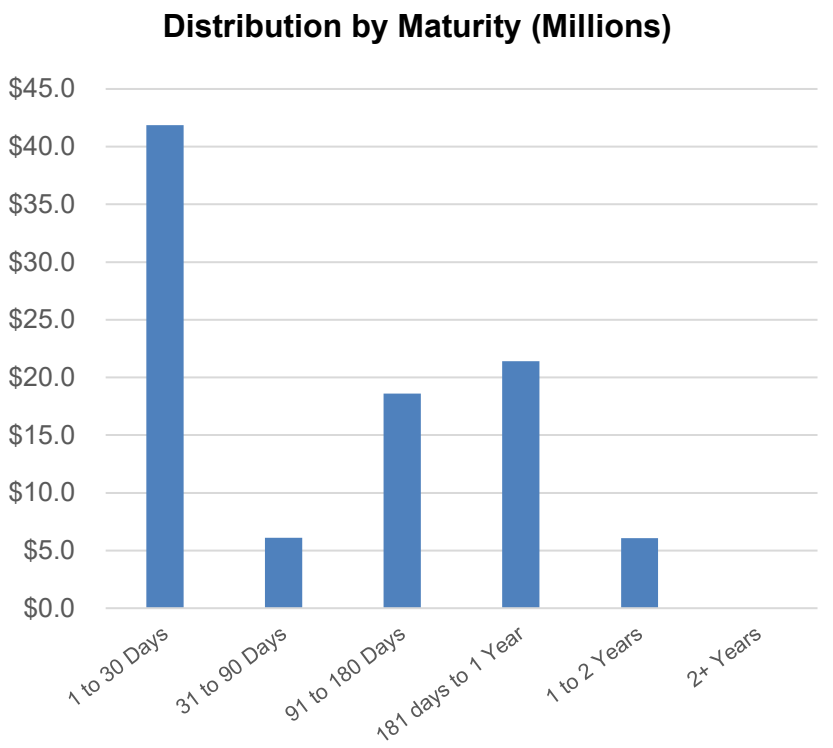
Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/23	Increases	Decreases	Book Value 09/30/23	Market Value 06/30/23	Change in Market Value	Market Value 09/30/23
Checking Accounts									
American Nat'l Bank of Texas	0.00%	10/01/23	$ 6,292,115	$ –	$ (5,806,448)	$ 485,666	$ 6,292,115	$ (5,806,448)	$ 485,666
Money Market Accounts									
American Nat'l Bank of Texas	3.92%	10/01/23	443,910	4,275	–	448,185	443,910	4,275	448,185
NexBank IntraFi	5.55%	10/01/23	29,582,642	–	(6,676,347)	22,906,296	29,582,642	(6,676,347)	22,906,296
Texas Bank	5.50%	10/01/23	10,317,399	141,410	–	10,458,809	10,317,399	141,410	10,458,809
Local Government Investment Pools									
TexPool	5.32%	10/01/23	286,569	3,808	–	290,377	286,569	3,808	290,377
Certificates of Deposit									
East West Bank 7048	3.15%	07/01/23	2,059,552	–	(2,059,552)	–	2,059,552	(2,059,552)	–
Citizens Bank 5763	2.75%	07/07/23	1,037,007	–	(1,037,007)	–	1,037,007	(1,037,007)	–
Citizens Bank 5773	2.75%	07/07/23	1,037,007	–	(1,037,007)	–	1,037,007	(1,037,007)	–
Citizens Bank 5783	2.75%	07/07/23	1,037,007	–	(1,037,007)	–	1,037,007	(1,037,007)	–
East West Bank 0043	3.06%	07/13/23	3,088,611	–	(3,088,611)	–	3,088,611	(3,088,611)	–
East West Bank 1060	5.83%	09/12/23	3,008,867	–	(3,008,867)	–	3,008,867	(3,008,867)	–
East West Bank 6187	4.16%	10/05/23	7,213,668	74,563	–	7,288,230	7,213,668	74,563	7,288,230
