

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS FINDING THAT THE CITY COUNCIL OF THE TOWN HAS REVIEWED THE TOWN'S INVESTMENT POLICIES AND INVESTMENT STRATEGIES, AND PROVIDING FOR CHANGES THERETO AS SET FORTH HEREIN; AMENDING SECTION 2-213 OF THE CODE OF ORDINANCES REGARDING THE ISSUANCE AND DELIVERY BY A CUSTODIAN OF INVESTMENT SECURITIES OF A TRUST RECEIPT FOR A PLEDGED SECURITY, AND AMENDING SECTION 2-214 OF THE CODE OF ORDINANCES REGARDING A CUSTODIAN PROVIDING A CURRENT LIST OF PLEDGED INVESTMENT SECURITIES UPON REQUEST; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas ("City") has adopted a written investment policy and a separate written investment strategy in accordance with Section 2256.005, Tex. Gov. Code, and the policy and the strategy are included in Chapter 2, Article IV, Division 3 of the Code of Ordinances of the City; and

WHEREAS, Section 2256.005(e) provides that the governing body of an investing entity must review its investment policy and investment strategies not less than annually, and adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies, and the written instrument must record any changes made to either the investment policy or investment strategies; and

WHEREAS, the Texas Legislature, during its 83rd regular session (2013), adopted Senate Bill No. 581 that amended portions of Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act); and

WHEREAS, the City Council has reviewed the City's investment policy and investment strategy, and, in accordance with Senate Bill No. 581, makes changes thereto as set forth in this Ordinance.

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

Section 1. Investment Policy, Investment Strategy Reviewed. The City Council of the Town of Addison, Texas has reviewed the City's investment policy and investment strategy included in Chapter 2, Article IV, Division 3 of the Code of Ordinances of the City. The only changes to the same are included in Section 2 of this Ordinance, below.

Section 2. Amendments. The Code of Ordinances ("Code") of the City is amended as set forth below, and all other chapters, articles, divisions, sections, phrases and words of the Code are not amended hereby (additions to the Code are underlined; deletions are ~~struck-through~~):

A. Section 2-213 (safekeeping and custody) of the Code is amended in part by amending subsection (a) thereof to read as follows:

(a) Investment securities purchased for the Town will be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a Federal Reserve member financial institution designated as the Town's safekeeping and custodian bank. The Town may designate more than one custodian bank. In no event will the Town's custodial or safekeeping institution also be a counterparty (broker or dealer) to the purchase or sale of those securities. The Town shall execute a written safekeeping agreement with each bank prior to utilizing the custodian's safekeeping services. Only a State or national bank located within the State may be utilized as a custodian of securities pledged to secure certificates of deposit. The safekeeping agreement must provide that the safekeeping bank will immediately record the receipt of purchased or pledged securities in its books and ~~promptly~~ (i) issue and deliver to the CFO and City Manager a signed safekeeping receipt showing the receipt and the identification of the security, as well as the Town's perfected interest, or (ii) issue and deliver a trust receipt for the pledged security to the Town's depository and instruct the depository to deliver the trust receipt to the CFO and City Manager immediately. The signed safekeeping receipt and trust receipt shall be issued and delivered by the custodian as soon as practicable on the same business day on which the investment security is received

B. Section 2-214 (recordkeeping and reporting) of the Code is amended in part by amending subsection (b) thereof to read as follows:

(b) Each depository institution of the Town's funds and purchased securities shall maintain separate, accurate and complete records relating to all deposits of the Town's funds, the securities pledged to secure such deposits and all transactions relating to the pledged securities. Each approved custodian shall maintain separate, accurate and complete records relating to all securities received on behalf of the Town, whether pledged, purchased or subject to repurchase agreement, as well as all transactions related to such securities. In addition, each depository shall file all reports required by the Texas Comptroller or as otherwise required by law~~State Depository Board~~. Each depository and custodian shall agree to make all the records described in this subsection available to the CFO's designee and the Town's auditors at any reasonable time.

At the request of the CFO or the City Manager, a custodian shall provide a current list of all pledged investment securities. The list must include, for each pledged investment security:

- (1) the name of the city;
- (2) the date the security was pledged to secure the city's deposit;
- (3) the Committee on Uniform Security Identification Procedures (CUSIP) number of the security;
- (4) the face value and maturity date of the security; and

(5) the confirmation number on the trust receipt issued by the custodian.

Section 3. Recitals. The above and foregoing recitals to this Ordinance are true and correct and are incorporated into and made a part of this Ordinance for all purposes.

Section 4. Savings; Repealer. This Ordinance shall be cumulative of all other ordinances of the City 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. Provided, however, that the repeal of such ordinances or parts of such ordinances, and the amendments and changes made by this Ordinance, shall not affect any right, property or claim which was or is vested in the City, or any act done, or right accruing or accrued, or established, or any suit, action or proceeding had or commenced before the time when this Ordinance shall take effect; nor shall said repeals, amendments or changes affect any offense committed, or any penalty or forfeiture incurred, or any suit or prosecution pending at the time when this Ordinance shall take effect under any of the ordinances or sections thereof so repealed, amended or changed; and to that extent and for that purpose the provisions of such ordinances or parts of such ordinances shall be deemed to remain and continue in full force and effect.

Section 5. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, paragraph, phrase, word, or provision of this Ordinance or the application of any section, subsection, sentence, paragraph, phrase, word, or provision hereof to any person, firm, corporation, entity, situation or circumstance is for any reason adjudged invalid or held unconstitutional by the valid judgment or decree of a court of competent jurisdiction, the same shall not affect the validity of any other section, subsection, phrase, word, or provision of this Ordinance or the application of any other section, subsection, sentence, paragraph, phrase, word, or provision to any person, firm, corporation, entity, situation or circumstance, and the City Council declares that it would have adopted the valid portions of this Ordinance adopted herein without the invalid or unconstitutional section, subsection, sentence, paragraph, phrase, word, or provision, and to this end the remainder of this Ordinance shall remain in full force and effect.

Section 6. Effective Date. This Ordinance shall become effective from and after its passage and approval and its publication as may be required by law, including but not limited to the City Charter and ordinances.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the ____ day of _____, 2013.

Todd Meier, Mayor

ATTEST:

By: _____
Chris Terry, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney