

INVESTMENT POLICY

FOR

CITY OF DESOTO
DESOTO HOUSING FINANCE CORPORATION
DESOTO INDUSTRIAL DEVELOPMENT CORPORATION
DESOTO HEALTH FACILITIES CORPORATION
DESOTO PARKS DEVELOPMENT CORPORATION

Adopted November 17, 2015

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PREFACE

Throughout this Investment Policy, the City of DeSoto, DeSoto Housing Finance Corporation, DeSoto Industrial Development Corporation, DeSoto Health Facilities Corporation, and DeSoto Parks Development Corporation shall be singularly referred to as “ENTITY” and collectively referred to as “CITY.”

State and local public laws govern the investment process for the CITY’S funds. Laws cannot ensure that public officials manage public funds in a disciplined and prudent manner. The actions of public officials responsible for investing public funds must be guided by knowledge, skills, systems, policies, procedures, and confidence that can be described only as professional discipline.

It is the policy of the CITY that giving due regard to safety and risk of investments, all available funds shall be invested in conformance with these legal and administrative guidelines. All CITY funds shall be invested, to the maximum extent possible, at the risk-appropriate rates obtainable at the time of the investment.

Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued. To that end, investment interest will be used as a viable and material revenue source for all operating and capital funds. Earnings from investments will be used in a manner that will best serve the interest of the CITY.

The CITY'S portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

I. INTRODUCTION AND OBJECTIVES

The Investment Policy of the CITY shall be to have all available funds invested, to the maximum extent possible, at the optimum rates obtainable at the time of investment. This is in conformance with the legal and administrative guidelines outlined herein. The investments shall be consistent with state and local laws and shall be made in accord with the following hierarchy of objectives:

- Preservation of capital, safety of principal and security of investments and CITY funds,
- Maintenance of sufficient liquidity to meet operating needs,
- Diversification of investments to avoid unreasonable or avoidable risks,
- Insurance of public trust, and
- Optimization of return on the portfolio

Cash management is the process of managing moneys in order to ensure maximum cash availability and optimum yield on short-term investments of idle cash. An aggressive cash management program consistent with this Investment Policy will be pursued by the CITY to take advantage of investment interest as viable and material revenue for all operating and capital funds. The CITY's portfolio shall be designed and managed in a manner responsive to the public trust. Earnings from investments will be used in a manner that will best serve the interests of the CITY.

The CITY is required by the Public Funds Investment Act to adopt a formal written investment policy. This Investment Policy, as amended, sets forth the investment objectives of the CITY.

II. DEFINITIONS

The following definition of terms shall apply in interpreting and implementing this Investment Policy:

1. "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by the CITY, and reserves and funds maintained by the CITY for debt service purposes.
2. "Debt service funds" means those funds which by ordinance or law must be accumulated and are restricted to the payment of debt.
3. "Reserve Funds" means those funds which by ordinance or law must be accumulated and are restricted to the payment of debt in the event debt service

funds are insufficient to meet debt service obligations.

4. "Book value" means the original acquisition cost of an investment plus or minus the accrued accretion or amortization.
5. "Funds" means public funds in the custody of the CITY that the CITY has the authority to invest.
6. "Investment pool" means an entity created under Public Funds Investment Act to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:
 - a) Preservation and safety of principal;
 - b) Liquidity; and
 - c) Yield.
7. "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source on the valuation date.
8. "Pooled fund group" means an internally created fund of the CITY in which one or more institutional accounts (accounting funds) are invested.
9. "Separately invested asset" means an account or fund (accounting fund) of the CITY that is not invested in a pooled fund group.

III. DELEGATION AND RESTRICTION OF INVESTMENT AUTHORITY

This Investment Policy, and the outlining of investment practices and authorities, is compiled in accordance with the Public Funds Investment Act, which requires the adoption of rules governing investment of funds and the designation of an investment officer.

The Managing Director of Financial Services (the "Managing Director") for the City of DeSoto is designated as the senior Investment Officer, and the Assistant Director of Finance for the City of DeSoto is designated as the junior Investment Officer. Responsibility and authority for daily investment transactions and cash management reside with the Managing Director. The Managing Director is also responsible for considering the quality and capability of staff involved in investment management and procedures. The Managing Director will insure that staff involved in the investment function complies with all training requirements established by the Public Funds Investment Act through independent training sources approved by the Investment Committee.