East West Bank 9276	5.79%	12/12/23	3,008,804	42,998	–	3,051,802	3,008,804	42,998	3,051,802
East West Bank 1060	5.97%	12/12/23	–	3,052,380	–	3,052,380	–	3,052,380	3,052,380
Veritex Community Bank 5162	4.87%	01/09/24	3,068,847	36,825	–	3,105,672	3,068,847	36,825	3,105,672
Veritex Community Bank 5165	4.84%	01/23/24	7,146,659	85,396	–	7,232,055	7,146,659	85,396	7,232,055
American Nat'l Bank & Trust 7350	4.33%	03/07/24	5,143,236	55,293	–	5,198,529	5,143,236	55,293	5,198,529
East West Bank 3409	5.62%	03/12/24	3,008,554	41,764	–	3,050,318	3,008,554	41,764	3,050,318
East West Bank 0248	5.73%	04/05/24	–	5,067,593	–	5,067,593	–	5,067,593	5,067,593
East West Bank 1557	5.45%	06/13/24	5,013,109	67,542	–	5,080,651	5,013,109	67,542	5,080,651
East West Bank 3829	5.63%	07/05/24	–	5,066,494	–	5,066,494	–	5,066,494	5,066,494
American Nat'l Bank & Trust 7787	4.59%	07/24/24	6,112,533	69,594	–	6,182,127	6,112,533	69,594	6,182,127
BOK Financial 3645	5.05%	06/12/25	1,002,162	12,522	–	1,014,684	1,002,162	12,522	1,014,684
BOK Financial 2643	5.05%	07/03/25	–	505,906	–	505,906	–	505,906	505,906
BOK Financial 3602	5.05%	07/10/25	–	4,548,855	–	4,548,855	–	4,548,855	4,548,855
TOTAL / AVERAGE	**5.19%**		**$ 98,908,257**	**$ 18,877,218**	**$ (23,750,845)**	**$ 94,034,629**	**$ 98,908,257**	**$ (4,873,627)**	**$ 94,034,629**


