



**INVESTMENT COMMITTEE REGULAR MEETING  
MONDAY, JULY 25, 2022 - 4:00 PM  
SECOND FLOOR (CMO) CONFERENCE ROOM, CITY HALL  
910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS**

## **AGENDA**

**1. CALL TO ORDER**

**2. COMMUNICATIONS FROM THE PUBLIC**

**3. MINUTES**

- A. Consider approving the minutes of the Investment Committee Quarterly Meeting held on May 23, 2022.

**4. DISCUSSION AND POSSIBLE ACTIONS**

- A. Consider approving the Investment Policy.  
B. Consider approving the quarterly investment report dated June 30, 2022.

**5. ADJOURNMENT**

**THE CITY OF FRIENDSWOOD IS COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE ACCOMMODATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST. PLEASE CONTACT THE CITY SECRETARY'S OFFICE BY PHONE AT (281) 996-3270, FAX (281) 482-1634, OR CONTACT (281) 996-3270 VIA RELAY TEXAS AT 711 OR 1-800-735-2988 FOR TTY SERVICES. FOR MORE INFORMATION CONCERNING RELAY TEXAS, PLEASE VISIT: [HTTP://RELAYTEXAS.COM](http://RELAYTEXAS.COM).**

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Approved for posting by:  
Katina Hampton  
Director of Administrative Services

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Posted by: Leticia Brysch, City Secretary  
Posted this 18<sup>th</sup> day of July, 2022, at  
11:30 A.M.



# FRIENDSWOOD AGENDA ITEM FORM

**MEETING DATE:** July 25, 2022

**Agenda Number:** 3.A.

**Prepared for:**

**Responsible Department:** Administrative Services

**Prepared by:** Katina Hampton, Director of Administrative Services

**Subject:** Consider approving the minutes of the Investment Committee Quarterly Meeting held on May 23, 2022.

## AGENDA ITEM

Review and approve the minutes from the previous Investment Committee

## SUMMARY OF ITEM

Significant

## RECOMMENDATION

Staff recommends approval of the meeting minutes

## FISCAL IMPACT

**Fiscal Year:**

**Source of Funds: (Operating/Capital/Bonds):**

**Funds Budgeted Y/N:** No

**Account Code:**

**Amount Needed:**

**Fiscal Impact (Additional Information):**

## ATTACHMENTS

1. Investment Committee - Draft Minutes - May 23, 2022

## INVESTMENT COMMITTEE MEETING MINUTES

May 23, 2022  
(Draft)

The Investment Committee held a regular meeting on May 23, 2022, at 4:00 p.m. The following members were present:

Allan Rasmussen  
Cynthia Bowman  
Katina Hampton, Investment Officer  
Rhonda Blokas, Deputy Investment Officer

Bob Bozka was absent.

1. Committee meeting minutes from January 31, 2022, were reviewed.
  - Mr. Rasmussen made a motion to accept the minutes with no changes and Ms. Bowman seconded the motion and it carried unanimously.
2. The Committee reviewed and discussed the quarterly investment report for the period ending March 31, 2022.
  - Ms. Bowman made a motion to accept the investment report for the period ending March 31, 2022, as presented. Mr. Rasmussen seconded the motion and it carried unanimously.
3. Katina advised the committee that the Investment Policy would be on the agenda in July for their annual review and approval. Ms. Bowman mentioned that she would not be able to attend the meeting tentatively set for July 11, 2022. After checking the other members' schedules the meeting date was changed to July 25, 2022.
4. The meeting was adjourned at 4:20 p.m.

# FRIENDSWOOD AGENDA ITEM FORM

**MEETING DATE:** July 25, 2022

**Agenda Number:** 4.A.

**Prepared for:**

**Responsible Department:** Administrative Services

**Prepared by:** Katina Hampton, Director of Administrative Services

**Subject:** Consider approving the Investment Policy.

## AGENDA ITEM

Public Funds Investment Act requires annual review of the City's Investment Policy. Upon the Committee's approval of the policy, it is presented to City Council for review and approval. Since last year's review and approval of the policy, there have been no legislative changes related to the State's Public Fund Investment Act. Thus, there are no recommended changes to the City's policy at this time.

## SUMMARY OF ITEM

Significant

## RECOMMENDATION

Staff recommends approval of the City's Investment Policy.

## FISCAL IMPACT

**Fiscal Year:**

**Source of Funds: (Operating/Capital/Bonds):**

**Funds Budgeted Y/N:** No

**Account Code:**

**Amount Needed:**

**Fiscal Impact (Additional Information):**

## ATTACHMENTS

1. Resolution - Investment Policy (8.1.2022)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, APPROVING THE PUBLIC FUNDS MANAGEMENT AND INVESTMENT POLICY IN ACCORDANCE WITH THE PUBLIC FUNDS INVESTMENT ACT; AND PROVIDING FOR AN EFFECTIVE DATE.