The Investment Officers shall attend training of at least ten (10) hours relating to the Officer's responsibility under the Public Funds Investment Act within twelve (12) months after assuming duties, and attend additional investment training accumulating at least

eight (8) hours in subsequent two-year periods that begins on the first day of the fiscal year and consists of the two consecutive fiscal years after that date.

All participants in the investment process shall seek to act responsibly as custodians of public trust.

The Managing Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the CITY are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Managing Director shall establish a process for annual independent review by an external auditor in conjunction with the annual audit, to assure compliance with policies and procedures. The internal controls shall address the following points:

- Prevention of collusion.
- Separation of transaction authority from accounting and record keeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation for telephone (voice) transactions for investments and wire transfers.

IV. INVESTMENT COMMITTEE

There shall be established an Investment Committee to determine general strategies and to monitor results of the CITY's portfolio. Members of this Committee include the Managing Director (as chairperson), the City Manager, the Assistant City Manager, and the Assistant Director of Finance. Additional members may be appointed by the Committee as appropriate. The Committee shall meet during the first four weeks of each quarter and at such times as necessary to identify strategies for funds to be invested. The Investment Committee shall include in its deliberation such topics as: economic outlook, portfolio diversification, maturity structure, potential investment risks, authorized brokers/dealers, eligible investment training sources, and the anticipated rate of return on the investment portfolio. Minutes of these meetings will be prepared and filed with the City Secretary's office.

V. ACCEPTABLE INVESTMENT INSTRUMENTS

All investments of the CITY shall be made in accordance with the Public Funds Investment Act. Any revisions or extensions of this Chapter will be assumed to be part of this Investment Policy immediately upon being enacted.

The CITY has further restricted the investment of funds to the following types of investments and transactions:

1. U.S. Treasury Obligations: Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.
2. Federal Agency Securities: Debentures and mortgage-backed securities issued by the Government National Mortgage Association (GNMA).
3. Federal Instrumentality Securities: Debentures, discount notes, callable securities, and step-up securities issued only by the following: Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC).
4. Obligations of states, agencies, counties, cities, districts, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent.
5. Financial Institution Deposits issued by state or national banks in compliance with the Public Funds Investment Act that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in compliance with the Public Funds Collateral Act and this Policy.
6. Repurchase Agreements with a defined termination date, fully collateralized by U.S. Treasury Obligations, Federal Agency Securities and Federal Instrumentality Securities. For the purpose of this section, the term “collateral” shall mean purchased securities under the terms of the CITY’s approved Master Repurchase Agreement, or similar agreement, and held in the CITY’s custodian bank as safekeeping agent. Repurchase Agreements shall be structured in compliance with the Public Funds Investment Act.

Repurchase Agreement counterparties shall have a short-term credit rating of not less than A-1 or the equivalent and a long-term credit rating of not less than A or the equivalent. The CITY shall maintain copies of the CITY's approved Repurchase Agreements along with a list of the counterparties who have an executed Repurchase Agreement with the CITY.

7. Money Market Mutual Funds: registered under the Investment Company Act of 1940 which are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); have a constant daily net asset value per share of \$1.00; limit assets of the fund to U.S. Treasury Obligations, Federal Agency Securities and Federal Instrumentality Securities, or repurchase agreements

backed by the above; have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7; and have a rating of not less than AAAM by Standard and Poor's, Aaa/P1+ by Moody's or AAA/V1+ by Fitch.

8. Local Government Investment Pools: authorized under the Public Funds Investment Act which are "no-load" (i.e.: no commission fee shall be charged on purchases or sales of shares); have a constant daily net asset value per share objective of \$1.00; have a maximum stated maturity and weighted average maturity in accordance with the pool's investment policy; and have a rating of not less than AAAM by Standard and Poor's, Aaa/P1+ by Moody's or AAA/V1+ by Fitch. Furthermore, authorized Local Government Investment Pools must comply with the disclosure and reporting requirements set forth in the Public Funds Investment Act.

The Investment Officers will, in general, purchase investments with the intent to own the investment until maturity. Safety of principal with due consideration of liquidity is the foremost objective of this Investment Policy. Each investment transaction shall seek to avoid capital losses from issuer defaults or erosion of market value.

