Thursday, January 13, 2022
Municipal Development District Board Meeting

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

A. Regular Meeting

1. Call to Order: The Municipal Development District Board of the City of Sachse will hold a Regular Meeting on Thursday, January 13, 2022, 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. Consider approval of the October 14 2021, meeting minutes.

4. Accept the quarterly investment report for the quarter ending September 30, 2021.

5. Receive the City of Sachse Investment Policy for FY 2021-2022, as adopted by the City Council on November 1, 2021.

6. Discuss and receive an update on the J.K. Sachse Park.

7. Request for future agenda items.

8. Set upcoming Board meeting date.

9. Adjournment.

I, the undersigned authority, do hereby certify that this notice of 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, Interim City Secretary

Accommodation requests for persons with disabilities should be made at least 48 hours prior to the meeting by contacting Amanda Chi, ADA Coordinator, via phone at 972.429.4770, via email at achi@cityofsachse.com, or by appointment at 3815 Sachse Road, Building B, Sachse, Texas 75048.

The City of SACHSE

Agenda Item Details

Meeting	Jan 13, 2022 - Municipal Development District Board Meeting
Category	A. Regular Meeting
Subject	3. Consider approval of the October 14 2021, meeting minutes.
Access	Public
Type	Action, Minutes
Recommended Action	Approve as presented.
Minutes	View Minutes for Oct 14, 2021 - Municipal Development District Board Meeting

Public Content

10.14.21 MDD Board Minutes.pdf (86 KB)

PARKS AND RECREATION BOARD OF THE CITY OF SACHSE
MEETING MINUTES
OCTOBER 14, 2021

The Municipal Development District Board of the City of Sachse held a regular meeting on Thursday, October 14, 2021, at 7 p.m. at Sachse City Hall, 3815-B Sachse Road. Those present were President Jermaine McDaniel; Vice-President George Kemper; Secretary Lindsay Buhler; Board members Gina Nash and Matt Prestenberg; Councilmember Brett Franks; Director of Leisure Services Lance Whitworth; and Recreation Manager Cynthia Wiseman.

Members absent were: Valerie Pike and Michael Wilson

Chairperson McDaniel called the meeting to order at 7:18 p.m.

Invocation and pledges of allegiance to the US and Texas flags.

Mr. Whitworth lead the invocation and Mr. Kemper led the pledges.

Consider approval of the July 8, 2021, meeting minutes.

Mr. Kemper made a motion to approve the minutes as presented. Ms. Buhler seconded the motion, and it carried unanimously.

Introduce new board members and consider the appointment of officers for the Municipal Development District (MDD) Board including President, Vice President, and Secretary.

Matt Prestenberg introduced himself to the board.

Mr. Kemper made a motion to approve appointing Jermaine McDaniel as President; George Kemper as Vice President, and Lindsay Buhler as Secretary with a term to expire on June 30, 2022. Mr. Prestenberg seconded the motion, and it passed unanimously.

Accept the Quarterly Investment Report for the quarter ending June 30, 2021.

A motion was made by Ms. Buhler to accept the quarterly investment report for the quarter ending June 30, 2021 as presented. Ms. Nash seconded the motion, and it passed unanimously.

Discuss and receive an update on J.K. Sachse Park progress.

Mr. Whitworth gave the board an update on J.K. Sachse Park and the design. After discussion, Lindsay Buhler would like staff to look into the pad at the end of the slide and how long that will last and how often you'll need to change it and resurface things.

Request for future agenda items.

No requests were made.

Set upcoming Parks and Recreation Board meeting date.

The board will meet as needed. No date was set.

Adjournment.

Chairperson Buhler adjourned the meeting at 7:50 p.m.

APPROVE:

____
Jermaine McDaniel, President

ATTEST:

____
Lindsay Buhler, Secretary

Agenda Item Details

Meeting	Jan 13, 2022 - Municipal Development District Board Meeting
Category	A. Regular Meeting
Subject	4. Accept the quarterly investment report for the quarter ending September 30, 2021.
Access	Public
Type	Action
Preferred Date	Jan 13, 2022
Fiscal Impact	No
Recommended Action	Accept the quarterly investment report for the quarter ending September 30, 2021.
Goals	Be a model of financial stewardship through growth management, responsible investment, and financial transparency.

Public Content

BACKGROUND
The Finance Department releases a quarterly investment report on the City's investments to provide an overview of investment activity for the Money Market, Investment Pool, and Certificate of Deposit accounts.

OVERVIEW
It is the City's strategy to maintain a high percentage of idle funds invested in safe, secure, and liquid investment securities and pooled investment types. This strategy is in accordance with the Public Funds Investment Act (PFIA) and City policy.

POLICY CONSIDERATIONS
The PFIA and City Investment Policy require that the Investment Officers prepare and submit quarterly a written report of investment transactions for all funds covered by the Investment Policy and to the governing boards of all component units.

RECOMMENDATION
Accept the quarterly investment report for the quarter ending September 30, 2021.