\*\*\*\*\*

WHEREAS, the Public Funds Investment Act (the "Act") provides that the City of Friendswood may purchase, sell, and invest funds under its control in investments authorized by the Act in compliance with investment policies approved by the City Council; and

WHEREAS, pursuant to the Act, the City Council is required to adopt both (i) a written investment policy regarding the investment of its funds and funds under its control and (ii) a separate written investment strategy, describing the investment objectives, for each of the funds or group of funds under its control; and

WHEREAS, the City Council, pursuant to the Act, is also required to review the policy and strategies not less than annually; and

WHEREAS, the City Council last reviewed and approved the City's Public Funds Management and Investment Policy, containing both the written policy and strategies required pursuant to the Act, (the "Policy") on August 1, 2022; and

WHEREAS, the City Council, after reviewing the Policy, desires to approve the same; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the facts and matters set forth in the recitals of this resolution are hereby found to be true and correct.

Section 2: That the City Council of the City of Friendswood, Texas, has reviewed the City's Public Funds Management and Investment Policy (the "Policy"). The Policy approved in Section 3 hereof records any changes made by the City Council.

Section 3: That the City Council of the City of Friendswood, Texas, hereby approves the Public Funds Management and Investment Policy of the City of Friendswood, which is attached hereto as Exhibit "A" and incorporated herein for all intents and purposes.

Section 4: That this resolution shall be effective immediately upon its passage and approval.

PASSED, APPROVED and ADOPTED by the affirmative vote of the City Council of the City of Friendswood on this the 1<sup>st</sup> day of August, 2022.

\_\_\_\_\_  
MIKE FOREMAN, Mayor

ATTEST:

\_\_\_\_\_  
LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
KAREN HORNER, City Attorney

# Exhibit "A"

## CITY OF FRIENDSWOOD, TEXAS INVESTMENT POLICY

August 1, 2022

I. **Policy** - It is the policy of the City of Friendswood that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines. The City's portfolio shall be designed and managed in a manner responsive to the highest public trust and consistent with this policy. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. This policy will adopt passive investment strategies designed to minimize administrative expenses while obtaining market-average rates of return and incurring minimal risks. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act.

II. **Scope** - This investment policy applies to all financial assets and funds placed for investment by the City. The City commingles its funds for investment purposes for efficiency and investment opportunity. These funds are defined in the City's Annual Comprehensive Financial Report and include:

- General Fund
- Special Revenue
- Funds Debt Service
- Funds Enterprise
- Funds
- Trust and Agency Funds

And any new funds created by the City, unless specifically exempted by the City Council and this policy.

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. This Investment Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds. However, this policy does not apply to the assets administered for the benefit of the City by outside agencies under deferred compensation.

III. **Objectives** - The investment policy of the City shall be governed by these primary objectives: safety, liquidity, and yield. The suitability of each investment decision will be made on the basis of these objectives.

A. **Safety** - The foremost objective of the investment program shall be to assure the safety of the invested funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital while minimizing credit rate and interest rate risk. Investment for speculation purposes is prohibited.

1. **Credit Risk and Concentration of Credit Risk** – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer.

2. Interest Rate Risk – The city will manage the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates.
3. Collateralization – The City requires collateralization of all uninsured collected balances of invested funds and any accrued interest on funds invested; acceptance, substitution, release, and valuation of collateral for City investments shall be in accordance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code.

B. **Liquidity** - Funds will be invested with maturities necessary to maintain sufficient liquidity to provide adequate and timely working funds.

C. **Yield** – Return on investment is of least importance compared to the safety and liquidity objectives described above.

IV. **Legal Limitations, Responsibilities, and Investment Authority** - Authority and parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act").

The Interlocal Cooperation Act, Chapter 791, Texas Government Code, authorizes local governments in Texas to participate in investment pools established thereunder. That statute and reference to authorized investment in investment pools in the Act, is primary authority for use of investment pools by political subdivisions of the State of Texas.

V. **Delegation of Investment Authority** - The Director of Administrative Services is designated as the Investment Officer of the City and is responsible for the implementation of these policies, and for assuring that investment management decisions and activities fully comply herewith. The Investment Officer shall develop and maintain administrative procedures for the operation of the investment program, which are in strict accordance with this investment policy, as approved by the City Council. The Investment Officer and Liaison/Deputy Investment Officer shall comply with training requirements of the Public Funds Investment Act ("PFIA"). Investment Officer(s) must obtain 10 hours of PFIA training within 12 months of assuming investment responsibilities and 8 hours of PFIA training every two years thereafter. The investment training session shall be provided by an independent source approved by the City Council or Investment Committee. An "independent source" from which investment training shall be obtained shall include a professional organization, an institute of higher learning or any other sponsor, other than a Business Organization with whom the City may engage in an investment transaction. The Deputy Director of Administrative Services – Finance shall serve as designated liaison/deputy investment officer in the event circumstances require timely action and the Investment Officer is not available. However, no officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the City Manager.

VI. **Standards of Care** - To be observed.  
As fiduciaries of the City's assets, City Council retains ultimate responsibility of the investment portfolio.