Portfolio Composition
CDs/Securities
63%
Pools
0%
Bank MMA
37%


Total Portfolio (Millions)
$120
$100
$80
$60
$40
$20
$0
Jun-09
Mar-10
Dec-10
Sep-11
Jun-12
Mar-13
Dec-13
Sep-14
Jun-15
Mar-16
Dec-16
Sep-17
Jun-18
Mar-19
Dec-19
Sep-20
Jun-21
Mar-22
Dec-22
Sep-23
Quarter End Book Value


Total Portfolio Performance
Percentage
6.00
5.00
4.00
3.00
2.00
1.00
0.00
Jun-12
Mar-13
Dec-13
Sep-14
Jun-15
Mar-16
Dec-16
Sep-17
Jun-18
Mar-19
Dec-19
Sep-20
Jun-21
Mar-22
Dec-22
Sep-23
Sachse
Rolling 3 mo T-Bill
Rolling 12 mo T-Bill
TexPool
Rolling 6 mo T-Bill


Distribution by Maturity (Millions)
$45.0
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
1 to 30 Days
31 to 90 Days
91 to 180 Days
181 days to 1 Year
1 to 2 Years
2+ Years

FUND EQUITY IN POOLED CASH AND INVESTMENT

FUND	FUND NAME	6/30/2023	9/30/2023	Percent	Quarterly Change
01	General Fund	$ 20,039,664	$ 16,859,000	17.93%	$ (3,180,663)
02	Utility Fund	22,020,734	23,275,918	24.76%	1,255,184
03	Debt Service	2,243,355	1,416,090	1.51%	(827,265)
04	Capital Projects	10,051,555	8,702,338	9.25%	(1,349,217)
05	Special Revenue Fund	846,227	847,919	0.90%	1,692
06	Sachse Economic Development (EDC)	4,823,952	4,927,905	5.24%	103,953
09	TIRZ 1 - PGBT	30,564	11,015	0.01%	(19,549)
10	Impact Fees	8,772,084	9,010,239	9.58%	238,156
11	Street Maintenance	1,512,300	1,727,164	1.84%	214,864
12	Vehicle Equipment Replacement Fund (VERF)	2,288,652	2,314,324	2.46%	25,672
13	Sachse Municipal Development District (MDD)	(72,395)	149,890	0.16%	222,285
14	TIRZ 2 - The Station	621,197	679,046	0.72%	57,849
15	Health Insurance	1,633,813	1,737,789	1.85%	103,976
16	Station O&M PID	26,704	21,629	0.02%	(5,075)
17	American Rescue Plan Act (ARPA)	5,525,301	4,708,972	5.01%	(816,328)
18	Hotel Occupancy Tax	22,624	26,892	0.03%	4,268
19	TIRZ 3 - Highway 78	523,319	528,090	0.56%	4,771
21	2022 Bond Construction Fund	17,998,608	17,090,409	18.17%	(908,199)
	TOTAL POOLED CASH AND INVESTMENTS	**$ 98,908,257**	**$ 94,034,629**	**100.00%**	**$ (4,873,627)**

Notes:

Consistent with City policy, investment activity is attributed to all of the City's accounting funds collectively and on a proportional basis to each fund's total cash balance.

The City does not carry any security instrument (investment type) on its books that is traded on the open market; therefore, all investments are listed at 100% of market value.

It is the strategy of the Finance Department to maintain a high percentage of its idle funds invested in safe and secure investment securities and pooled investment types in accordance with the Public Funds Investment Act.

The City's investments are liquid and have same day access (although may be subject to an early withdrawal penalty). The City's funds are swept into the above accounts and are withdrawn as needed for operational cash flow requirements.

A. Regular Meeting

Subject	**9. Consider accepting the City of Sachse Investment Policy for FY 2023-2024 as adopted by the City Council on December 4, 2023.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Action, Discussion
Recommended Action	Accept the City of Sachse Investment Policy for FY 2023-2024 as adopted by the City Council on December 4, 2023.
Goals	Be a model of financial stewardship through growth management, responsible investment, and financial transparency.

BACKGROUND
The City's current Investment Policy was reviewed by City Council on December 4, 2023, in accordance with the Public Funds Investment Act (PFIA). The PFIA requires that the Investment Policy be reviewed annually by the City Council and the Boards of all component units.

OVERVIEW
The Investment Policy approved by City Council for FY 2023-2024 included the following changes:

- Adding reference to "Public Funds Collateral Act ("PFCA"), Chapter 2257 of the Texas Government Code" (I. Policy)
- Updating "Water and Sewer Enterprise Fund" to "Utility Fund" (II. Scope)

POLICY CONSIDERATIONS
The recommended policy for adoption is in compliance with the Public Funds Investment Act (PFIA).

RECOMMENDATION
Accept the City of Sachse Investment Policy for FY 2023-2024 as adopted by the City Council on December 4, 2023.

File Attachments
Presentation_Investment Policy Review FY 2023-2024.pdf (99 KB)
Res. 4129 Adopt the City of Sachse, EDC, MDD, TIRZ #1, TIRZ #2, & TIRZ #3 Investment Policy.pdf (929 KB)

Investment Policy Annual Review Fiscal Year 2023-2024

City Council
December 4, 2023

Policy Considerations

- Public Finance Investment Act (PFIA) and City Policy require annual review
- All changes must be approved by City Council
- Review/acceptance of changes also required by boards of all component units

Proposed Changes

Section	Change From	Change To
I. Policy	N/A	Adding reference to “Public Funds Collateral Act (“PFCA”), Chapter 2257 of the Texas Government Code
II. Scope	Water and Sewer Enterprise Fund	Utility Fund