4th Qtr Investment Report FY21.pdf (733 KB)

The City of SACHSE

Finance Department Memo

To: Gina Nash, City Manager

From: Berna Fitzpatrick-Walker, Finance Manager BFW

CC: Mayor and City Council

Date: November 19, 2021

Re: Investment Report for period ending September 30, 2021

Attached is the Quarterly Investment Report for the quarter ending September 30 of the fiscal year 2020-2021. This report complies with the requirements of the City's Investment Policy and the Public Funds Investment Act as amended. For this period, the City's portfolio consisted of the following investments:

Portfolio at Quarter Close:	Rate at 9/30/21	% Total	Total Investment
Money Market Account –ANB	.35%	46.43%	29,843,005
Money Market Account – NexBank	.40%	10.87%	6,985,220
Money Market Account 2017CO – NexBank	.40%	3.02%	1,939,908
Money Market Account 2017A CO – NexBank	.40%	5.04%	3,240,875
Money Market Account (EDC)-ANB	.35%	2.79%	1,791,119
Money Market Account (EDC)-NexBank	.40%	1.63%	1,044,765
Investment Pool – Tex Pool	.03%	1.38%	888,722
Investment Pool – 2019/20 Tax Notes-TexPool	.03%	2.22%	1,425,529
CD Citizens Bank 5733	.65%	1.56%	1,004,862
CD Citizens Bank 5723	.65%	1.56%	1,004,862
CD Citizens Bank 5743	.65%	1.56%	1,004,862
CD Citizens Bank 5773	.65%	1.56%	1,004,862
CD Citizens Bank 5763	.65%	1.56%	1,004,862
CD Citizens Bank 5783	.65%	1.56%	1,004,862
CD Citizens Bank 5043	.90%	1.58%	1,012,436
CD Prosperity 135	.20%	1.57%	1,009,929
CD Prosperity 136	.20%	1.57%	1,009,929
CD Prosperity 141	.20%	1.57%	1,007,356
CD Prosperity 142	.20%	1.57%	1,007,356
CD Origin Bank 1735	.25%	1.56%	1,000,630
CD Origin Bank 9857	.25%	1.56%	1,000,630
CD Origin Bank 7978	.25%	1.56%	1,000,630
CD Texas Security 12529	.95%	1.58%	1,013,482
CD Texas Security 12530	.95%	1.58%	1,013,491
CD Texas Security 12528	.90%	1.58%	1,012,773
Total Invested City Funds:		100.0%	**$64,276,955**

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. Interest earnings on all certificate of deposit accounts are accreted quarterly or at maturity. All Funds on deposit are fully secured and safeguarded. **Total investment interest earned for the quarter ending September 30 was $56,822.19.**

Citywide cash and investments for the period ending September 30 was $64,276,955. Of this amount, $2,835,903 is for the Sachse EDC. 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.

73% of the City's current portfolio has liquidity of 30 days or less, which is more than adequate for daily operations. The City investments are liquid and have same day access. The City's investment and cash management strategy will be to maintain operational and capital needs in money market accounts and liquid asset pools. The City's funds are swept into the above accounts and withdrawn as needed for operational cash flow requirements.

The average interest rate/yield on the City's investments for the period was .40%; weighted average maturity of 58 days. The Texpool Prime Fund interest rate was .0629% and the Texpool interest rate was .0279% at September 30, 2021. The rolling three-month Treasury yield was .06% with the rolling six-month Treasury yield at .08%.

The City of SACHSE

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2021

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

Finance Manager

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:

Asset Type	September 30, 2020 Ave. Yield	September 30, 2020 Book Value	September 30, 2020 Market Value	September 30, 2021 Ave. Yield	September 30, 2021 Book Value	September 30, 2021 Market Value
Bank/Pool	0.32%	$ 33,313,460	$ 33,313,460	0.35%	$ 47,159,143	$ 47,159,143
CDs/Securities	1.04%	20,116,053	20,116,053	0.54%	17,117,812	17,117,812
Totals		**$ 53,429,513**	**$ 53,429,513**		**$ 64,276,955**	**$ 64,276,955**
Fourth Quarter-End Yield	**0.60%**			**0.40%**		

Average Quarter-End Yields *(1)*:

	2020 Fiscal Year	2021 Fiscal Year
Sachse	0.96%	0.43%
Rolling Three Month Treasury	0.76%	0.06%
Rolling Six Month Treasury	0.99%	0.08%
TexPool	0.75%	0.04%
Fiscal YTD Interest Earnings-City	$ 564,820	$ 255,027
Fiscal YTD Interest Earnings-EDC	$ 14,598	$ 7,692

(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 bank, pool, and money market balances.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2021 Book Value	June 30, 2021 Market Value	September 30, 2021 Book Value	September 30, 2021 Market Value	Ave. Yield
Bank/Pool	$ 44,688,615	$ 44,688,615	$ 47,159,143	$ 47,159,143	0.35%
CDs/Securities	17,095,575	17,095,575	17,117,812	17,117,812	0.54%
Totals	**$ 61,784,190**	**$ 61,784,190**	**$ 64,276,955**	**$ 64,276,955**	0.40%

Current Quarter Average Yield *(1)*	
Total Portfolio	0.40%

Fiscal Year-to-Date Average Yield *(2)*	
Total Portfolio	0.43%

Weighted Average Maturity 58 days

	June 30, 2021	September 30, 2021
Rolling Three Month Treasury	0.05%	0.06%
Rolling Six Month Treasury	0.05%	0.08%
TexPool	0.03%	0.04%

Interest Earnings (Approximate)

	City	EDC
Interest Earnings QTR	$ 54,413	$ 2,409
Interest Earnings YTD	$ 255,027	$ 7,692