- A. **Prudence** The standard of prudence used by the City of Friendswood shall be the "Prudent Person Rule" and shall be applied in the context of managing the overall portfolio. This standard states: "the person designated as Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs." In determining whether the 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 under the City's control, over which the officer had responsibility; and
  2. Whether the investment decision was consistent with the written investment policy of the City.
- B. **Ethics** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose, in writing, to the Texas Ethics Commission and the City's governing body, any material interests, including personal business relationships, with any financial institution with which it is proposed that the City conduct business. For the purposes of this section, 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. In accordance with Texas Government Code 573 and for the purposes of this section, if Investment Officer(s) is related within the second degree by affinity or consanguinity to an individual seeking to transact investment business with the City, the Investment Officer(s) will file a disclosure statement of this fact in writing with the Texas Ethics Commission and the City's governing body.
- C. **Liquidity** - To meet the investment objectives of the City, the maturity of investments shall be targeted to coincide with the cash flow needs of the City. Funds of the City shall be invested in instruments whose maturities do not exceed approved periods as determined by their policy. Unless matched to a specific requirement, the Investment Officer may not invest more than 30% of the portfolio for a period greater than two (2) years. The Investment Officer may not invest in any portion of the portfolio for a period greater than three (3) years.
- D. **Diversification** - The investment portfolio shall be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Nevertheless, the City recognizes that in a diversified portfolio, occasional measured interest losses are inevitable, and must be considered within the context of the overall portfolio's investment return. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Maximum % of Portfolio</u>
U.S. Treasuries & securities with the U.S. Government 's guarantee	Not To Exceed 75%
U.S. Government Agencies and instrumentalities	Not To Exceed
75% Certificates of Deposit	Not To Exceed
75%	
Money Market Funds	Not To Exceed 30%
Local Government Investment Pools	Not To Exceed 75%*
*(No more than 50% shall be invested in any single pool.)	

E. **Yield** - The core of investments shall be limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The earnings from investments shall be used in a manner that best serves the public trust and interests of the City in compliance with applicable covenants or other legal restrictions.

F. **Safekeeping and Custody** - To protect against potential fraud and embezzlement, the cash and investments of the City of Friendswood shall be secured by the City, or through third party custody and safekeeping procedures as herein designated. The third-party custodian shall be required to issue safekeeping receipts to the City listing each specific security, description, maturity, CUSIP number, yield and/or coupon and other pertinent information. Each safekeeping receipt shall clearly indicate that the instrument is held for the City of Friendswood. All safekeeping arrangements shall be documented by the Investment Officer.

All investment transactions shall be executed on "delivery vs. payment" basis to ensure that securities are deposited in the eligible financial institutions prior to the release of funds.

VII. **Internal Controls** - The City Council shall establish an annual process of independent review by an external auditor. This review shall provide internal control by assuring compliance with policies and procedures. Compliance and management controls of the City's investment policy will be included in this annual review.

VIII. **Investment Committee** - Upon adoption of this policy an Investment Committee shall be established. Members include three unpaid private sector financial professionals (example: banker, broker, CPA) appointed by the City Council to serve staggered three-year terms. The Investment Committee shall serve in an advisory capacity only. The Committee shall perform such duties assigned to it by this Policy and such other duties as may, from time to time, be assigned to it by the City Council.

The Investment Committee shall meet at least quarterly. It may meet more often as desired. Two members may request a meeting. Two members constitute a quorum.

The Investment Committee is charged with the duty of determining general investment strategies for the City and monitoring results. It shall include in its deliberations such topics as economic outlook, investment strategies, portfolio diversification and maturity structure, potential risks to City funds, the target rate of return on the investment portfolio and annual review and approval of authorized depositories, brokers/dealers.

- IX. **Authorized Investments** - Specific security instruments are authorized under the provisions of the Public Funds Investment Act. The conservative philosophy employed by the City is to choose investments in a manner which ensures safety, while promoting diversity of market sector and maturity. The choice of high-grade government instruments is designed to provide for the safety of principal, return an acceptable yield and assure marketability. City funds may be invested only in the following:
- A. Obligations of the U.S. Government, its agencies and instrumentalities and government sponsoring enterprises ("GSEs"), not to exceed three (3) years to stated maturities, excluding collateralized mortgage obligations ("CMOs").
  - B. Certificates of deposit or other financial institution deposits issued by a depository institution that has its main office or a branch office in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation (or its successor), or collateralized, in accordance with Section 2256.010, the Texas Government Code and Chapter 2257 the Public Funds Collateral Act, and not to exceed three (3) years to stated maturity. Both principal and interest earned on the investment will be guaranteed, insured, or collateralized as stated.
  - C. No-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission subject to the limitations contained in Section 2256.014, Texas Government Code.
  - D. Local Government Investment Pools, such as TexPool Investment Pool (TexPool), Lone Star Investment Pool ("LSIP") and Texas CLASS investment pool, provided such pools comply with Chapter 2256, Sections .016, .017, .018,.019 and .0204, Texas Government Code.
  - E. Commercial Paper in accordance with Section 2256.013, of the Local Government Code. The stated maturity must be 365 days or fewer from the date of its issuance, rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one national recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized an existing under the laws of the United State or any state.
- X. **Loss of Required Minimum Rating** – Rating status of investments of the City's portfolio will be reviewed quarterly by the Investment Officer(s). All prudent measures, consistent with the City's investment policy, will be exercised to liquidate investments downgraded below the A-1 or P-1 required by this policy.
- XI. **Existing Investment Exemption** – The City is not required to liquidate an investment which was an authorized investment type at the time of purchase.

