



MEMORANDUM

To: Mayor and City Council

From: Vanessa Tarver, Assistant Director of Strategic Financial Engagement (SFE)

Via: Kim Tiehen, Director of Strategic Financial Engagement (SFE)

Date: August 12, 2025

Reference: Consider approval to utilize Hilltop Securities Asset Management LLC as the investment manager for the City; authorizing the City Manager to sign.

2040: Sustainable Government

Introduction:

This item is presented for Council consideration and approval to designate Hilltop Securities Asset Management LLC (Hilltop) to provide Investment Management Services to the City. During the Five-Year-Forecast and budget workshop presentations, strategies were introduced that staff would be utilizing to close the “Austin Gap.” This recommendation is applying two of the strategies presented. Specifically, staff is employing the strategies of reevaluating vendor services and reorganizing roles as vacancies occur to maximize the City’s ability to provide the highest standards of financial stewardship.

Background:

The Strategic Financial Engagement team conducted an evaluation of four investment management service providers. Hilltop Securities Asset Management LLC (Hilltop) emerged as the recommended partner due to their strong alignment with the City’s investment priorities of safety, liquidity, and yield as well as their demonstrated cost-effectiveness and commitment to public sector values.

Under the proposed structure, the City would retain custody of its investments, as is current practice, while Hilltop would provide professional investment management services. This includes advising on the purchase, timing, and allocation of investments, all within the parameters of the Council-approved Investment Policy.

Should Council approve this recommendation, the Investment Policy will be updated to reflect the engagement of Hilltop as the City’s investment manager. This update will be presented for Council consideration at the August 26, 2025 meeting, as part of the annual review process.

Benefit to the Community:

Designating Hilltop Securities Asset Management LLC as the City's investment manager enhances the City's ability to safeguard public funds while supporting long-term financial sustainability. By leveraging Hilltop's expertise, the City will gain access to deeper market insight and timely investment strategies, improving the performance and protection of City assets.

Ultimately, this approach allows staff to focus more directly on core services and strategic initiatives that benefit the community, while ensuring that investments continue to be managed responsibly and in full compliance with the Council-approved Investment Policy.

Legal Review:

The City Attorney has reviewed the agreement.

Fiscal Impact:

The City expects an annual fee of approximately \$90,000, which is based on a tiered rate structure of .03% on the first \$200 million of investments, and .02% on the dollars above \$200 million.

Recommendation:

The Strategic Financial Engagement Department recommends Hilltop Securities Asset Management LLC. as the investment manager of the City.