RESOLUTION NO. 4129

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACHSE, TEXAS, ADOPTING THE CITY OF SACHSE, SACHSE ECONOMIC DEVELOPMENT CORPORATION, SACHSE MUNICIPAL DEVELOPMENT DISTRICT, TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER ONE, TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER TWO, AND TAX INCREMENT REINVESTMENT ZONE NUMBER THREE INVESTMENT POLICY ("SACHSE 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, Texas Government Code, the City Council of the City of Sachse, Texas, by resolution adopted an investment policy; and

WHEREAS, Section 2256.005, Texas Government 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 SACHSE, TEXAS, THAT:

SECTION 1. The Sachse 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. The City Council of the City of Sachse 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. All provisions of the Resolutions of the City of Sachse, Texas, in conflict with the provisions of this resolution be, and the same are hereby repealed, and all other provisions of the resolutions of the City not in conflict with the provisions of this resolution shall remain in full force and effect.

SECTION 4. 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. This resolution shall become effective immediately from and after its passage.

SECTION 6. This resolution shall take effect immediately from and after its passage, and it is accordingly so resolved.

DULY RESOLVED AND ADOPTED by the City Council of the City of Sachse, Texas, this the 4th day of December, 2023.

CITY OF SACHSE, TEXAS

Jeff Bickerstaff, Mayor

ATTEST:

Leah K Granger, City Secretary

Exhibit "A"

CITY OF SACHSE
SACHSE ECONOMIC DEVELOPMENT CORPORATION
MUNICIPAL DEVELOPMENT DISTRICT
TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER ONE
TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER TWO
TAX INCREMENT REINVESTMENT ZONE NUMBER THREE
INVESTMENT POLICY

I. Policy

Throughout this Investment Policy, the City of Sachse, Sachse Economic Development Corporation, Sachse Municipal Development District, Tax Increment Financing Reinvestment Zone Number One, Tax Increment Financing Reinvestment Zone Number Two, and Tax Increment Reinvestment Zone Number Three shall be singularly referred to as "ENTITY" and collectively referred to as "SACHSE."

It is the policy of SACHSE to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of SACHSE and conforming to the Public Funds Investment Act ("PFIA"), Chapter 2256 of the Texas Government Code, the Public Funds Collateral Act ("PFCA"), Chapter 2257 of the Texas Government Code, and all other State and local statutes governing the investment of public funds.

II. Scope

This Investment Policy applies to all funds or financial resources available for investment under SACHSE's financial control and accounted for in the City of Sachse's Annual Comprehensive Financial Report (ACFR) which includes the General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Fund, Utility Fund, Sachse Economic Development Corporation Fund, President George Bush Turnpike Reinvestment Zone Tax Increment Fund, Tax Increment Reinvestment Zone Number Two, Tax Increment Reinvestment Zone Number Three, and any new fund created by SACHSE unless specifically exempt.

To maximize the effective investment of assets, all funds may pool their cash balances for investment purposes. The income derived from investing activities will be distributed to the various funds based on calculation of their average balances.

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 their capital and the probable income to be derived.

The standard of prudence to be used by Investment Officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officers, acting in accordance with written procedures and the Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviation from expectations are reported immediately upon knowledge of the deviation and appropriate action is taken to control adverse developments.

IV. Objective

The primary objectives, in priority order, of SACHSE investment activities shall be:

A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of SACHSE shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

B. **Liquidity:** The SACHSE investment portfolio will remain sufficiently liquid to enable SACHSE to meet all operating requirements which might be reasonably anticipated.

C. **Public Trust:** Investment Officers shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in SACHSE's ability to govern effectively.

D. **Return on Investments:** SACHSE's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with SACHSE's investment risk constraints and the cash flow characteristics of the portfolio.

V. Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Director of Finance, the Assistant Director of Finance and the Senior Accountant of the City of Sachse (the "Investment Officers"). The Director of Finance shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts, and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Director of Finance. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

VI. Ethics and Conflicts of Interest

Investment Officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment Officers shall disclose to SACHSE any material financial interest in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of SACHSE, particularly with regard to the time of purchases and sales.