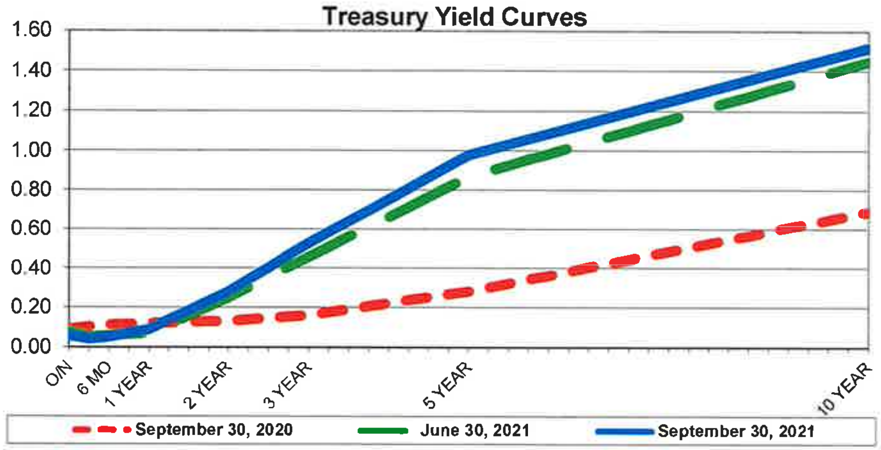
(1) Current Quarter Weighted Average Yield - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis; realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool,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

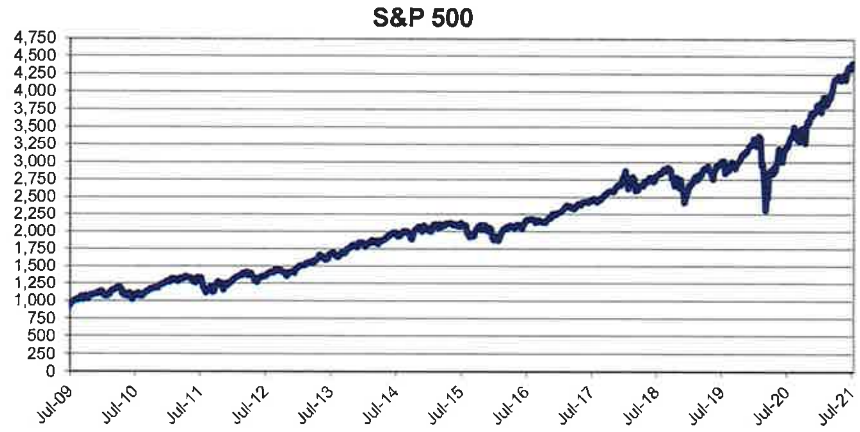
(2) Fiscal Year-to-Date Weighted Average Yields - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

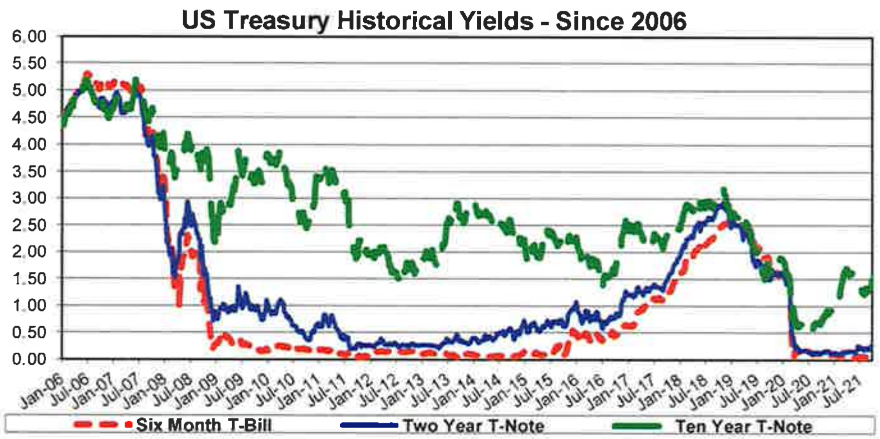
Economic Overview

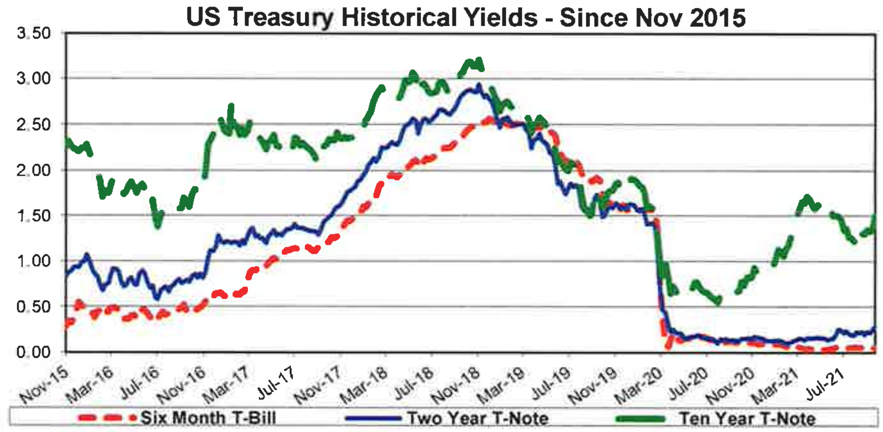
9/30/2021

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading <0.10%), and projects that reduced rates could remain into 2023. Monthly government security purchases may begin tapering as early as Nov 2021. Second Quarter GDP posted +6.7% (Final). Employment recovery/growth has moderated, but job openings remain high. August Non-Farm Payroll only added 194k net new jobs. Crude oil bounced up to +/-$77 per barrel, with fuel shortages in England and other countries. The Stock Markets reached new highs, but have retrenched slightly. Housing, Industrial Production, Durable Goods, Consumer Spending, and other indicators remain positive but constrained. The Biden administration and Congress continue to negotiate infrastructure, fiscal and debt limit packages. Inflation remained over the FOMC 2+% target and may not be as temporary as initially projected. The Yield Curve rose slightly from two years to ten years.