Investments purchased prior to this Policy's revision that do not meet the revised requirements of this Policy are not required to be liquidated. The Investment Committee shall monitor each investment's status to determine whether it is in the best interest of the CITY to hold or liquidate the investment.

Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. The CITY shall monitor the rating of each issuer, as applicable, at least quarterly, and take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

The CITY will practice competitive bidding orally, by telephone, electronically, or in any combination of these methods when purchasing an investment to help strengthen the investment process. All investments, other than the placement of funds in Investment Pools, will be competitively bid and placed with providers offering the best value to the CITY. The CITY reserves the right to reject the most financially favorable bid if it is potentially disruptive to its investment strategy.

When appropriate, actual risk of default shall be minimized by adequate collateralization. Market risk shall be minimized by diversification. Diversification shall be directed towards investment instruments, varying maturities, and multiple investment pools and investment providers (where appropriate).

VI. UNACCEPTABLE INVESTMENT INSTRUMENTS

The following investments, although authorized by the Public Funds Investment Act, are not eligible for direct investments for the CITY:

- Collateralized mortgage obligations
- Commercial paper
- Banker's acceptances
- Reverse repurchase agreements
- No-load mutual funds other than no-load money market mutual funds
- Guaranteed investment contracts
- Share certificates of qualifying credit unions

VII. DIVERSIFICATION

Market risk shall be minimized by diversification of investment types. The following limits by instrument, exclusive of funds placed in Investment Pools, are established for the CITY's total portfolio and will be implemented after adoption of this Investment Policy.

1. U.S. Treasury Notes/Bonds/Bills/Strips..... 100%
2. U.S. Agencies/Instrumentalities..... 100%
3. Obligations of states, agencies, counties, cities, districts, and other political subdivision..... 50%
4. Financial Institution Deposits 100%
5. Repurchase Agreements (excluding bond funds)..... 50%
6. Money Market Mutual Funds Public Fund Investment Act Limits
7. Local Government Investment Pools 100%

VIII. INVESTMENT STRATEGIES

The CITY maintains the following portfolios which will utilize the specific investment

strategy considerations designed to address the unique characteristics of the pooled fund groups or separately investment assets represented in the portfolios:

1. Debt Service Funds

The CITY will maintain two separate debt service funds: funds in the Debt Service Fund and funds segregated for special project or special purposes. Additional debt service funds will be established as required by ordinance or law.

These funds will be operated as separately invested assets, with the exception that, for administrative purposes, funds may be commingled with the Consolidated Cash Fund (described below) on a temporary basis. Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Eligible investments and maximum composition of the portfolio include Financial Institution Deposits (100%), U.S. Treasury Notes/Bonds/Bills (100%), U.S. Agencies and Instrumentalities (100%), Local Government Investment Pools (100%), and Repurchase Agreements. Fixed maturity investments shall not have a stated final maturity date which exceeds the corresponding debt service payment date.

2. Special Project or Special Purpose Funds

Special project or special purpose funds may be maintained as separately invested assets or, subject to controlling ordinances, be commingled in the Consolidated Cash Fund (described below). Should controlling ordinances require segregation of the Fund's assets for investment purposes, the Fund's assets, for administrative purposes, may be commingled with the Consolidated Cash Fund (described below) on a temporary basis. By specific reference, the Water and Sewer operating funds are special purpose funds. Investment strategies for special projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity.

Eligible investments for portfolios maintained as separately invested assets and maximum composition of the portfolio include Financial Institution Deposits (100%), U.S. Treasury Notes/Bonds/Bills (100%), U.S. Agencies and Instrumentalities (75%), Local Government Investment Pools (100%), and Repurchase Agreements (limited to above percentages on transferred collateral). The stated final maturity dates of investments held should not exceed the estimated project completion date. Funds in excess of defined construction payments' schedules shall be limited to a weighted average days to maturity of three years and a maximum final maturity of five years.