Investment Officers involved in the investment process shall adhere to the business relationship and other disclosure requirements as described in the PFIA 2256.005(i) by filing statements with the Texas Ethics Commission and each ENTITY's governing body.

VII. Authorized Broker/Dealers

The list of authorized broker/dealers shall be annually approved by the City Council (Appendix A). These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Investment Officer with the following: audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) certification, trading resolution, and/or proof of State registration, as applicable.

It is at the discretion of the Investment Officer as to which authorized broker/dealer shall be used for any buy/sell transactions.

VIII. Investment Strategy

SACHSE's basic investment strategy for all financial assets is to preserve principal. In order to achieve that objective, SACHSE restricts the authorized investment instruments to those with suitable and limited credit and market risk. In order to make effective use of SACHSE's resources, all monies may be pooled into one portfolio, if practical, except for those monies required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, ordinances, contracts, agreements, or other policies.

The objective of liquidity stems from the need of SACHSE to maintain available cash balances sufficient to cover financial outlays. Since the timing and amount of some financial disbursements are not predictable, fund-type strategies shall adjust for the uncertainty of projected cash flows.

Investment marketability will be maintained based on the fund-type strategies to sufficiently and reasonably assure that investments could be liquidated prior to the maturity, if cash needs dictate.

Whenever practical or appropriate, it is the policy of SACHSE to diversify its investment portfolio. Assets held in the investment portfolio may be diversified to minimize the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

SACHSE funds shall seek to achieve a competitive yield appropriate for each strategy. Yield objectives shall at all times be subordinate to the objectives of safety and liquidity. Tax-exempt debt proceeds shall be invested to maximize the interest earnings retained by SACHSE, while at the same time fully complying with all applicable State laws and federal regulations, including the arbitrage rebate regulations. A competitive yield environment shall be achieved by soliciting quotes from multiple investment providers, monitoring comparable investment alternatives, and reviewing general market conditions.

The overall investment strategy of SACHSE is based on the premise that a certain amount of SACHSE's funds will be needed to pay current year expenditures or for projects that are to be complete within a specific time frame. Remaining funds are considered to be reserves and, barring any unforeseen emergencies or events beyond SACHSE's control, it is considered that these funds may be invested, within the maturity limits of this Policy, in an advantageous position on the yield curve. It is understood that investments in longer term instruments are sensitive to changes in interest rates and other market conditions; however, it is SACHSE's belief that such investments may be held to maturity if necessary.

SACHSE may maintain one portfolio in which all funds under its control are pooled for investment purposes. Within the pooled portfolio are fund components, each having an investment strategy as described below:

A. Governmental Funds – the funds through which most governmental functions are financed and the primary operating funds of SACHSE. The investment strategy must allow for the investment of anticipated cash flows to meet the anticipated expenditures of the following funds:

   1. General Fund

   2. Debt Service Fund

   3. Special Revenue Fund

   4. Capital Projects Fund

   5. Sachse Economic Development Corporation Fund

   6. Tax Increment Financing Reinvestment Zone Number One

   7. Tax Increment Financing Reinvestment Zone Number Two

8. Tax Increment Reinvestment Zone Number Three

The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

B. Proprietary Funds - the funds used in SACHSE's business-type activities or Enterprise activities financed primarily by user charges and fees. The strategy for these funds is to time investment maturities to anticipated cash requirements. Some project funds may allow investments with short to intermediate maturities.

The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective.

C. The Debt Service and Interest/Sinking Funds should consist of short-term investments, whose maturities meet the scheduled debt service payments. Reserves may be invested in longer-term investments.

The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

D. Special Revenue Fund and other Non-operating Funds investments should be in short-term instruments with maturities laddered to meet projected cash needs. Reserves are idle funds that may be invested in intermediate to long-term investments after analysis of future plans for use of the funds.

The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective.