**XII. Authorized Financial Dealers and Institutions** - The Investment Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Texas. 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 registration with Financial Industry Regulatory Authority (FINRA) and proof of state registration.

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with the City. For purposes of this subsection, "a business organization includes investment pools. The qualified representative of the business organization offering to engage in an investment transaction with" the City "shall execute a written instrument" (Exhibit "A") "to the effect that the business organization has: (1) received and reviewed the investment policy of the City; and (2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between" the City "and the organization that are not authorized by" the City 's "investment 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."

**XIII. Competitive Bidding Requirement** - Securities and certificates of deposits may be purchased or sold only after a reasonable review of the offers/bids, to verify that the City is receiving fair market value/price for the investment. At least three (3) competitive offers/bids must be obtained prior to purchase or sell of securities and certificates of deposits. Comparison of investment pools will occur to confirm that the City receives fair market value/return on investments.

**XIV. Methods to Monitor the Market Price of Investments** - The market price of investments acquired with public funds will be monitored through one of the following methods: (1) accessing financial information provided by the safekeeping custodian via communication software; (2) obtaining pricing information as provided in financial publications, such as the Wall Street Journal; and (3) obtaining pricing information from qualified broker/dealers or financial institution representatives. Market value of the City's investments will be reviewed and calculated on a monthly basis. The quarterly investment report will include the market value of the portfolio.

**XV. Reporting** - The Investment Officer shall prepare and submit to the City Manager and City Council a quarterly report of investment transactions for all funds of the City. Quarterly investment reports will be reviewed annually by an independent auditor. The report shall include all information as required by Section 2256.023 of the Act.

**XVI. Limitation of Personal Liability** - The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security 's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

- XVII. **Investment Strategy** - The City of Friendswood shall maintain a portfolio which involves investment strategy considerations, designed to address the unique characteristics of the fund groups represented in the portfolio. The objectives of each fund group must be considered in context of the structure of the overall portfolio.
- A. **Operating Funds** - Investment strategies for operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short to medium term securities which will complement each other.
  - B. **Capital and Special Projects Funds** - Primary strategy for these fund types is to assure that anticipated cash requirements are matched to ensure adequate liquidity at the time of payment. A portion of investments (at least 10%) should be highly liquid to allow for flexibility and unanticipated project outlays. The stated final maturity date of any security held should not exceed the estimated project completion date.
  - C. **Debt Service Fund** – In accordance with Section 2256.0208, investment strategies for debt service funds will have as their primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date.
  - D. **Overall Short-term Strategy** - The City uses a consolidated cash system for cash and investments where cash is commingled and ownership tracked by equity accounts. From this a considerable amount is available for investment in highly liquid local government investment pools. Interest earnings are apportioned back based on equity in the pool. Use of the pool enables short-term interfund borrowing during the course of the year using "due-to/due-from" accounting methodology. This gives considerable flexibility to the immediate cash needs of an individual fund. In addition, the City's portfolio will have a maximum dollar- weighted average maturity of 3 years or less based on the stated maturity date (if applicable) of each investment.
  - E. **Bond Proceeds** - Exclusive of all other City investments, up to 100% of the proceeds from a bond sale may be invested in a separate pooled ("LGIP") account, and are not subject to the liquidity and diversification limitations found elsewhere in this policy.
  - F. **Performance Benchmarks** – Comparative data such as coupon rates, market price, market value, interest rates and rating agencies will be used to gauge performance of the City's investment portfolio.
- XVIII. **Intent** - It is the stated intent of this Policy to adhere by and to be in conformance with the statute known as the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended by House Bill 2799 enacted by the 75th Texas Legislature. Specific interpretation of a section contrary to this intent shall not void the remaining Policy.
- XIX. **Adoption** - This Investment Policy shall be formally adopted by Resolution of the City Council. The Policy shall be reviewed on an annual basis by the City Manager and City Council.

**Exhibit A**

**TEXAS PUBLIC FUNDS INVESTMENT ACT**

**CERTIFICATION BY BUSINESS ORGANIZATION**

This certification is executed on behalf of the City of Friendswood (the Investor) and \_\_\_\_\_ (the "Business Organization") pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

The undersigned is a Qualified Representative of the Business Organization offering to enter in an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and

The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor; and

The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the City of Friendswood 's Investment 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.

Qualified Representative of the Business Organization

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**LIST OF AUTHORIZED DEPOSITORIES AND QUALIFIED BROKERS  
AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE  
CITY OF FRIENDSWOOD**

1. BOK Financial Securities, Inc.
2. FHN Financial Capital Markets
3. Hilltop Securities
4. Wells Fargo Brokerage Services, LLC
5. Wells Fargo Bank
6. Lonestar Investment Pool
7. TexPool
8. Texas Class
9. Cantor Fitzgerald & Company

The above list of broker/dealers and financial institutions were approved by the Investment Committee at a regular meeting, and are qualified to engage in investment transactions with the City of Friendswood, as required by the Texas Public Funds Investment Act, Chapter 2256, Section .025.