Investment Holdings
September 30, 2021

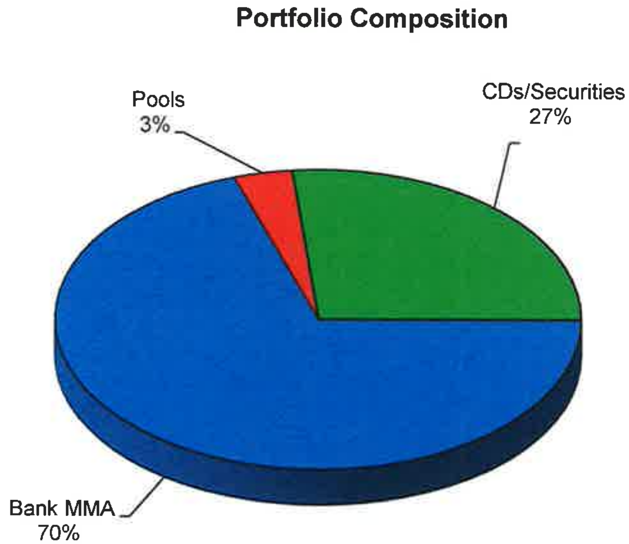
Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Original Face\ Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
ANB MMA		0.35%	10/01/21	09/30/21	$ 31,634,124	$ 31,634,124	1.00	$ 31,634,124	1	0.35%
NexBank IntraFi MMA		0.40%	10/01/21	09/30/21	13,210,768	13,210,768	1.00	13,210,768	1	0.40%
TexPool	AAAm	0.03%	10/01/21	09/30/21	2,314,251	2,314,251	1.00	2,314,251	1	0.03%
Citizens Bank CD 5043		0.90%	12/30/21	12/30/20	1,012,436	1,012,436	100.00	1,012,436	91	0.90%
Texas Security Bank CD 2528		0.90%	01/06/22	04/06/20	1,012,773	1,012,773	100.00	1,012,773	98	0.90%
Citizens Bank CD5723		0.65%	01/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	99	0.65%
Citizens Bank CD5733		0.65%	01/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	99	0.65%
Citizens Bank CD5743		0.65%	01/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	99	0.65%
Texas Security Bank CD 2530		0.95%	04/06/22	04/06/20	1,013,491	1,013,491	100.00	1,013,491	188	0.95%
Texas Security Bank CD 2529		0.95%	04/06/22	04/06/20	1,013,482	1,013,482	100.00	1,013,482	188	0.95%
Prosperity Bank CD 0135		0.20%	06/30/22	06/30/21	1,009,929	1,009,929	100.00	1,009,929	273	0.20%
Prosperity Bank CD 0136		0.20%	06/30/22	06/30/21	1,009,929	1,009,929	100.00	1,009,929	273	0.20%
Origin Bank CD1735		0.25%	06/30/22	06/30/21	1,000,630	1,000,630	100.00	1,000,630	273	0.25%
Origin Bank CD9857		0.25%	06/30/22	06/30/21	1,000,630	1,000,630	100.00	1,000,630	273	0.25%
Origin Bank CD7978		0.25%	06/30/22	06/30/21	1,000,630	1,000,630	100.00	1,000,630	273	0.25%
Citizens Bank CD5763		0.65%	07/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	280	0.65%
Citizens Bank CD5773		0.65%	07/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	280	0.65%
Citizens Bank CD5783		0.65%	07/07/22	01/07/21	1,004,862	1,004,862	100.00	1,004,862	280	0.65%
Prosperity Bank CD0141		0.20%	07/25/22	07/23/21	1,007,356	1,007,356	100.00	1,007,356	298	0.20%
Prosperity Bank CD0142		0.20%	07/25/22	07/23/21	1,007,356	1,007,356	100.00	1,007,356	298	0.20%
					$ 64,276,955	**$ 64,276,955**		**$ 64,276,955**	**58**	**0.40%**
									(1)	**(2)**

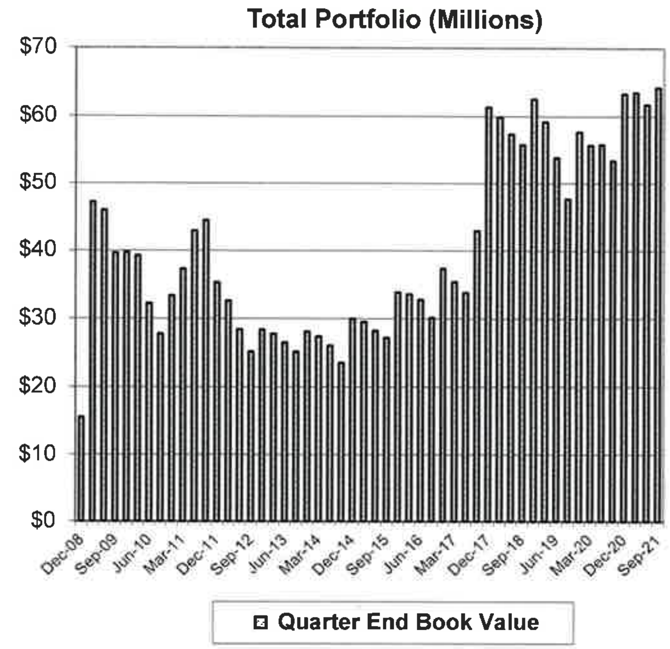
(1) Weighted average life - For purposes of calculating weighted average life, pool investments are assumed to have a one day maturity.

