

**RESOLUTION NO. 101316.110**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS, ESTABLISHING THE REVIEW OF THE ANNUAL INVESTMENT POLICY FOR THE CITY OF LAKE DALLAS, DENTON COUNTY, TEXAS, WITH REGARD TO INVESTING THE FINANCIAL ASSETS OF ALL CITY OF LAKE DALLAS FUNDS; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Lake Dallas recognizes the necessity of investing public funds which are in their custody, while allowing for the daily cash flow demands of the City; and

**WHEREAS**, the City of Lake Dallas recognizes the necessity of investing funds to attain the highest possible rate of return, while allowing for security of principal through limitations and diversification; and

**WHEREAS**, being cognizant of the City's responsibility to conform with all state and local statutes, while complying with the requirement of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE DALLAS, TEXAS,**

Section 1: That Texas Local Government Investment Pools are authorized as investment firms for the City of Lake Dallas.

Section 2: that this resolution shall become effective immediately upon its passage and approval.

**PASSED AND APPROVED** this the 13th day of October 2016.

  
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Andi Nolan, Acting Mayor



  
  
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Joni Vaughn, City Secretary



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## INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Lake Dallas in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Article 342a-2 V.T.C.S. (the "Act") to define, adopt and review a formal investment strategy and policy.

## INVESTMENT POLICY

### I. SCOPE

This investment policy applies to all financial assets of the City of Lake Dallas. These funds are accounted for in the City's Annual Audit Report (CAAR) and include:

- A. General Fund
- B. Debt Service Funds
- C. Capital Project Improvement Funds
- D. All Other Funds and Accounts

### II. OBJECTIVES AND STRATEGIES

The City of Lake Dallas shall design and manage its investments in compliance with all Federal, State, and other legal requirements, including, but not limited to the Public Funds Investment Act. The objectives of the City's investment policy are safety, liquidity, public trust, and yield. To ensure the City meets its objective of public trust, all participants in the City's investment process shall seek to act responsibly and prudently, handling with care the City's assets, as they would their own. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively. To meet its objectives, the City shall manage and invest its available resources using six primary strategies, listed in order of their priority: suitability, preservation and safety of principal, liquidity, diversification, public trust and yield.

#### Suitability

Suitability of the investment to the financial requirements of the City is the foremost strategy of the City. Understanding the City's financial requirements and purchasing suitable investments that comply with the Act and this policy are paramount.

#### Preservation and Safety of Principal

Preservation and safety of principal of the City's assets is an integral part of the investment program. As noted above, safety of principal is the primary objective of this policy. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To increase investment safety, the City strives to decrease or minimize credit risk. Credit risk or the risk of loss due to the failure of a security issuer or guarantor shall be minimized by the City by limiting



investments to safe types, pre-qualifying financial institutions and broker/dealers, and diversifying the portfolio in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. To match anticipated cash flow requirements, the maximum weighted average maturity of the overall portfolio may not exceed six months.

#### Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow. A portion of the portfolio will also be placed in short term investment pools and/or money market mutual funds, which offer daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

#### Marketability

Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement or an unforeseen need to liquidate the investment before maturity. Historical market "spreads" between the bid and offer prices of a particular security type of less than a quarter of a percentage point shall define an efficient secondary market.

#### Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

#### Public Trust

Investments shall be made with judgment and care, under circumstances, then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as probable income to be derived. All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

#### Yield

The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Yield on investments is of significantly less importance compared to the safety, liquidity and public trust objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The yield of an equally weighted, rolling six-month Treasury bill portfolio shall be the minimum yield objective or "benchmark". A secondary objective will be to obtain a yield equal to or in excess of a local government investment pool or money market mutual fund.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. To ensure the marketability and liquidity of invested cash, the choice of high-grade government investments and high-grade money market instruments will primarily be selected.

The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.



### III. RESPONSIBILITY AND CONTROL

#### A. Delegation of Authority and Training

Authority to manage the City's investment program is derived from a resolution of the City Council. The City Manager is designated as the investment officer of the City, with the City Secretary serving as the alternate investment officer. The investment officer is responsible for investment decisions and activities. The investment officer shall attend at least one training session relating to the officer's responsibility under the Act within 12 months after assuming duties. The investment officer will also be required to attend a training session not less than once every two years and receive 10 hours of training through courses or seminars offered by independent professional organizations and associations (*i.e. the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, or the North Central Texas Council of Governments, etc.*) in order to insure the quality and capability of the City's investment personnel making investment decisions in compliance with the Act. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

The City shall also encourage those who may perform daily activities with the City investments to attend such training although they are not listed specifically as Investment Officers of the City.

