

Mayor and Council Communication

DATE: 09/10/19

M&C FILE NUMBER: M&C 19-0116

LOG NAME: 13OPEB INVESTMENT POLICY AND STRATEGY 2019

SUBJECT

Adopt a revised Investment Policy and Strategy for the City's Other Post-Employment Benefit (OPEB) Trust (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council adopt the Investment Policy and Strategy for the City's Other Post-Employment Benefit (OPEB) Trust for funding of eligible retiree healthcare benefits.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to adopt an amended and revised investment policy and strategy (IPS) for the OPEB Trust in accordance with the requirements of the Public Funds Investment Act (PFIA), Texas Local Government Code 2256. Pursuant to the State of Texas PFIA, the governing body (City Council) is required to formally review and approve the City's IPS at least annually. The IPS was last approved on September 11, 2018.

The OPEB Trust consists of money that the City Council has set aside to be used for future retirement healthcare costs. The OPEB Trust was established in 2009 through City Council Resolution No. 3779-08-2009.

Staff and the Investment Committee have reviewed the IPS and are recommending a revision to add clarity to a paragraph and formatting changes to the policy.

Recommended changes include:

Section II. Investment Policy and Objectives, item B

From: Individual investment managers will not be measured against the aggregate fund objective stated in section II. A., but will be compared to appropriate market indices and a blended Plan Target Benchmark outlined in Section 6 of the Policy.

To: Individual investment managers will not be measured against the aggregate fund objective stated in section II. A., but will be compared to appropriate market indices and a blended Plan Target Benchmark outlined in Section III, subsection 7 of the Policy.

Section III. Investment Guidelines

Added a new subsection 1. Existing Investments and renumbered all other subsections in Section III.

All other changes to the IPS are formatting changes to make the formatting consistent with the formatting used in the General Portfolio IPS.

A Form 1295 is not required for this contract because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the OPEB Investment Policy and Strategy provides the foundation for solid fiscal management of the Trust portfolio. The policy provides guidance on appropriate investment practices ensuring long-term financial success for the OPEB Trust.

Approval of this policy has no material effect on City funds.

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