IX. Authorized & Suitable Investments

SACHSE is empowered by statute to invest in the following:

A. Obligations of, or guaranteed by, governmental entities:

1. obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

2. direct obligations of this State or its agencies and instrumentalities;

3. other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; and

4. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

B. Financial Institution Deposits: A financial institution deposit is an authorized investment under this Policy if the deposit is with a state or national bank, a savings and loan association, or credit union that is:

1. guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or its successor, or the National Credit Union Share Insurance Fund ("NCUSIF"), or its successor;

2. secured by obligations that are described in Section XII Collateralization; and

3. executed through a depository institution or broker that has its main office or a branch office in Texas and meets the requirements of the PFIA.

C. Repurchase Agreements:

1. A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement:

(a) has a defined termination date;

(b) is secured by cash or obligations described by Section IX. A1;

(c) requires the cash or securities being purchased by SACHSE to be delivered versus payment to SACHSE, held in SACHSE's account with a third party selected and approved by SACHSE; and

(d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this State.

2. "Repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations described by Section IX. A1 at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed.

D. Mutual Funds:

1. A no-load money market mutual fund is an authorized investment under this Policy if the mutual fund:

(a) is registered with and regulated by the Securities and Exchange Commission;

(b) provides SACHSE with a prospectus and other information as required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);

(c) has a dollar-weighted average stated maturity incompliance with regulations;

(d) includes in its investment objectives the maintenance of a stable net asset value of $1.0000 for each share; and

(e) is continuously rated no lower than AAAm or at an equivalent rating by one nationally recognized rating service.

2. SACHSE is not authorized by this section to invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund in an amount that exceeds 10 percent of the total assets of the mutual fund.

E. Investment Pools:

1. SACHSE may invest its funds and funds under its control through an eligible investment pool if each ENTITY's governing body by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the PFIA 2256.016.

2. To be eligible to receive funds from and invest funds on behalf of an entity under the PFIA 2256.016, an investment pool must furnish to the Investment Officers or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains at a minimum, the following information:

(a) the types of investments in which money is allowed to be invested;

(b) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(c) the maximum stated maturity date any investment security within the portfolio has;

(d) the objectives of the pool;

(e) the size of the pool;

(f) the names of the members of the advisory board of the pool and the dates their terms expire;

(g) the custodian bank that will safekeep the pool's assets;

(h) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(i) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(j) the name and address of the independent auditor of the pool;

(k) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and

(l) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

3. To maintain eligibility to receive funds from and invest funds on behalf of an entity under the PFIA 2256.016, at a minimum an investment pool must furnish to the Investment Officer or other authorized representative of the entity:

(a) investment transaction confirmations; and

(b) a monthly report that contains, as a minimum, the following information:

(1) the types and percentage breakdown of securities in which the pool is invested;

(2) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(3) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(4) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(5) the size of the pool;

(6) the number of participants in the pool;

(7) the custodian bank that is safekeeping the assets in the pool;

(8) a listing of daily transaction activity of the entity participating in the pool;

(9) the yield and expense ratio of the pool;

(10) the portfolio managers of the pool; and

(11) any changes or addenda to the offering circular.

4. SACHSE, by contract, may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

5. Investment Pool "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

6. A public funds investment pool utilized as a cash-equivalent investment must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a $1.00 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings may be sold as necessary to maintain the ratio between 0.995 and 1.005.

7. An Investment pool must have an advisory board composed:

(a) Equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for pools created under Chapter 791 Texas State Code and managed by a state agency; or

(b) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

8. A public funds investment pool must be continuously rated no lower than AAA or AAAm or at an equivalent rating by one nationally recognized rating service.

9. If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

10. To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

11. If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

X. Unauthorized Investments

The following are not authorized investments under this section:

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 the underlying mortgage-backed security collateral and bears no interest; and

C. Collateralized mortgage obligations.

Any Authorized & Suitable Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. SACHSE shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating. Additionally, SACHSE is not required to liquidate investments that were authorized at the time of purchase.