#### B. Internal Controls

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The results of this review shall be reported to the City Council. The internal controls shall address the following points:

- 1) Control of collusion.
- 2) Separation of transaction authority from accounting and record keeping.
- 3) Custodial safekeeping.
- 4) A voidance of physical delivery securities.
- 5) Clear delegation of authority to subordinate staff members.
- 6) Written confirmation for telephone (voice) transactions for investments and wire transfers.
- 7) Development of a wire transfer agreement with the depository bank or third party custodian.

#### C. Prudence

The standard of prudence to be applied by the investment officer shall be the "Prudent Person Rule" which states: *"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in speculation, but for investment,*



*considering the probable safety of their capital as well as the probable income to be derived"* In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- 1) The investment of all funds, or funds under the City's control, over which the officer had responsibility rather than the prudence of a single investment.
- 2) Whether the investment decision was consistent with the written investment policy of the City.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

D. Limitation of Personal Liability

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The City Council will retain ultimate responsibility as fiduciaries of the assets of the City.

E. Ethics and Conflicts of Interest

City staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or that could impair the employee's ability to make impartial investment decisions. According to the Act, an Investment Officer has a personal business relationship with a business organization if:

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

Investment Officer(s) must file a disclosure statement with the Texas Ethics Commission and the City Council if an officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City or if the Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the entity.



#### IV. INVESTMENT PORTFOLIO

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. City funds governed by this Policy may be invested in the following types of securities:

- 1) Obligations of the United States or its agencies with stated maturity not to exceed two years.
- 2) Direct obligations of the State of Texas or its agencies with a stated maturity not to exceed two years.
- 3) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or its agencies, including obligations that are fully insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States and with stated maturity not to exceed two years.

##### C. Authorized Investments.

- 1) Obligations of the United States of America, its agencies and instrumentalities, which have a liquid market with a readily determinable market value.
- 2) Direct obligations of the State of Texas and agencies thereof.
- 3) Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or United States of America.
- 4) Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent
- 5) Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in A through D above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized rating agency, or by Article 2529b-1, V.T.C.S., and that have a market value of not less than the principal amount of the certificates.
- 6) Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the Director of Finance, other than an agency for the pledger. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement
- 7) Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. Investment in such pools shall be limited to 15% of the City's entire portfolio. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

##### B. Not Authorized

The City's authorized investments options are more restrictive than those allowed by State law. State law specifically prohibits investment in the following investment securities.



- 1) An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- 2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- 3) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- 4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

C. Holding Period

The City of Lake Dallas intends to match the holding periods of investment funds with liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed two years.

D. Risk and Diversification

The City of Lake Dallas recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification that shall be achieved by the following general guidelines:

- 1) Risk of issuer defaults is controlled by limiting investments to those instruments allowed by the Act, which are described herein.
- 2) Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average, maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.
- 3) Risk of liquidity due to technical complications shall be controlled by the selection of securities dealers as described herein.

**V. AUTHORIZED FINANCIAL BROKERS/DEALERS AND INSTITUTIONS**

All investments made by the City will be made through either the City's banking services bank, local government investment pool, investment management firm, or a broker/dealer. At least annually, the City Council will review, revise, and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City, per the Act 2256.025. Refer to Appendix A for a list of approved broker/dealers and institutions.

To be included on the City's qualified broker/dealer list that is reviewed, revised, and adopted by the City Council annually, broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- 1) Adherence to the City's objectives and strategies;
- 2) Investment performance and transaction pricing within accepted risk constraints;
- 3) Responsiveness to the City's request for services, information and open communication;



- 4) Understanding of the inherent fiduciary responsibility of investing public funds;
- 5) Similarity in philosophy and strategy with the City's objectives;
- 6) Proof of certification by the National Association of Securities Dealers (NASD) and provision of CRD number;
- 7) Proof of current registration with the State Securities Commission; and
- 8) References from other public entities in Texas.