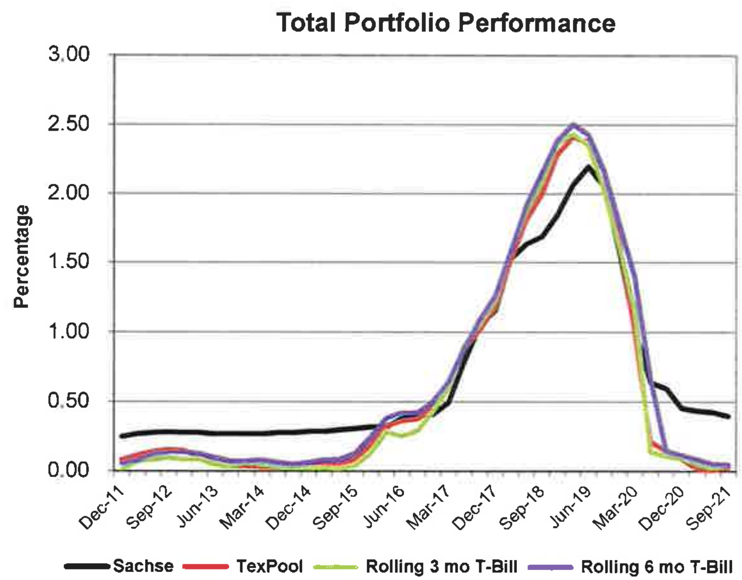
(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered.

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/21	Increases	Decreases	Book Value 09/30/21	Market Value 06/30/21	Change in Market Value	Market Value 09/30/21
ANB MMA	0.35%	10/01/21	$ 29,177,041	$ 2,457,083	$ –	$ 31,634,124	$ 29,177,041	$ 2,457,083	$ 31,634,124
NexBank IntraFi MMA	0.40%	10/01/21	13,197,457	13,311	–	13,210,768	13,197,457	13,311	13,210,768
TexPool	0.03%	10/01/21	2,314,117	134	–	2,314,251	2,314,117	134	2,314,251
Prosperity Bank CD 0004	0.70%	07/23/21	1,006,435	–	(1,006,435)	–	1,006,435	(1,006,435)	–
Prosperity Bank CD 0005	0.70%	07/23/21	1,006,435	–	(1,006,435)	–	1,006,435	(1,006,435)	–
Citizens Bank CD 5043	0.90%	12/30/21	1,010,159	2,277	–	1,012,436	1,010,159	2,277	1,012,436
Texas Security Bank CD 2528	0.90%	01/06/22	1,011,566	1,207	–	1,012,773	1,011,566	1,207	1,012,773
Citizens Bank CD5723	0.65%	01/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Citizens Bank CD5733	0.65%	01/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Citizens Bank CD5743	0.65%	01/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Texas Security Bank CD 2530	0.95%	04/06/22	1,011,769	1,721	–	1,013,491	1,011,769	1,721	1,013,491
Texas Security Bank CD 2529	0.95%	04/06/22	1,011,769	1,713	–	1,013,482	1,011,769	1,713	1,013,482
Prosperity Bank CD 0135	0.20%	06/30/22	1,009,420	509	–	1,009,929	1,009,420	509	1,009,929
Prosperity Bank CD 0136	0.20%	06/30/22	1,009,420	509	–	1,009,929	1,009,420	509	1,009,929
Origin Bank CD1735	0.25%	06/30/22	1,000,000	630	–	1,000,630	1,000,000	630	1,000,630
Origin Bank CD9857	0.25%	06/30/22	1,000,000	630	–	1,000,630	1,000,000	630	1,000,630
Origin Bank CD7978	0.25%	06/30/22	1,000,000	630	–	1,000,630	1,000,000	630	1,000,630
Citizens Bank CD5763	0.65%	07/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Citizens Bank CD5773	0.65%	07/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Citizens Bank CD5783	0.65%	07/07/22	1,003,100	1,761	–	1,004,862	1,003,100	1,761	1,004,862
Prosperity Bank CD0141	0.20%	07/25/22	–	1,007,356	–	1,007,356	–	1,007,356	1,007,356
Prosperity Bank CD0142	0.20%	07/25/22	–	1,007,356	–	1,007,356	–	1,007,356	1,007,356
TOTAL / AVERAGE	0.40%		$ 61,784,190	$ 4,505,634	$ (2,012,870)	$ 64,276,955	$ 61,784,190	$ 2,492,765	$ 64,276,955


Portfolio Composition
Pools
3%
CDs/Securities
27%
Bank MMA
70%


Total Portfolio (Millions)
$70
$60
$50
$40
$30
$20
$10
$0
Dec-08
Sep-09
Jun-10
Mar-11
Dec-11
Sep-12
Jun-13
Mar-14
Dec-14
Sep-15
Jun-16
Mar-17
Dec-17
Sep-18
Jun-19
Mar-20
Dec-20
Sep-21
Quarter End Book Value


Total Portfolio Performance
Percentage
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Dec-11
Sep-12
Jun-13
Mar-14
Dec-14
Sep-15
Jun-16
Mar-17
Dec-17
Sep-18
Jun-19
Mar-20
Dec-20
Sep-21
Sachse
TexPool
Rolling 3 mo T-Bill
Rolling 6 mo T-Bill

