

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 10/15/24

M&C FILE NUMBER: M&C 24-0860

LOG NAME: 13FMS-LOCAL_GOVERNMENT_INVESTMENT_POOL_AUTHORIZATION

SUBJECT

(ALL) Authorize Participation in a Single Participant Local Government Investment Pool as an Investment Option and Authorize the Execution of Agreements with Public Trust Advisors, LLC and UMB Bank, N.A. for Administering the Investment Pool with No Additional Fees

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the City staff's participation in a single participant investment pool; and
 2. Authorize execution of agreements related to the single participant pool with Public Trust Advisors, LLC for investment advisor services and with UMB Bank, N. A. for custody with no additional costs beyond those associated with existing multi participant pools.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is take actions associated with the City of Fort Worth (the City) participating in a Single Participant Local Government Investment Pool (SPP).

The SPP is managed by the City with Public Trust Advisors, LLC (Public Trust) as the investment advisor. Public Trust is an S.E.C. Registered Investment Advisor. In accordance with Section 2256.003 of the Texas Local Government Code, the City desires to contract with Public Trust to execute a separate investment agreement specific to a SPP and establish a separate custody account with UMB Bank, N. A. for the purpose of establishing the SPP program.

The City's investment policy and strategy (IPS), which the City Council recently readopted as part of the financial management policy statements, identifies investments that are authorized under state law and that Council has opted to designate as authorized investments for the City. Among those authorized investments is AAA or equivalent rated, constant dollar, Texas local government investment pools as defined by Chapter 2256 (the Public Funds Investment Act).

The Council's authorization will allow the City to participate in a Local Government Investment Pool that is customized to the City, enabling better control and management of risk by dictating investment terms to the investment advisor. This additional investment program provides the City with increased flexibility to respond to changing market conditions, while taking advantage of opportunities to strategically ladder investments to earn additional yield. The investment advisors estimate a modest increase in investment income based on market conditions.

The SPP program investment strategy involves the creation of a single/multiple participant stable Net Asset Value Fund. The SPP program allows the City to direct specific investment strategies to the investment advisor, which allows the City to extend duration via targeted maturities. Further, this program will enable the City to collect/sweep all overnight investible dollars in order to maximize earnings potential. The City will own the underlying securities within the fund, which reduces the diversification risk associated with large balances in external investment pools. There will be no additional investment management fee associated with the SPP program.

At its April 24, 2024 meeting, the City's Investment Committee (Committee) reviewed a presentation on the SPP program presented by the City's Investment Advisor, Public Trust. The Committee agreed the SPP program will be beneficial for the City but recommended a phased implementation of the program. The initial plan is to start with a portion of the City's liquid balances (\$250M) on a trial basis. The Committee will evaluate the results of the pilot program then make recommendations to City management on whether or not to expand the program.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of the recommendation will have no material effect on City funds.

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