## **VI. APPROVED BROKER/DEALERS AND INSTITUTIONS**

Every bank, local government investment pool, investment management firm or broker/dealer with whom the City transacts business will be provided a copy of this Investment and Collateralization Policy to ensure that they are familiar with the objectives and strategies of the Policy. A qualified representative of the firm will be required to return a signed certification (provided to them by the City, see Appendix B) stating that the Policy has been received and reviewed, and that they have implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between their organization and the City that are not authorized by the City's Investment and Collateralization Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards, as required by the Act 2256.005 (k-l).

Each bank, local government investment pool, investment management firm or broker/dealer is required annually to provide current audited financial statements to the City.

The City may not engage in an investment transaction with a business organization prior to receiving this written certification completed by the organization.

### **A. Competitive Bidding**

It is the policy of the City to require competitive bidding for all investment transactions (securities and bank CD's) except for transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates). At least three bids or offers must be solicited for all other investment transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish fair market price of the security. When few broker/dealers or banks, if any, or in instances where timing is critical, City investment officers may use another authorized investment of similar maturity for evaluation purposes. The quotes may be accepted orally, in writing, electronically, or any combination of these methods, but must be followed by official written confirmation. City investment officers (at least two) may approve exceptions, on a case by case basis, by considering the investment type, maturity date, amount and potential disruptiveness to the City's investment strategy.

Funds will be authorized to be released after notification that the purchased security has been received. Written confirmation shall be received from the financial institution or broker/dealer. All investments purchased will be held in safekeeping at a third party custodial institution with a safekeeping receipt being sent to the City.

## **V. COLLATERALIZATION**

The City of Lake Dallas' investment portfolio is selected and managed in such a manner to ensure that it will meet all the requirements established by the City of Lake Dallas Investment Policy and the Public Funds Investment Act. The Collateralization Policy, as part of the overall Investment Policy, is intended to protect the City's investments by providing a buffer against market



changes to provide a level of security for all City funds. Therefore, collateralization will be required on deposits held by depository banks and certificates of deposit.

A. Allowable Collateral and required Collateral Levels

Eligible collateral for security of the City's deposits is limited to United States Treasury Bills, Treasury Bonds, and Treasury Notes which are backed by the full faith and credit of the United States Government. The only allowable exception is for debt proceeds held in escrow by the lending institution or its designated depository, which may include United States Agency Securities at the discretion of the City's investment officers. Authorization for this collateral exception must be written, and signed by at least two of the City's investment officers.

This policy requires that collateral pledged be revalued and adjusted on a monthly basis. The variable nature of this system recognizes the appropriateness of lower minimum requirements for collateral instruments that mark-to-market more frequently, and higher ratios for collateral that is market adjusted less frequently.

The following percentages are minimum market value for collateral instruments that are pledged for City deposits (and accumulated interest thereon):

Maturity Period	Minimum Collateral Required
a) up to 1 year	102%
b) between 1 and 5 years	105%
c) more than 5 years	110%

Any collateral with a maturity of over 5 years must be approved by the Investment Officer(s) in writing before the transaction is initiated.

Collateral is valued at current market price plus accrued interest accrued through the date of valuation.

B. Monitoring Collateral Adequacy

The City requires monthly reports with market values of pledged securities from all financial institutions with which the City has deposits. The Investment Officer(s) will at least monitor adequacy of collateralization monthly.

C. Margin Calls on Certificates of Deposit

If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the Institution will be notified by the Investment Officer(s) and will be required to pledge additional securities, allowed by this policy, no later than the end of the next succeeding business day.

D. Collateral Substitution

Any broker, dealer, or financial institution requesting collateral substitution must contact the Investment Officer(s) for approval and settlement. The substituted security's value will be calculated and substitution approved if its value is equal to or greater than the required security level. The Investment Officer(s), or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release.

Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officer may limit substitution and assess appropriate fees if substitution



becomes excessive or abusive.

E. Collateral Reductions

Should the collateral's market value exceed the required amount, any broker or financial institution may request approval from the Investment Officer(s) to reduce collateral. Collateral reductions may be permitted only if the City's records indicate that the collateral's market value exceeds the required amount.

**VI. SAFEKEEPING AND CUSTODY**

A. Insurance or Collateral

All deposits and investments of City funds other than direct purchases of U.S. Treasuries or agencies shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC. Evidence of the pledged collateral shall be maintained by the investment officer or a third party financial institution. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Collateral shall be reviewed monthly to assure that the market value of the pledged securities is adequate.