Allocation
September 30, 2021

Book & Market Value	Total	TIRZ #2 Station	GO I&S	General Fund	W/S Restricted	W/S Operations	Capital Project	2009 GO Bonds
ANB MMA	$ 31,634,124	$ 46,831	$ 1,084,543	$ 6,595,322	$ 293,080	$ 8,142,938	$ 1,856,102	$ –
NexBank IntraFi MMA	13,210,768	–	4,140	107,266	–	112,664	4,330,142	–
TexPool	2,314,251	–	–	–	–	5,109	605,499	–
12/30/21–Citizens Bank CD 5043	1,012,436	–	–	–	–	1,012,436	–	–
01/06/22–Texas Security Bank CD 2528	1,012,773	–	–	–	–	1,012,773	–	–
01/07/22–Citizens Bank CD5723	1,004,862	–	–	–	–	1,004,862	–	–
01/07/22–Citizens Bank CD5733	1,004,862	–	–	1,004,862	–	–	–	–
01/07/22–Citizens Bank CD5743	1,004,862	–	–	–	–	–	1,004,862	–
04/06/22–Texas Security Bank CD 2530	1,013,491	–	–	1,013,491	–	–	–	–
04/06/22–Texas Security Bank CD 2529	1,013,482	–	–	–	–	1,013,482	–	–
06/30/22–Prosperity Bank CD 0135	1,009,929	–	–	1,009,929	–	–	–	–
06/30/22–Prosperity Bank CD 0136	1,009,929	–	–	–	–	1,009,929	–	–
06/30/22–Origin Bank CD1735	1,000,630	–	–	1,000,630	–	–	–	–
06/30/22–Origin Bank CD9857	1,000,630	–	–	–	–	1,000,630	–	–
06/30/22–Origin Bank CD7978	1,000,630	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5763	1,004,862	–	–	–	–	1,004,862	–	–
07/07/22–Citizens Bank CD5773	1,004,862	–	–	1,004,862	–	–	–	–
07/07/22–Citizens Bank CD5783	1,004,862	–	–	–	–	–	1,004,862	–
07/25/22–Prosperity Bank CD0141	1,007,356	–	–	1,007,356	–	–	–	–
07/25/22–Prosperity Bank CD0142	1,007,356	–	–	–	–	–	1,007,356	–
Totals	$ 64,276,955	$ 46,831	$ 1,088,682	$ 12,743,717	$ 293,080	$ 15,319,684	$ 9,808,822	$ –

Allocation (continued)
September 30, 2021

Book & Market Value	2017 CO	2017A CO	2019/2020 Tax Notes	Restricted Park Develop,	CARES Act Funds	Restricted General	Restricted Water Impact	Restricted Sewer Impact
ANB MMA	$ –	$ –	$ –	$ 784,777	$ 543,475	$ 561,311	$ 1,450,841	$ 1,652,923
NexBank IntraFi MMA	1,939,908	3,240,875	–	85,261	–	61,863	472,383	538,179
TexPool	–	–	1,425,529	–	–	–	98,487	112,204
12/30/21–Citizens Bank CD 5043	–	–	–	–	–	–	–	–
01/06/22–Texas Security Bank CD 2528	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5723	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5733	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5743	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2530	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2529	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0135	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0136	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD1735	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD9857	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD7978	–	–	–	–	–	–	368,642	370,166
07/07/22–Citizens Bank CD5763	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5773	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5783	–	–	–	–	–	–	–	–
07/25/22–Prosperity Bank CD0141	–	–	–	–	–	–	–	–
07/25/22–Prosperity Bank CD0142	–	–	–	–	–	–	–	–
Totals	**$ 1,939,908**	**$ 3,240,875**	**$ 1,425,529**	**$ 870,038**	**$ 543,475**	**$ 623,174**	**$ 2,390,353**	**$ 2,673,472**

Allocation (continued)

September 30, 2021

Book & Market Value	**Restricted Roadway**	**Street Maint.**	**VERF**	**MDD**	**Health Insurance**	**Station O&M PID**	**American Rescue Plan**	**EDC**
ANB MMA	$ 993,230	$ 779,621	$ 479,528	$ 666,622	$ 685,329	$ (411)	$ 3,226,944	$ 1,791,119
NexBank IntraFi MMA	323,388	–	427,043	337,747	185,125	–	–	1,044,785
TexPool	67,423	–	–	–	–			–
12/30/21–Citizens Bank CD 5043	–	–	–	–	–	–	–	–
01/06/22–Texas Security Bank CD 2528	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5723	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5733	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5743	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2530	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2529	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0135	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0136	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD1735	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD9857	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD7978	261,822	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5763	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5773	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5783	–	–	–	–	–	–	–	–
07/25/22–Prosperity Bank CD0141	–	–	–	–	–	–	–	–
07/25/22–Prosperity Bank CD0142	–	–	–	–	–	–	–	–
Totals	**$ 1,645,863**	**$ 779,621**	**$ 906,572**	**$ 1,004,369**	**$ 870,454**	**$ (411)**	**$ 3,226,944**	**$ 2,835,903**