3. Consolidated Cash Fund

The Consolidated Cash Fund shall operate as a pooled fund group and consist of

all CITY funds not designated as another Fund. The investment strategies for the Consolidated Cash Fund have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles. This may be accomplished by purchasing investments which will complement each other in a laddered or barbell maturity structure. Eligible investments and maximum composition of the portfolio include Financial Institution Deposits (100%), U.S. Treasury Notes/Bonds/Bills (100%), U.S. Agencies and Instrumentalities (75%), Local Government Investment Pools (100%), Money Market Mutual Funds (subject to Public Fund Investment Act limitations) and Repurchase Agreements (limited to above percentages on transferred collateral). The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each investment. The maximum maturity date using the stated final maturity date for an individual investment is the lesser of three years or the maximum allowable under the Public Funds Investment Act.

IX. SAFEKEEPING

The CITY shall select one or more financial institutions to provide safekeeping and custodial services for the CITY. A CITY approved Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible for designation as the CITY's safekeeping and custodian bank, a bank shall qualify under the Public Funds Collateral Act.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the CITY, and sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

The CITY's safekeeping agent or custodian will be required to furnish the CITY monthly reports of security holdings and safekeeping activity.

X. COLLATERALIZATION

Consistent with the requirements of State law, the CITY requires all financial institution deposits to be federally insured or collateralized. Financial institutions serving as CITY depositories will be required to sign a depository or collateral agreement with the CITY and the CITY's custodian. The custodial portion of the agreement shall define the CITY's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the agreement must be in writing;

- the agreement has to be executed by the depository and the CITY contemporaneously with the acquisition of the asset;
- the agreement must be approved by the board of directors or the loan committee of the depository and a copy of the meeting minutes must be delivered to the CITY, specifically to the Managing Director; and
- the agreement must be part of the depository's "official record" continuously since its execution.

The CITY considers repurchase agreements as simultaneous sales and purchases of securities rather than collateralized loans. However, securities underlying repurchase agreements are referred to as "collateral" for the purpose of this Investment Policy.

Financial Institution deposits plus accrued interest do not need to be collateralized pursuant to this Investment Policy as long as FDIC insurance is provided.

Acceptable forms of collateral are limited to those authorized in the Public Funds Collateral Act.

Collateral is valued at current market value plus interest accrued through the date of the valuation. Financial Institution deposits and repurchase agreement (par value plus accrued interest) collateral must be maintained at the following levels:

	<u>U.S. Treasury Securities</u>	<u>Other Securities</u>
1 Year or Less	101%	101%
1 Year to 5 Years	102%	102%
Over 5 Years	103%	103%

Any collateral other than U.S. Treasury Securities which has with a maturity of over three years must be approved by the Managing Director in writing before the transaction is initiated. The CITY reserves the right to accept or reject any proposed collateral and to increase the minimum required collateral level.

Collateralized investments often require substitution of collateral. Any counterparty or financial institution requesting substitution of collateral must contact the Managing Director, or in his/her absence, the Assistant Director of Finance, for approval and settlement. The substituted collateral's value will be calculated and the substitution approved if its value is equal to or greater than the original collateralization level.

The Managing Director or the Assistant Director of Finance must give immediate notification of the decision to the bank or third party holding the collateral. Substitution

is allowed for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Managing Director may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

Collateral shall be audited at least annually by the CITY's independent audit firm, and may be audited by the CITY at any time during normal business hours of the safekeeping party.

The financial institutions with whom the CITY invests and/or maintains other deposits shall provide, as requested by the CITY, a listing of the CITY's certificates of deposit and other deposits at the institution and a listing of collateral pledged to the CITY marked to current market prices. The listing shall include total pledged securities with the following:

Name
Type/Description
CUSIP
Par Value
Current Principal or Face Value
Current Market Value
Maturity Date
Moody's or Standard & Poor's Rating (both if available)

XI. INVESTMENT REPORTING

Each quarter, the Managing Director and Investment Officers shall prepare and submit to the City Council and Boards of Directors a written report of all investment transactions. The report will include the following information:

- A detailed description of the investment position of the CITY at the end of the quarter;
- A summary statement of each pooled fund group that states beginning market value for the quarter, ending market value for the period and fully accrued interest for the period;
- The book value and market value of each separately invested asset at the end of the quarter by the type of asset and fund type invested;
- The maturity date of each separately invested asset that has a maturity date;
- The fund or pooled group fund for which each individual asset was acquired;
- Compliance with the investment strategy established in this Investment Policy and by the Public Funds Investment Act.