Name: Katina Hampton, Investment Officer

Date: August 1, 2022

# FRIENDSWOOD AGENDA ITEM FORM

**MEETING DATE:** July 25, 2022

**Agenda Number:** 4.B.

**Prepared for:**

**Responsible Department:** Administrative Services

**Prepared by:** Katina Hampton, Director of Administrative Services

**Subject:** Consider approving the quarterly investment report dated June 30, 2022.

## AGENDA ITEM

Review and approval of the Quarterly Investment Report as of June 30, 2022

## SUMMARY OF ITEM

Significant

## RECOMMENDATION

Staff recommends approval of the quarterly investment report

## FISCAL IMPACT

**Fiscal Year:**

**Source of Funds: (Operating/Capital/Bonds):**

**Funds Budgeted Y/N:** No

**Account Code:**

**Amount Needed:**

**Fiscal Impact (Additional Information):**

## ATTACHMENTS

1. Investment Report - 6.30.2022 (Signed)

CITY OF FRIENDSWOOD  
INVESTMENT REPORT  
FOR THE PERIOD ENDED JUNE 30, 2022

SECURITIES:

TRANSACTION NUMBER	CUSIP NUMBER	ISSUER	CALL DATE	CALLABLE	BROKER	PRINCIPAL AMOUNT	BOOK VALUE	PURCHASE PRICE	PURCHASE DATE	MATURITY DATE	COUPON RATE	YIELD TO MATURITY OR CALL	BEGINNING PERIOD MARKET PRICE	BEGINNING PERIOD MARKET VALUE	ENDING PERIOD MARKET PRICE	ENDING PERIOD MARKET VALUE	RATINGS MDY S&P
032820-03	3130AG3Y9	FHLB	2/15/2022	Bullet - Noncallable	WF	503,336	500,000	100.42	03/28/19	02/15/22	2.420%	2.180%	100.2476	501,238		0	Aaa AA+
010621-01	3133EMMU3	FFCB	4/30/2022	Callable - Continuous	HT	500,000	500,000	100.00	01/06/21	04/13/22	0.120%	0.120%	99.9770	499,885		0	Aaa AA+
010422-01	3130AQGE7	FHLB	6/1/2022	Bullet - Noncallable	WF	500,045	500,000	100.01	01/04/22	06/01/22	0.120%	0.098%	99.8974	499,487		0	Aaa AA+
012522-01	3130AQLV3	FHLB	6/30/2022	Bullet - Noncallable	WF	500,096	500,000	100.02	01/25/22	06/30/22	0.220%	0.175%	99.8691	499,346		0	Aaa AA+
020620-01	3133ELJH8	FFCB	1/23/2023	Bullet - Noncallable	WF	501,780	500,000	100.36	02/06/20	01/23/23	1.600%	1.477%	100.0077	500,039	99.3796	496,898	Aaa AA+
121820-01	3133EMLF7	FFCB	7/31/2022	Callable - Continuous	HT	500,000	500,000	100.00	12/18/20	09/22/22	0.120%	0.120%	99.4894	497,447	99.6346	498,173	Aaa AA+
112320-01	3133EMGX4	FFCB	11/23/2022	Bullet - Noncallable	FHN	499,502	500,000	99.90	11/23/20	11/23/22	0.125%	0.175%	99.2346	496,173	99.1244	495,622	Aaa AA+
120920-01	313382AX1	FHLB	3/10/2023	Bullet - Noncallable	FHN	522,025	500,000	104.41	12/09/20	03/10/23	2.125%	0.163%	100.3891	501,946	99.6814	498,407	Aaa AA+
120920-02	3133EMKG6	FFCB	7/31/2022	Callable - Continuous	HT	500,000	500,000	100.00	12/09/20	06/15/23	0.200%	0.200%	98.0068	490,034	97.4874	487,437	Aaa AA+
041521-01	3133EMVP4	FFCB	4/13/2023	Bullet - Noncallable	WF	499,930	500,000	99.99	04/15/21	04/13/23	0.125%	0.125%	98.3877	491,939	97.9492	489,746	Aaa AA+
070721-01	3130AN4S6	FHLB	7/1/2022	Bullet - Noncallable	WF	500,025	500,000	100.00	07/07/21	07/01/22	0.070%	0.065%	99.8304	499,152	100.0000	500,000	Aaa AA+
092721-01	3136G47L1	FNMA	10/26/2022	Callable - Quarterly	WF	499,872	500,000	99.97	09/27/21	04/26/24	0.350%	0.360%	96.1731	480,866	95.4525	477,263	Aaa AA+
112321-01	3130APZR9	FHLB	8/28/2022	Callable - Quarterly	HT	500,000	500,000	100.00	11/30/21	11/28/23	0.625%	0.625%	97.7820	488,910	97.0295	485,148	Aaa AA+
112321-02	3130APM36	FHLB	10/21/2022	Bullet - Noncallable	WF	499,932	500,000	99.99	11/24/21	10/21/22	0.110%	0.125%	99.5020	497,510	99.4348	497,174	Aaa AA+
122321-01	313381BR5	FHLB	12/9/2022	Bullet - Noncallable	WF	507,369	500,000	101.47	12/23/21	12/09/22	1.875%	0.320%	100.3358	501,679	99.8114	499,057	Aaa AA+
122321-02	3137EAEN5	FHLMC	6/19/2023	Bullet - Noncallable	WF	516,423	500,000	103.28	12/23/21	06/19/23	2.750%	0.516%	100.9568	504,784	99.7350	498,675	Aaa AA+
010422-02	3130AQGP2	FHLB	12/30/2022	Bullet - Noncallable	WF	500,295	500,000	100.06	01/04/22	12/30/22	0.375%	0.315%	99.2666	496,333	98.9915	494,958	Aaa AA+
010422-03	3133ENDK3	FFCB	6/8/2023	Bullet - Noncallable	WF	498,356	500,000	99.67	01/04/22	06/08/23	0.350%	0.582%	98.2134	491,067	97.7038	488,519	Aaa AA+
012522-02	3130AQQ71	FHLB	1/24/2023	Bullet - Noncallable	WF	499,703	500,000	99.94	01/25/22	01/24/23	0.500%	0.560%	99.2203	496,102	98.8635	494,318	Aaa AA+
012522-03	3133ENAL4	FFCB	10/12/2023	Bullet - Noncallable	WF	494,908	500,000	98.98	01/25/22	10/12/23	0.290%	0.891%	97.4251	487,126	96.6671	483,336	Aaa AA+
012522-04	3133ENEX4	FFCB	11/24/2023	Bullet - Noncallable	WF	496,501	500,000	99.30	01/25/22	11/24/23	0.550%	0.937%	97.5658	487,829	96.8636	484,318	Aaa AA+
012522-05	3133ENLF5	FFCB	1/18/2024	Bullet - Noncallable	WF	499,394	500,000	99.88	01/25/22	01/18/24	0.900%	0.962%	97.9128	489,564	97.1052	485,526	Aaa AA+
042222-01	3130ARVS7	FHLB	5/19/2023	Callable - One Time	HT	500,000	500,000	100.00	05/19/22	08/19/24	3.000%	3.001%			99.4962	497,481	Aaa AA+
042222-02	3133ENVC1	FFCB	4/25/2025	Bullet - Noncallable	HT	497,860	500,000	99.88	04/25/22	04/25/25	2.750%	2.900%			99.2003	496,002	Aaa AA+
<b>TOTAL - FIXED SECURITIES (less Maturities and Calls)</b>						<b>10,033,874</b>	<b>10,000,000</b>			<b>11.99%</b>			<b>8,898,497</b>		<b>9,848,055</b>		