Allocation

June 30, 2021

Book & Market Value	Total	TIRZ #2 Station	GO I&S	General Fund	W/S Restricted	W/S Operations	Capital Project	2009 GO Bonds
ANB MMA	$ 29,177,041	$ 49,128	$ 1,681,374	$ 8,762,996	$ 242,545	$ 7,430,919	$ 1,761,409	$ 115,035
NexBank IntraFi MMA	13,197,457	–	–	98	–	155,054	4,022,376	262,696
TexPool	2,314,117	–	–	–	–	5,108	568,346	37,118
07/23/21–Prosperity Bank CD 0004	1,006,435	–	–	–	–	–	1,006,435	–
07/23/21–Prosperity Bank CD 0005	1,006,435	–	–	1,006,435	–	–	–	–
12/30/21–Citizens Bank CD 5043	1,010,159	–	–	–	–	1,010,159	–	–
01/06/22–Texas Security Bank CD 2528	1,011,566	–	–	–	–	1,011,566	–	–
01/07/22–Citizens Bank CD5723	1,003,100	–	–	–	–	1,003,100	–	–
01/07/22–Citizens Bank CD5733	1,003,100	–	–	1,003,100	–	–	–	–
01/07/22–Citizens Bank CD5743	1,003,100	–	–	–	–	–	1,003,100	–
04/06/22–Texas Security Bank CD 2530	1,011,769	–	–	1,011,769	–	–	–	–
04/06/22–Texas Security Bank CD 2529	1,011,769	–	–	–	–	1,011,769	–	–
06/30/22–Prosperity Bank CD 0135	1,009,420	–	–	1,009,420	–	–	–	–
06/30/22–Prosperity Bank CD 0136	1,009,420	–	–	–	–	1,009,420	–	–
06/30/22–Origin Bank CD1735	1,000,000	–	–	1,000,000	–	–	–	–
06/30/22–Origin Bank CD9857	1,000,000	–	–	–	–	1,000,000	–	–
06/30/22–Origin Bank CD7978	1,000,000	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5763	1,003,100	–	–	–	–	1,003,100	–	–
07/07/22–Citizens Bank CD5773	1,003,100	–	–	1,003,100	–	–	–	–
07/07/22–Citizens Bank CD5783	1,003,100	–	–	–	–	–	818,411	184,689
Totals	**$ 61,784,190**	**$ 49,128**	**$ 1,681,374**	**$ 14,796,918**	**$ 242,545**	**$ 14,640,195**	**$ 9,180,077**	**$ 599,538**

Allocation (continued)

June 30, 2021

Book & Market Value	**2017 CO**	**2017A CO**	**2019/2020 Tax Notes**	**Restricted Park Develop,**	**CARES Act Funds**	**Restricted General**	**Restricted Water Impact**	**Restricted Sewer Impact**
ANB MMA	$ –	$ –	$ –	$ 795,501	$ 546,618	$ 574,902	$ 1,105,578	$ 1,338,519
NexBank IntraFi MMA	1,937,405	3,422,059	–	74,318	–	53,430	462,993	560,544
TexPool	–	–	1,425,447	–	–	–	99,056	119,926
07/23/21–Prosperity Bank CD 0004	–	–	–	–	–	–	–	–
07/23/21–Prosperity Bank CD 0005	–	–	–	–	–	–	–	–
12/30/21–Citizens Bank CD 5043	–	–	–	–	–	–	–	–
01/06/22–Texas Security Bank CD 2528	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5723	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5733	–	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5743	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2530	–	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2529	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0135	–	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0136	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD1735	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD9857	–	–	–	–	–	–	–	–
06/30/22–Origin Bank CD7978	–	–	–	–	–	–	356,189	431,237
07/07/22–Citizens Bank CD5763	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5773	–	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5783	–	–	–	–	–	–	–	–
Totals	**$ 1,937,405**	**$ 3,422,059**	**$ 1,425,447**	**$ 869,819**	**$ 546,618**	**$ 628,332**	**$ 2,023,816**	**$ 2,450,226**

Allocation (continued)

June 30, 2021

Book & Market Value

	Restricted Roadway	Street Maint.	VERF	MDD	Health Insurance	Station O&M PID	EDC
ANB MMA	$ 659,809	$ 677,621	$ 547,082	$ 623,403	$ 610,317	$ 4,855	$ 1,649,430
NexBank IntraFi MMA	276,314	–	426,611	337,405	184,937	–	1,021,218
TexPool	59,116	–	–	–	–		–
07/23/21–Prosperity Bank CD 0004	–	–	–	–	–	–	–
07/23/21–Prosperity Bank CD 0005	–	–	–	–	–	–	–
12/30/21–Citizens Bank CD 5043	–	–	–	–	–	–	–
01/06/22–Texas Security Bank CD 2528	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5723	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5733	–	–	–	–	–	–	–
01/07/22–Citizens Bank CD5743	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2530	–	–	–	–	–	–	–
04/06/22–Texas Security Bank CD 2529	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0135	–	–	–	–	–	–	–
06/30/22–Prosperity Bank CD 0136	–	–	–	–	–	–	–
06/30/22–Origin Bank CD1735	–	–	–	–	–	–	–
06/30/22–Origin Bank CD9857	–	–	–	–	–	–	–
06/30/22–Origin Bank CD7978	212,574	–	–	–	–	–	–
07/07/22–Citizens Bank CD5763	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5773	–	–	–	–	–	–	–
07/07/22–Citizens Bank CD5783	–	–	–	–	–	–	–
Totals	**$ 1,207,813**	**$ 677,621**	**$ 973,693**	**$ 960,808**	**$ 795,255**	**$ 4,855**	**$ 2,670,648**

Agenda Item Details

Meeting	Jan 13, 2022 - Municipal Development District Board Meeting
Category	A. Regular Meeting
Subject	5. Receive the City of Sachse Investment Policy for FY 2021-2022, as adopted by the City Council on November 1, 2021.
Access	Public
Type	Action
Preferred Date	Jan 13, 2022
Fiscal Impact	No
Recommended Action	Receive the City of Sachse Investment Policy for FY 2021-2022, as adopted by the City Council on November 1, 2021.
Goals	Be a model of financial stewardship through growth management, responsible investment, and financial transparency.