The CITY monitors the market price of its investments by contacting sources independent of the transaction and utilizing the Wall Street Journal or other market information sources. The report should also include computations of the weighted average yield on

each fund or pooled group fund as the performance measurement standard. This report must be prepared jointly and signed by all Investment Officers.

XII. PRUDENCE AND ETHICAL STANDARDS

The standard of prudence used by the CITY shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio. The prudent person rule is restated below:

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. the investment of all funds, or funds under the CITY's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment; and
2. whether the investment decision is consistent with this Investment Policy.

Investment Officers shall notify the City Council and Boards of Directors of any conflicts of interest, as defined in the Public Funds Investment Act, no later than the next regularly scheduled City Council and Boards of Directors meetings, and provide notification to the Texas Ethics Commission, as applicable.

It is the CITY'S policy that the Investment Officers perform their duties in accordance with the policies and procedures set forth herein. Investment Officers, acting in good faith and in accordance with these policies and procedures, shall be relieved of personal liability.

XIII. ARBITRAGE

The Tax Reform Act of 1986 places limitations on the CITY's yield from investing certain tax-exempt general obligation and revenue bond proceeds, debt service funds and reserve funds. These arbitrage rebate provisions require that the CITY compute earnings on investments from certain issues of bonds on a periodic basis to determine if a rebate is required.

To determine the CITY's arbitrage position, the CITY is required to calculate the actual yield earned on the investment of the funds and compare it to the yield that would have

been earned if the funds had been invested at a rate equal to the yield on the applicable bonds sold by the CITY. The rebate provisions state that periodically (not less than once every five years, and not later than 60 days after maturity of the bonds), the CITY is required to pay the U.S. Treasury a rebate of any excess earnings. These restrictions require extreme precision in the monitoring and recordkeeping of investments, particularly in computing yields to ensure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance.

The CITY's investment position relative to the new arbitrage restrictions is to continue pursuing the optimum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue optimization of yield and to rebate excess earnings, if necessary.

XIV. BROKER/DEALERS

The Investment Committee shall maintain a list of authorized broker/dealers, reviewed and approved at least annually, for investment purposes, and it shall be the policy of the CITY to purchase securities only from those authorized firms.

To be eligible, a firm must meet at least one of the following criteria:

1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or
2. Report voluntarily to the Federal Reserve Bank of New York, or
3. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule), and
4. Be registered with the Texas State Securities Board, the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC), as appropriate.

Broker/dealers will be selected by the CITY on the basis of their expertise in public cash management and their ability to provide service to the CITY's account.

XV. ELIGIBLE BUSINESS ORGANIZATIONS

Business organizations eligible to transact investment business with the CITY shall be presented a written copy of this Investment Policy. Additionally, the qualified representative of the business organization seeking to transact investment business shall execute a written instrument substantially to the effect that the qualified representative has:

1. Received and thoroughly reviewed this Investment Policy, and
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the

CITY and the organization that are not authorized by the Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of CITY'S entire portfolio or requires an interpretation of subjective investment standards.

The CITY shall not enter into an investment transaction with a business organization prior to receiving the written instrument described above.

XVI. DEPOSITORIES

The CITY shall select one or more financial institutions to provide depository and other banking services for the CITY. To be eligible for authorization, a bank shall be a member of the FDIC and shall qualify as a depository of public funds in the State of Texas.

The CITY will, through a request for applications process, designate one or more banks as its primary depository. This centralization is designed to maximize investment capabilities and minimize banking cost. The depository designation does not limit investment activity to one financial institution.

The evaluation criteria the CITY will use to consummate a banking services contract will include:

- Full service capabilities
- Submission of financial statements and availability schedules
- Collateralization of the total CITY funds on deposit in the bank
- Statement of staff experience and equal opportunity employment practices
- Cost of banking services

Obtaining competitive applications on the CITY's depository specifications will be the responsibility of the Managing Director. Selection of the primary depository shall be based on the institution's offering the most favorable terms and conditions for the handling of CITY funds (Chapter 105 of the Local Government Code) and the services available to the CITY.

State law permits a contract period of five years or less. The contract shall not exceed this five-year contract period. The Managing Director shall conduct annual performance reviews of the contract. The CITY may contract for special banking needs if approved by the Managing Director.