LOCAL GOVERNMENT INVESTMENT POOLS:

	ASSET VALUE	YIELD MONTH	AVERAGE MATURITY
Texas CLASS POOLED CASH	2,280,755		
Texas CLASS GOVERNMENT POOLED CASH	17,223,106		
Texas CLASS GOVERNMENT 2016 GO Bonds	57,416		
Texas CLASS GOVERNMENT 2016 W/S Bonds	1,466,697		
Texas CLASS GOVERNMENT 2017 GO Bonds	284,557		
Texas CLASS GOVERNMENT 2018 W/S Bonds	8,584,561		
Texas CLASS GOVERNMENT 2020 GO Bonds	1,872,029		
Texas CLASS GOVERNMENT 2021 W/S Bonds	14,389,783		
Texas CLASS GOVERNMENT 2021 GO Bonds	10,839,438		
Total - Texas CLASS	56,998,342		
LONE STAR INVESTMENT POOL (Consolidated Cash)	0	0.00%	Consolidated Cash % of all LGIPs
TEXPOOL (Consolidated Cash)	6,840,014	10.71%	Consolidated Cash % of all LGIPs
<b>TOTAL POOL INVESTMENTS</b>	<b>63,838,356</b>	<b>100.00%</b>	
Pooled Cash - Wells Fargo Bank	9,794,834	76.30%	Percentage of Total Investments (LGIPs)
* Earnings off-set account analysis fee charges		11.71%	Percentage of Total Investments (Wells Fargo Bank)
<b>TOTAL INVESTMENTS</b>	<b>83,667,063</b>	<b>100.00%</b>	
<b>TOTAL INVESTMENTS - PREVIOUS QUARTER</b>	<b>90,067,721</b>		

Compliance Statement:

Review: The investments for the period are in compliance with the investment strategy expressed in the City's Investment Policy and the Public Funds Investment Act.

This report is submitted to the City Investment Committee for its review and to make any changes thereto as determined by the Committee to be necessary and prudent for the management of City Funds.