Public Content

BACKGROUND
The City's current Investment Policy was reviewed by City Council on November 1, 2021, in accordance with the Public Funds Investment Act (PFIA). The PFIA requires the the Investment Policy be reviewed annually by the City Council and the Boards of all component units.

OVERVIEW
Minor changes to the Investment Policy were approved for FY 2021-2022. Modifications include the Government Finance Officers Association (GFOA) preferred change from acronym use to Comprehensive Annual Financial Report in II. Scope; wording aligned with PFIA language in III. Prudence; relaxed language in VIII. Investment Strategy, Section B. from "require" to "allow"; XI. clarifying Depository to be the primary Depository; and IX. Authorized & Suitable Investments, Section B. and XII. Collateralization to include National Credit Union Share Insurance Fund (NCUSIF).

POLICY CONSIDERATIONS
The policy as amended is in compliance with the PFIA.

RECOMMENDATION
Receive the City of Sachse Investment Policy for FY 2021-2022, as adopted by the City Council on November 1, 2021.

Investment Policy Review FY 2022.pdf (32 KB)

Res. 4039 Adopt Investment Policy 2021-2022.pdf (878 KB)

INVESTMENT POLICY ANNUAL REVIEW
FY 2021-2022

City Council

November 1, 2021

POLICY CONSIDERATIONS

- 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.

The City of SACHSE

PROPOSED CHANGES

- Section II-Scope
  - Remove abbreviation “CAFR” per GFOA guidelines.
- Section III-Prudence
  - Minor changes to language to align with current PFIA.
- Section VIII-Investment Strategy
  - Change language from “require” to “allow” short to intermediate maturities of project funds in the Proprietary Fund.
- Section IX-Authorized & Suitable Investments
  - Define acronyms FDIC and NCUSIF
- Section XI-Depository
  - Change to “Primary” Depository
- Section XII-Collateralization
  - Add NCUSIF

The City of SACHSE

4039

RESOLUTION NO. ______________

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, PRESIDENT GEORGE BUSH TURNPIKE REINVESTMENT ZONE TAX INCREMENT FUND, AND REINVESTMENT ZONE NUMBER TWO 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. That 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. That 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. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this resolution, be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said resolution, which shall remain in full force and effect.

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

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 1st day of November, 2021.

CITY OF SACHSE, TEXAS

Mike J. Felix, Mayor

ATTEST:

Leah K Granger

Leah K Granger, Interim City Secretary

Exhibit "A"
CITY OF SACHSE
SACHSE ECONOMIC DEVELOPMENT CORPORATION
PRESIDENT GEORGE BUSH TURNPIKE REINVESTMENT ZONE TAX INCREMENT FUND
REINVESTMENT ZONE NUMBER TWO
INVESTMENT POLICY

I. Policy

Throughout this Investment Policy, the City of Sachse, Sachse Economic Development Corporation, Sachse Municipal Development District, President George Bush Turnpike Reinvestment Zone Tax Increment Fund, and Reinvestment Zone Number Two 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, 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 Comprehensive Annual Financial Report which includes the General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Fund, Water and Sewer Enterprise Fund, Sachse Economic Development Corporation Fund, President George Bush Turnpike Reinvestment Zone Tax Increment Fund, Reinvestment Zone Number Two, 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 Finance Manager 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. President George Bush Reinvestment Zone Tax Increment Fund
    7. Reinvestment Zone Number Two

    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 ten (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 two (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 the repurchase agreements using longer-dated investments not to exceed five (5) years to maturity.

Reserve funds may be invested in instruments up to and including five (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. <u>Investment Policy Adoption</u>

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 ten (10) hours of instruction within twelve months of assuming investment-related responsibilities; and shall then receive not less than eight (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.

PASSED AND APPROVED by the City Council of the City of Sachse, Texas this 1st day of November, 2021.

Mike J. Felix, Mayor
City of Sachse, Texas

ATTEST:

Leah K Granger

Leah K Granger, Interim City Secretary
City of Sachse, Texas

Acknowledged by the Sachse Economic Development Corporation, Texas this ______ day of ___________, 2021.

Spencer Hauenstein, President
Sachse Economic Development Corporation

ATTEST:

Gina Nash, Executive Director
Sachse Economic Development Corporation

Acknowledged by the Sachse Municipal Development District, Texas this ______ day of ___________, 2021.

Jermaine McDaniel, President
Sachse Municipal Development District

ATTEST:

Lindsay Buhler, Vice President
Sachse Municipal Development District

Acknowledged by the President George Bush Turnpike Reinvestment Zone Tax Increment Fund, Texas this _______ day of __________, 2021.

Bobby Tillman, Chairman
President George Bush Turnpike
Reinvestment Zone Tax Increment Fund*

ATTEST:

Ed Brown, Vice Chairman
President George Bush Turnpike Reinvestment Zone Tax Increment Fund

Acknowledged by the Reinvestment Zone Number Two Fund, Texas this 1st day of November, 2021.

Mike J. Felix, President
Reinvestment Zone Number Two

ATTEST:

Leah K Granger

Leah K Granger, Interim City Secretary
Reinvestment Zone Number Two

Appendix A

Authorized Broker/Dealer Firms

FHN Financial

Hilltop Securities

Oppenheimer & Co.

SAMCO Capital Markets

Wells Fargo Securities

Agenda Item Details

Meeting	Jan 13, 2022 - Municipal Development District Board Meeting
Category	A. Regular Meeting
Subject	6. Discuss and receive an update on the J.K. Sachse Park.
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.

Public Content