



Legislation Text

File #: 18-0474, **Version:** 1

Consider and take action on a resolution authorizing participation in the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) Investment Pool (Director of Finance)

Approval of this resolution will authorize participation in the Texas CLASS Investment Pool which operates through the Trust Agreement included as an exhibit to this report. The State of Texas has authorized municipality participation in local government investment pools pursuant to Section 2256.016 of the Public Funds Investment Act. A local government investment pool is an efficient method for public entities to combine their idle cash to maximize interest income and there are several pools operating in the State. Currently the City participates in three Investment Pools - TEXPOOL, TexSTAR and LoneSTAR with balances at July 31, 2018 of \$77,883,702.22, \$45,574,013.12, and \$3,066,196.08, respectively. The Texas CLASS investment pool is included as an authorized investment provider within the City's investment policy adopted by City Council on February 27, 2018.

Texas CLASS was established in 1996. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. Texas CLASS is a short-term, highly liquid investment program, designed specifically for public-sector funds. It provides the opportunity to invest funds on a cooperative basis in short-term investments which are carefully selected to provide maximum safety and liquidity while generating a competitive yield. For illustration the yields on August 16, 2018 for the investment pools were as follows with Texas CLASS being the highest:

	Daily Yield	7-Day Yield
Texas CLASS	1.9849	1.9635
TexSTAR	1.9506	1.93
TEXPOOL	1.9422	1.92
LoneSTAR	1.9392	1.92

Participation in Texas Class will promote further diversification and maximization of interest earnings within the parameters allowed in the PFIA and City Investment Policy. Texas CLASS local government investment pools are the only local government investment pools in Texas that compound and pay interest daily. This accounts for additional earnings on top of the competitive rate Texas CLASS is paying. All other local government investment pool compound and pay interest monthly.

There is no minimum deposit when opening or maintaining Texas CLASS account. Participation will be dependent on both market conditions and overall pool performance.

ATTACHMENTS:

1. Data Sheet
2. Proposed Resolution
3. Texas CLASS Information Statement
4. Trust Agreement (2016)
5. City Investment Policy

FUNDING

{x} NOT APPLICABLE

STRATEGIC PLANNING

{x} Addresses Strategic Planning Critical Success Factor # 2 and Initiative # 3