If a depository does not meet the CITY's requirements in the banking service contract, the bank will be required to meet the requirements within six months or lose the depository contract.

XVII. COMPLIANCE AUDITS

The CITY, in conjunction with its annual financial audit, will require the audit firm to conduct a compliance audit of the management controls on investments and adherence to investment policies, and the quarterly investment reports. The results of the audit shall be reported to the City Council and the Boards of Directors.

XVIII. ANNUAL REVIEW

The Managing Director shall, at a minimum, submit proposed amendments of this Investment Policy and incorporated investment strategies to the City Council and Boards of Directors annually. The City Council and Boards of Directors shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed or changed the Investment Policy and incorporated investment strategies.

AUTHORIZED BROKERS

Chapter 2256 of the Texas Statutes provides for the investment of public funds. Section 2256.025 provides that the governing body of an investing entity or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

In compliance with Section 2256.025 of the Texas Statutes, the Investment Committee of the City of DeSoto has adopted the following list of qualified brokers that are authorized to engage in investment transactions with the City of DeSoto:

<u>Name of Firm</u>
Citigroup
Coastal Securities
Credit Suisse
Deutsche Bank Securities
Fundamental Capital Markets
Jefferies & Company
J.P. Morgan Securities
Raymond James
RBC Capital Markets
UBS Financial Services
Wells Fargo

Adopted by the Investment Committee of the City of DeSoto this 21st day of October, 2015.

City of DeSoto
Independent Training Sources

American Institute of Certified Public Accountants
Council of Governments
International City Managers' Association
Government Finance Officers' Association
Government Finance Officers' Association of Texas
Government Treasurers' Organization of Texas
Texas City Managers' Association
Texas Municipal Clerks' Association
Texas Municipal League
TEXPO
University of North Texas Center for Public Management

Adopted by the Investment Committee of the City of DeSoto this 21st day of October, 2015.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DESOTO, TEXAS, ADOPTING THE DESOTO INVESTMENT POLICY ATTACHED HERETO AS EXHIBIT "A"; AND ADOPTING THE LIST OF AUTHORIZED BROKERS ATTACHED HERETO AS EXHIBIT "B"; AND ADOPTING THE LIST OF INDEPENDENT TRAINING SOURCES ATTACHED HERETO AS EXHIBIT "C", DECLARING THAT THE CITY COUNCIL HAS COMPLETED ITS REVIEW OF THE INVESTMENT POLICY AND INVESTMENT STRATEGIES OF THE CITY AND THAT EXHIBIT "A" RECORDS ANY CHANGES TO EITHER THE INVESTMENT POLICY OR INVESTMENT STRATEGIES; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, in accordance with the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE, the City Council of the City of DeSoto, Texas by resolution adopted an investment policy; and

WHEREAS, Section 2256.005, TEX. GOV'T CODE requires the City Council to review the investment policies and investment strategies not less than annually and to adopt a resolution or order stating the review has been completed and recording any changes made to either the investment policies or investment strategies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DESOTO, TEXAS;

SECTION 1. That the City of DeSoto Investment Policy attached hereto as Exhibit "A" and the List of Authorized Brokers attached hereto as Exhibit "B" and the List of Independent Training Sources as Exhibit "C" be and the same is hereby adopted and shall govern the investment policies and investment strategies for the City, and shall define the authority of the investment official of the City from and after the effective date of this resolution.

SECTION 2. That the City Council of the City of DeSoto, Texas has completed its review of the investment policies and investment strategies and any changes made to either the investment policies or investment strategies are recorded in Exhibit "A" hereto.

SECTION 3. That all provisions of the Resolutions of the City of DeSoto, Texas, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

SECTION 4. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this Resolution be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said resolution which shall remain in full force and effect.

RESOLUTION NO. 15-24

SECTION 5. This Resolution shall become effective immediately upon its passage.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
DESOTO, TEXAS THE 17TH DAY OF NOVEMBER, 2015.**

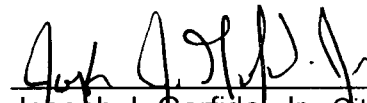
APPROVED:


Carl O. Sherman, Mayor

ATTEST:


Kisha R. Morris, City Secretary

APPROVED AS TO FORM:


Joseph J. Gorfida, Jr., City Attorney

