



# City of San Antonio

## Agenda Memorandum

**File Number:**16-1869

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**Agenda Item Number:** 26.

**Agenda Date:** 3/10/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-Wide

### **SUBJECT:**

Local Government Investment Pool Agreement with TexPool

### **SUMMARY:**

This Ordinance authorizes the City to enter into an agreement with TexPool to further utilize Local Government Investment Pool Services including TexPool Prime.

### **BACKGROUND INFORMATION:**

Local Government Investment Pools ("Pools") are authorized under the Texas Public Funds Investment Act ("the Act") and the City's Investment Policy. Pools are established by state or local governmental entities as trusts that serve as vehicles for the pooled investment of public moneys of participating governmental entities. The Act requires Pools to seek to maintain a \$1.00 value per share and must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

City Council approved an agreement with TexPool to provide Local Government Investment Pool Services on March 29, 2012. Utilizing a Pool has allowed the City the opportunity to diversify its daily liquidity holdings. TexPool Prime is an additional Pool that is available through TexPool. Both TexPool and TexPool Prime are Pools that can invest in U.S Government Treasuries and Agencies, Repurchase Agreements, and Money Market Mutual Funds, however, TexPool Prime is also authorized to invest in Certificates of Deposit and Commercial Paper. The utilization of TexPool Prime for liquidity holdings will allow for further diversification for the City.

TexPool Prime was first established on December 12, 2002 and has a current total market capitalization of \$2.4

billion. TexPool Prime is Rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve.

On February 16, 2016, TexPool Prime was presented to the City's Investment Committee as an additional liquidity facility that the City could utilize for added diversification and the potential for additional interest revenue. The Investment Committee approved the recommendation to utilize TexPool Prime as an additional liquidity option.

#### **ISSUE:**

The utilization of TexPool Prime will give the City an additional liquidity option and the opportunity to potentially earn additional interest income for the City.

#### **ALTERNATIVES:**

An alternative is for the City not to utilize TexPool Prime, however, the City would forgo any additional interest revenue earned by this investment option.

#### **FISCAL IMPACT:**

Utilizing TexPool Prime will have no direct cost impact to the City. TexPool Prime's fee will be netted out of the City's interest earnings in the Pool.

#### **RECOMMENDATION:**

Staff recommends approval of this Ordinance authorizing the City to enter into an agreement with TexPool to further utilize Local Government Investment Pool Services including TexPool Prime.