

TOWN OF ADDISON, TEXAS

ORDINANCE NO. 003-028

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE IV (FINANCE), DIVISION 3 (INVESTMENT POLICY) BY AMENDING SECTION 2-207 (AUTHORIZED SECURITIES INVESTMENTS), SECTION 2-209 (PORTFOLIO MATURITIES) AND SECTION 2-211 (SELECTION OF BROKER/DEALERS); PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, in accordance with State law the City Council of the Town of Addison, Texas (the "City") has heretofore adopted an investment policy regarding the investment of its funds and funds under its control; and

WHEREAS, the said investment policy is set forth in Division 3, Article IV, Chapter 2 of the City's Code of Ordinances; and

WHEREAS, the City Council has reviewed the said investment policy and desires to amend the same as set forth herein.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Amendment. Chapter 2 (Administration) of the Code of Ordinances (the "Code") of the Town of Addison, Texas (the "City") is hereby amended in the following particulars, and all other chapters, articles, sections, subsections, paragraphs, phrases, and words are not amended but are ratified and confirmed:

A. Division 3 (Investment Policy) of Article IV (Finance) of Chapter 2 of the Code is amended in part as follows:

1. Section 2-207 (Authorized Securities Investments) of the Code is hereby amended by amending subsections (1) to (3) thereof to read as follows:

"Subject to any limitations otherwise imposed by applicable law, regulations, bond indentures or other agreements, (including but not limited to, V.T.C.A., Government Code ch. 2256), the following securities and deposits are the only ones permitted as investments for the Town's funds:

(1) Direct obligations of the United States government with a maturity not to exceed ~~three~~ five (5) years from the date of purchase; U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury Strips (book entry U.S. Treasury securities whose coupon has been removed).

(2) Debentures or discount notes with a maturity not to exceed ~~three (3)~~ five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following federal agencies and instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), and Federal Home Loan Mortgage Corporation (FHLMC). Principal-only and interest-only mortgage backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.

(3) Bonds or other interest bearing obligations of which the principal and interest are guaranteed by the full faith and credit of the United States government with a stated maturity not to exceed ~~three (3)~~ five (5) years from the date of purchase. A security's "average life" does not constitute a stated maturity. Principal-only and interest-only mortgage backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited."

2. Section 2-209 (Portfolio Maturities) of the Code is hereby amended by amending subsection (d) thereof to read as follows:

"(d) Investment of bond proceeds shall be invested in the investment types listed in ~~subsections 2-66 (1) through (3)~~ Section 2-207 (1) through (3) and (8) through (10) of this Chapter 2 for a period of time not to exceed ~~three (3)~~ five (5) years. Additionally, bond proceeds may be invested in a repurchase agreement that exceeds ninety (90) days if reductions are allowed from the agreement without penalty for legitimate bond proceed expenditures and the final maturity is within the "temporary period" as defined by the Internal Revenue Service (this arrangement is commonly referred to as a "flexible repurchase agreement")."

3. Section 2-211 (Selection of Brokers/Dealers) is hereby amended by adding a new subsection (f) to read as follows:

"(f) If the Council has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the Town. The advisor shall determine selection criteria. The advisor shall annually present a list of its authorized broker/dealers to the Town for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the Town's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Town. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the Town as part of its standard trade documentation."

Section 3. Savings. This Ordinance shall be cumulative of all other ordinances of the City affecting the City's investment policy and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance.

Section 3. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 4. Effective Date. This Ordinance shall become effective from and after its date of passage and publication as provided by law.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this 9th day of September, 2003.




R. Scott Wheeler, Mayor

ATTEST:

By: 
Carmen Moran, City Secretary

APPROVED AS TO FORM:

By: 
Ken Dippel, City Attorney

PUBLISHED: Published NDM News 11-7-03