XI. Primary Depository

In compliance with State legislation, a Primary Depository shall be selected through SACHSE's banking services procurement process, which shall include a formal request for application (RFA). In selecting a Primary Depository, the Director of Finance shall conduct a review of prospective depository's credit characteristics and financial history.

No public deposit shall be made except in a qualified public depository as established by State laws.

XII. Collateralization

Collateralization will be required on two types of investments: financial institution deposits (in amounts exceeding FDIC or NCUSIF. insurance coverage) and repurchase agreements. With the exception of Letters of Credit issued for 100% of amount, the minimum collateralization level will be 102% of market value of principal and accrued interest, less FDIC or NCUSIF insurance when applicable.

SACHSE chooses to limit collateral (including letters of credit) to the obligations of, or guaranteed by, governmental entities as outlined in the Public Funds Collateral Act.

All financial institution deposits shall be insured or collateralized in compliance with applicable State law. SACHSE reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards financial institution deposits. Financial institutions serving as depositories will be required to sign a depository agreement with SACHSE. The collateralized deposit portion of the agreement shall define SACHSE'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:

- The agreement must be in writing;
- The agreement has to be executed by the Depository and SACHSE contemporaneously with the acquisition of the asset;
- 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 SACHSE; and
- The agreement must be part of the Depository's "official record" continuously since its execution.

Securities pledged as collateral shall be held by an independent third party acceptable to SACHSE. The custodial agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities at default, and the method of valuation of securities.

XIII. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by SACHSE shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in an account in SACHSE's name by a third-party safekeeping agent/custodian designated by the Investment Officers and evidenced by safekeeping receipts.

XIV. Electronic Fund Transfer

SACHSE may use electronic means to transfer or invest all funds collected or controlled by the local government.

XV. Diversification

SACHSE will diversify its investments by types, maturity dates, and/or institutions, as appropriate.

XVI. Maximum Maturities and Weighted Average Maturity

To the extent possible, SACHSE will attempt to match its anticipated cash flow requirements with maturing investments. SACHSE will not directly invest in instruments maturing more than 2 years from the date of purchase, with the maximum weighted average maturity for the total portfolio to not exceed twelve months. However, SACHSE may collateralize its repurchase agreements using longer-dated investments not to exceed 5 years to maturity.

Reserve funds may be invested in instruments up to and including 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

XVII. Internal Control

The Director of Finance shall establish an annual process of independent review by an external auditor in conjunction with the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

XVIII. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. "Weighted Average Yield to Maturity" shall be the standard for calculating portfolio rate of return.

XIX. Reporting

A. The Investment Officers shall prepare and submit quarterly a written report of investment transactions for all funds covered by this Investment Policy for the preceding reporting period.

B. The report must include the following:

1. describe in detail the investment position of SACHSE on the date of the report;

2. be prepared jointly by all Investment Officers of SACHSE;

3. be signed by each Investment Officer of SACHSE;

4. contain a summary statement of each pooled fund group that states the:

   (a) beginning market value for the reporting period;

   (b) ending market value for the period; and

   (c) fully accrued interest for the period.

5. state the book value and market value of each separately invested asset at the beginning and end of the reporting period by type of asset and fund type invested;

6. state the maturity date of each separately invested asset that has a maturity date;

7. state the account or fund or pooled group fund in the local government for which each individual investment was acquired; and

8. state the compliance of the Investment Portfolio of the local government as it relates to:

   (a) the Investment Strategy expressed in SACHSE's Investment Policy; and

   (b) relevant provisions of the PFIA.

C. The report shall be presented not less than quarterly to each ENTITY's governing body within a reasonable time after the end of the period.

D. The market values and credit ratings presented in all portfolio reports shall be accurate and reliable estimates of the investment's true value and risk. Market value and credit rating sources may include, but are not limited to, rating agency reports, newspapers, financial websites, custodian reports, broker/dealer reports, and investment advisor research.