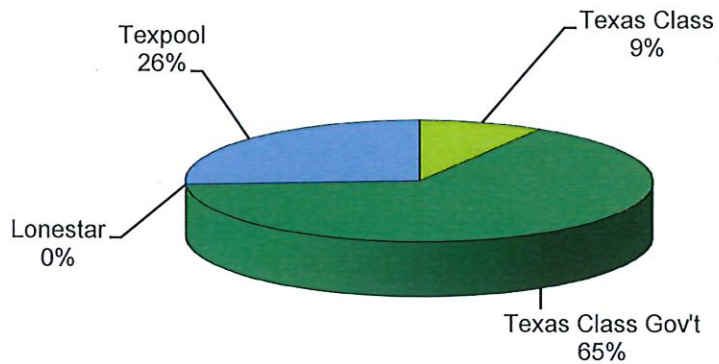
Signature:   
Investment Officer

Signature:   
Deputy Investment Officer

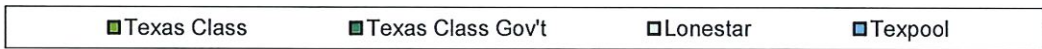
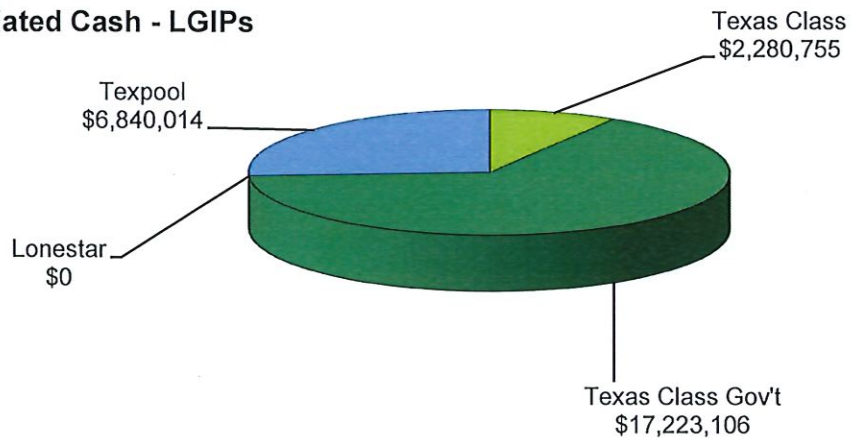
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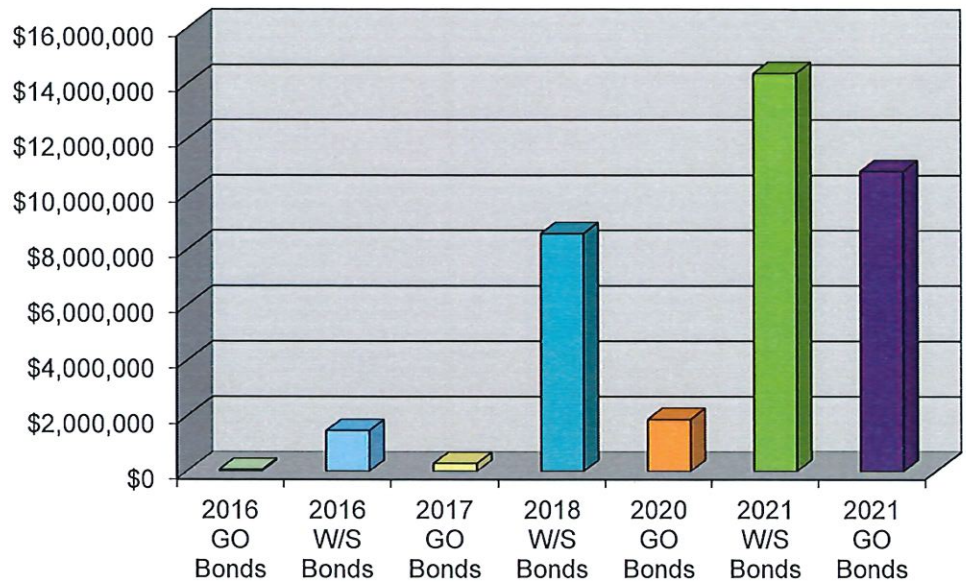
**Consolidated Cash - LGIPs**



