



# City of San Antonio

## FY 2023 Investment Policy Update

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Agenda Item 45  
September 29, 2022



# Texas Public Funds Investment Act

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- Provides guidelines for investment practices
- Lists Authorized Investments for State Agencies and Local Governments
- Provides guidance on reporting, training and strategy



# City of San Antonio Investment Policy

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- Incorporates Mandates Required by the Texas Public Funds Investment Act
- Sets Investment Guidelines
- Provides a List of Authorized Investments
- Establishes the City's Investment Committee



# City of San Antonio Investment Policy

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The investment objectives, as stated in the City's Investment Policy are:

- To satisfy cash flow requirements
- To ensure the preservation and safety of principal
- To provide for liquidity and diversification
- To maximize yield on investments
- To engage in proactive portfolio management



# Authorized Investments

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- United States Treasuries
- Government Sponsored Agencies
- Repurchase Agreements
- Commercial Paper
- Money Market Mutual Funds
- Government Investment Pools
- Securities Lending
- Certificates of Deposit

# Authorized Investments

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- United States Treasuries
  - Treasury Bills “T-Bills”
    - Maturities of 1 year or less
    - Trade at a discount to par
    - Mature at par
  - Treasury Notes “T-Notes”
    - Maturities between 1-10 years
    - Pay interest on a semi-annual basis
  - Treasury STRIPS “T-Strip”
    - Maturities of 30 years and less
    - Trade at a discount to par
    - Mature at par



# Authorized Investments

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- Government Sponsored Agencies
  - Federal National Mortgage Association “Fannie Mae” (FNMA)
  - Federal Home Loan Mortgage Corporation “Freddie Mac” (FHLMC)
  - Federal Home Loan Banks (FHLB)
  - Federal Farm Credit Bank (FFCB)
  - Federal Agricultural Mortgage Corporation “Farmer Mac” (FAMC)



# Authorized Investments

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## ■ Repurchase Agreement

- A repurchase agreement (or “Repo”) agreement where one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price.
- Typically overnight transactions

## ■ Money Market Mutual Fund

- The City currently utilizes Fidelity Investments Money Market Mutual Funds as a cash management tool

## ■ Government Investment Pools

- The City currently utilizes Tex-Pool Government Investment Pools as a cash management tool





# Investment Committee

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- Meets at least quarterly to receive a report on the most recent quarter's investment activity, cash position of the City, and proposed investment activity for the next quarter
- Reviews and suggests any changes or adjustments to the City's investment practices
- Annually approves list of Broker/Dealers



# Investment Committee

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- Two Representatives from the City Council
- Three Representatives from the City Manager's Office
- Deputy Chief Financial Officer
- Director of the Office of Management and Budget
- Assistant Director of Finance – Financial Services
- Division of Financial Management
  - Financial Management Administrator
  - Financial Manager
  - Banking Officer
  - Investment Officers



# Designated Investment Officers

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- Chief Financial Officer
- Deputy Chief Financial Officer
- Assistant Director of Finance – Financial Services
- Division of Financial Management
  - Financial Management Administrator
  - Financial Manager
  - Banking Officer
  - Investment Officers



# 2023 Investment Policy Updates

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- Minor changes made throughout the Investment Policy to update various terms
- No significant or material changes made to the Investment Policy



# Pooled Investment Approach

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- Investments are pooled into two primary categories
  - Operating funds
  - Debt Service funds
- Pooled operating funds consist of balances from the City's various funds invested in an aggregate or pooled portfolio structure, with principal and interest income distributed to each respective fund on a pro rata basis

# Approved Broker Dealer Firms

## FY 2023

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### Capital Less Than \$20M

- Alamo Capital
- Bancroft Capital, LLC\*
- Cabrera Capital Markets, LLC\*
- CastleOak Securities, L.P.
- Great Pacific Securities\*
- Loop Capital Markets, LLC\*
- Mischler Financial Group, Inc.\*

### Capital Greater Than \$500M

- Jefferies, LLC
- Robert W. Baird & Co.
- Stifel, Nicolaus & Company, Inc.
- Wells Fargo Securities, LLC

### Capital Greater Than \$20M But Less Than \$500M

- Cantor Fitzgerald & Co.
- Multi-Bank Securities \*
- Piper Sandler & Co.

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\* SBEDA Firm



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