B. Safekeeping Agreement

Collateral pledged to secure deposits of the City shall be held by a safekeeping institution in accordance with a Safekeeping Agreement which clearly defines the procedural steps for gaining access to the collateral should the City of Lake Dallas determine that the City's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of authorized representatives of the City of Lake Dallas, the firm pledging the collateral, and the Trustee.

C. Collateral Defined

The City of Lake Dallas shall accept only the following securities as collateral:

- 1) FDIC and FSLIC insurance coverage.
- 2) A bond, certificate of indebtedness, or Treasury Note of the United States that is guaranteed as to principal and interest by the United States.
- 3) Obligations, the principal and interest on which, are unconditionally guaranteed or insured by the State of Texas.
- 4) A bond of the State of Texas or of a county, city or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of ten (10) years or less.

D. Subject to Audit

All collateral shall be subject to inspection and audit by the investment officer or the City's independent auditors.

E. Delivery vs. Payment

Treasury Bills, Notes, Bonds, Repurchase Agreements and Government Agencies' securities shall be purchased using the



delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the Trustee. The security shall be held in the name of the City or held on behalf of the City. The Trustee's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

## VII. INVESTMENT PARAMETERES

### A. Diversification

The City will purchase and diversify its investments by security type and investment maturity, in accordance with this policy. Diversification by investment type shall be established by the following maximum percentages of investment type to the total investment portfolio:

1) Obligations of the United States or its agencies	100%
2) Fully collateralized interest bearing commercial checking/savings Accounts	100%
3) Eligible Investment Pools as defined in section 2256.016 of the Act	100%
4) Fully insured and/or collateralized Certificates of Deposit	50%
5) No-load Money Market Mutual Funds	35%
6) Direct obligations of the State of Texas or its agencies	25%
7) Obligations of states, agencies, cities and other political subdivisions of any state	25%
8) Other authorized and suitable investments	10%

### B. Maximum and Weighted Average Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirement of the funds. The City of Lake Dallas intends to match the holding periods of investment funds with liquidity need of the City. The maximum final stated maturity of any investment shall not exceed five years. All long-term maturities will be intended to cover long-term liabilities. In addition, no less than ten percent (10%) of the funds in the portfolio will be liquid at all times. The entire portfolio will have a weighted average maturity of one (1) year or less. This weighted average will be calculated using the stated final maturity dates of each security.

### C. By Fund Groups

Maturity guidelines by fund are as follows:

- 1) Operating Funds - The weighted average days to maturity for the operating fund portfolio shall be 365 days or less and the maximum allowable maturity shall be one year.
- 2) Debt Service Funds - Debt Service Funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "unfunded" debt service date with the maturity of any investment. Any unfunded debt service date is defined as a coupon or principal payment date that does not have cash or investment securities available to satisfy said payment.
- 3) Debt Service Reserve Funds - Market conditions, Bond Resolutions constraints and Arbitrage compliance will be considered when formulating Reserve Fund strategy. Maturity limitation shall generally not exceed the call provisions of the Bond Ordinance and shall not exceed the final maturity of the bond issue. All Debt Service Reserve Fund investment maturities shall not exceed five years.



- 4) Special Project, Special Purpose, and Construction Funds - The investment maturity of bond or debt proceeds shall generally be limited to the anticipated cash flow requirements. City funds that are considered "bond proceeds" for arbitrage purposes will be invested using a more conservative approach than the standard investment strategy when arbitrage rebate makes requiring refunding excess earnings. All earnings in excess of the allowable arbitrage earnings will be segregated and made available for any necessary payments to the U.S. Treasury.

## VIII. REPORTING

### A. Annual Report

Within sixty (60) days of the end of the fiscal year, the investment officer shall present an annual report on the investment program and investment activity.

### B. Methods

The annual investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last year. This management summary will be prepared in a manner that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in compliance with generally accepted accounting principles. The report will include the following:

- 1) A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired.
- 2) Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased.
- 3) Additions and changes to the market value during the period.
- 4) Fully accrued interest for the reporting period.
- 5) Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks.
- 6) Listing of investments by maturity date.
- 7) The percentage of the total portfolio which each type of investment represents.
- 8) Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.

## IX. INVESTMENT POLICY ADOPTION

The City of Lake Dallas investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed for effectiveness on an annual basis and any modifications will be approved by the City Council. The City Council shall review these investment policies and strategies not less than every three years.

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