

Legislation Text

File #: AI 13-2508, Version: 2

Consider recommendation from the Finance/Administrative Committee to approve amendments to the Edwards Aquifer Authority Bylaws and reapprove Article IX pertaining to the EAA Investment Policy and Investment Strategy.

RECOMMENDED MOTION:

Move the board approve the proposed amendment to Section 8.08 to modify the definition of Fixed Assets and adopt Resolution and Order No. 11-20-983 of the Edwards Aquifer Authority Board of Directors reapproving Article IX of the EAA Bylaws, as amended.

SUMMARY:

The purpose of this agenda item is for the board to consider Finance/Administrative Committee recommendations to amend two portions of EAA Bylaws:

Article IX (Investment Policy and Investment Strategy) - The Texas Public Funds Investment Act requires that the EAA "...review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies..." Attached to this summary is Article IX with proposed edits and a resolution and order to reapprove, both of which have been approved by legal counsel. The proposed edits to Article IX, recommended by the EAA's investment advisor (Valley View Consulting), include the following:

- Section 9.01 Introduction and Scope, section (d): clarified activities of a qualified representative of an investment pool or discretionary investment management firm.
- Section 9.04 Investment Officers, section (a)(3): updated reporting responsibilities from "adverse market effects" to a broader responsibility of "adverse developments".
- Section 9.05 Authorized Investments, section (a): included Federal Home Loans Banks.
- Section 9.09 Selection of Authorized Brokers: removed BBVA Securities, Inc. and Raymond James & Associates, Inc., added SAMCO Capital Markets and updated the name of FHN Financial.

Other include corrections to typographical errors or EAA staff titles.

Section 8.08 (Fixed Assets) - The Government Finance Officers Association (GFOA) has identified specific "best practice" policies and procedures that contribute to improved government management. In accordance with these GFOA guidelines pertaining to capitalization thresholds, staff recommends the following amendment to increase the minimum capitalization threshold to \$5,000 for any individual item:

It is the policy of the Edwards Aquifer Authority Board that the General Manager will

establish procedures for the acquisition, inventory, depreciation, surplus and deletion of Authority capital fixed assets. Capital fixed assets shall be defined as “equipment, furniture, fixtures, etc., whose purchase price per unit is \$1,000 \$5,000 or more and has a useful life expectancy of more than one year.”

This recommended change has the support of the EAA’s independent auditor, RSM US, L.L.P.

At the October 27 meeting, the Finance/Administrative Committee voted to recommend the board approve the proposed amendment to Section 8.08 to modify the definition of Fixed Assets and adopt resolution and order of the Edwards Aquifer Authority Board of Directors reapproving Article IX of the EAA Bylaws, as amended. Staff notified the board of these recommended amendments via email on October 30, which was more than 10 days prior to the November 10 meeting, as required by Section 14.02 of the EAA Bylaws.

STRATEGIC PLAN REFERENCE:

This agenda item does not relate to a specific goal within the Strategic Plan, but supports the general EAA mission.

FISCAL IMPACT:

None.