XX. Investment Policy Adoption

SACHSE's Investment Policy shall be adopted by resolution of each ENTITY's governing body. This Policy shall be reviewed annually and any modifications made thereto must be approved by each ENTITY's governing body. Each ENTITY's governing body shall adopt a written instrument attesting to each annual review.

XXI. Auditor

As part of the annual audit, the independent auditor must formally review the quarterly investment reports to comply with the PFIA and report the results of that review to each ENTITY's governing body.

XXII. Training

In order to ensure qualified and capable investment management, the Investment Officers, their designated subordinates, Treasurer, and Chief Financial Officer of SACHSE shall attend training that includes education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and PFIA compliance. SACHSE approves the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers' Organization of Texas, North Central Texas Council of Governments, Texas City Managers Association, Texas Municipal League, and University of North Texas as independent sources of training.

Each individual shall attend training accumulating at least 10 hours of instruction within twelve months of assuming investment-related responsibilities; and shall then receive not less than 8 hours of investment-related instruction within each subsequent two-year period aligned with SACHSE's fiscal year end.

XXIII. Donated Investments

This Policy does not apply to an investment donated to SACHSE for a particular purpose or under terms of use specified by the donor.

XXIV. Investment Policy Certification

The qualified representative of any business organization (including investment pool and discretionary investment management firm) offering to engage in an investment transaction must execute a written instrument substantially to the effect that the business organization has received and reviewed the Investment Policy and that the business organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the organization and SACHSE.

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PASSED AND APPROVED by the City Council of the City of Sachse, Texas, this 4th day of December, 2023.

Jeff Bickerstaff, Mayor
City of Sachse, Texas

ATTEST:

Leah K Granger, City Secretary
City of Sachse, Texas

Acknowledged by the Sachse Economic Development Corporation, Texas, this _____ day of _____, 2023.

Scott McMurdie, President
Sachse Economic Development Corporation

ATTEST:

Richard Chandler, Vice-President
Sachse Economic Development Corporation

Acknowledged by the Sachse Municipal Development District, Texas, this _____ day of _____, 2023.

Jermaine McDaniel, Chairperson
Sachse Municipal Development District

ATTEST:

George H. Kemper, Vice-Chairperson
Sachse Municipal Development District

Acknowledged by the Tax Increment Financing Reinvestment Zone Number One, Texas, this _____ day of _____, 2023.

_____
Bobby Tillman, Chairperson
Tax Increment Financing Reinvestment Zone Number One

ATTEST:

_____
Ed Brown, Vice-Chairperson
Tax Increment Financing Reinvestment Zone Number One

Acknowledged by the Tax Increment Financing Reinvestment Zone Number Two, Texas, this _____ day of _____, 2023.

_____
Jeff Bickerstaff, Chairperson
Tax Increment Financing Reinvestment Zone Number Two

ATTEST:

_____
Leah K Granger, City Secretary
Tax Increment Reinvestment Zone Number Two

Acknowledged by the Tax Increment Reinvestment Zone Number Three Fund, Texas, this _____ day of _____, 2023.

_____
Jeff Bickerstaff, Chairperson
Tax Increment Reinvestment Zone Number Three

ATTEST:

_____
Leah K Granger, City Secretary
Tax Increment Reinvestment Zone Number Three

Appendix A

Authorized Broker/Dealer Firms

FHN Financial

Hilltop Securities

Oppenheimer & Co.

SAMCO Capital Markets

Wells Fargo Securities

A. Regular Meeting

Subject	**10. Discuss and receive an update on Phase 2 of the J.K. Sachse Park project.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Discussion, Information
Goals	Provide excellent government services to Sachse citizens. Provide a high quality of life environment for families, individuals, businesses, and other organizations in Sachse. Strategically invest in the City's existing and future infrastructure.

A. Regular Meeting

Subject	**11. Set upcoming Board meeting date.**
Meeting	Feb 8, 2024 - Municipal Development District Board Meeting
Access	Public
Type	Discussion, Information