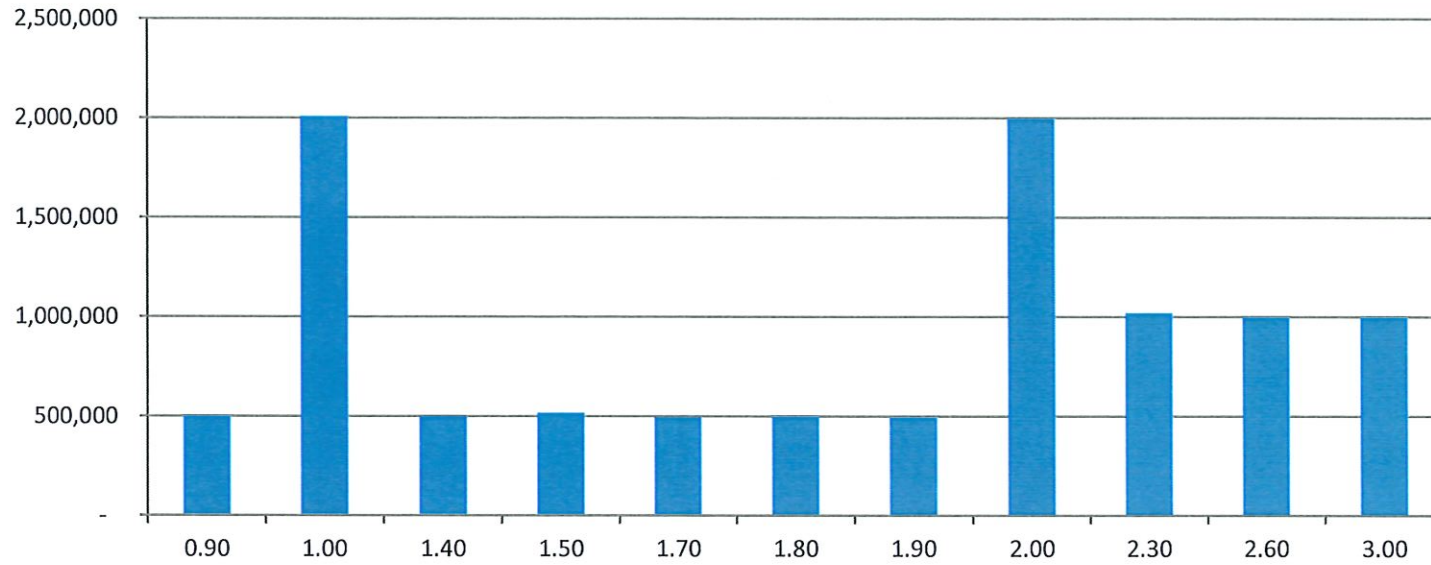
**Consolidated Cash - LGIPs**



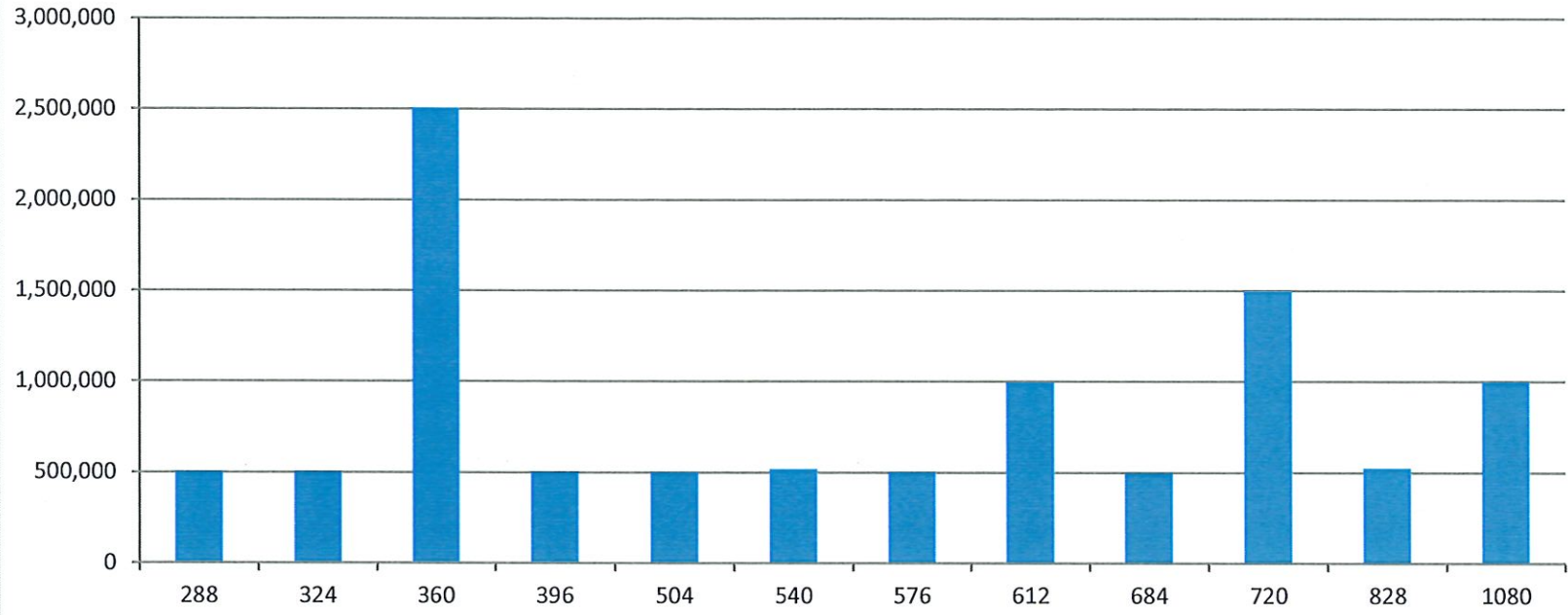
Bond Funds - Local Gov't Investment Pools



**INVESTMENTS BY MATURITY**  
(in years from purchase date)



**INVESTMENTS BY POTENTIAL CALL DATE**  
(in number of days from purchase date)



INVESTMENTS BY POTENTIAL CALL DATE OR MATURITY DATE  
(in number of days from report date - 06/30/2022)

