



MEMORANDUM

To: Mayor and City Council

From: Jennifer Miller, Director of Finance

Date: April 14, 2020

Reference: Consider approval of a temporary amendment to the City of Coppell Investment Policy

2030: Sustainable City Government

Introduction:

In response to the COVID-19 impact on the financial market, please consider the attached temporary amendment to the investment policy. The temporary amendment will remain in effect for a period consistent with the Mayoral Declaration of a State of Emergency and any amendments to the declaration that either extends or shortens the stated period. In addition, staff will continue to evaluate which type of investment meets the safety, liquidity, yield, and public trust goals outlined in the investment policy.

Analysis:

The City invests in treasuries, agencies, and local government investment pools. With the fed funds rate at zero and the economic impact of the COVID-19 situation, treasuries were trading at -.094% for six month treasuries and agency discount notes were yielding .02% to .2%. The Pools were yielding between .569% and .597% on March 25, 2020. As of April 2, 2020, treasuries are yielding .134%, agency discount notes are yielding between .18% and .2%. The Pools are yielding between .513% and .547%

The Investment Policy currently restricts investment in local government investment pools to 50% of the City's entire portfolio, with no more than 25% of the entire portfolio invested in any one authorized pool. Allowing the City to invest funds into the local government investment pools at an amount equal to 75% rather than 50% of the City's portfolio will still meet the safety, liquidity, yield and public trust goals outlined in the investment policy.

Legal Review:

The City Attorney reviewed this item as part of the agenda review.

Fiscal Impact:

There is no fiscal impact to expenditures regarding this item.

Recommendation:

The Finance Department recommends approval of the temporary amendment to the City of Coppell Investment Policy.

MATURITY DATE	SECURITY TYPE	DISCOUNT/SPREAD	YIELD
Agency Discount Notes			
1-May-20	NQ	NQ	NQ
3-Jun-20	FHLB	0.130%	0.130%
17-Jul-20	FNMA	0.040%	0.040%
4-Aug-20	FHLMC	0.080%	0.080%
1-Sep-20	FHLB	0.145%	0.145%
13-Oct-20	FHLB	0.180%	0.180%
13-Nov-20	FNMA	0.120%	0.120%
17-Dec-20	FHLMC	0.110%	0.110%
6-Jan-21	FHLB	0.230%	0.230%
12-Feb-21	FNMA	0.180%	0.180%
3-Mar-21	FNMA	0.200%	0.200%
3-Apr-21	NQ	NQ	NQ
Commercial Paper			
6-May-20	NQ	NQ	NQ
5-Jun-20	NQ	NQ	NQ
6-Jul-20	NQ	NQ	NQ
4-Aug-20	NQ	NQ	NQ
3-Sep-20	NQ	NQ	NQ
2-Oct-20	NQ	NQ	NQ
1-Jan-21	NQ	NQ	NQ
Agency Bullets (Non-Callable)			
13-Apr-21	FNMA 2.500	+10.0	0.329%
14-Jul-21	FHLB 1.125	+10.0	0.329%
1-Oct-21	FHLB 0.320	+12.0	0.349%
13-Jan-22	FHLMC 2.375	+15.5	0.384%
11-Mar-22	FHLB 2.250	+17.0	0.399%
6-Sep-22	FNMA 1.375	+15.0	0.379%
13-Apr-23	FFCB 0.520***	+24.0	0.526%

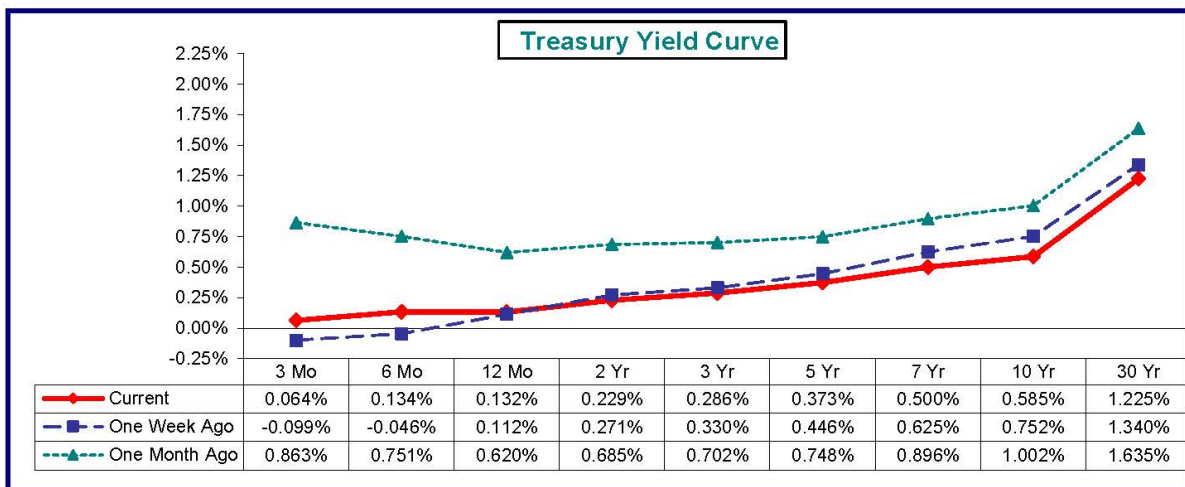
*** Spread versus 3-Year Treasury (All others vs 2-Year)

Relative Value Report

Today's Date: 3-Apr-20
Settlement Date: 6-Apr-20

DISCLAIMER: Securities listed here represent the best market offers as of early morning on this date. All information is subject to change at any time without notice. This report is intended for informational purposes only, and is in no way a solicitation or offer to sell any securities or services. This information has been obtained from sources believed to be reliable, but we do not warrant or guarantee the accuracy or timeliness of this information. There are no warranties, expressed or implied, as to accuracy, completeness, or results obtained from this information.

Investment Pool Yields:		TexPool	TexSTAR
Previous Day:		0.547%	0.513%
7 Day Moving Avg:		0.558%	0.530%
Agency Discount Note Yields			
	Current	Week Ago	Month Ago
1 Mo	NQ	NQ	1.101%
2 Mo	0.130%	NQ	0.931%
3 Mo	0.040%	NQ	0.922%
6 Mo	0.180%	0.020%	0.803%
9 Mo	0.230%	0.060%	0.775%
12 Mo	NQ	0.180%	NQ
Commercial Paper Yields			
	Current	Week Ago	Month Ago
1 Mo	NQ	NQ	0.991%
2 Mo	NQ	NQ	1.052%
3 Mo	NQ	NQ	1.053%
4 Mo	NQ	NQ	0.933%
5 Mo	NQ	NQ	0.903%
6 Mo	NQ	NQ	0.894%
9 Mo	NQ	NQ	0.886%
Agency Bullet Yields			
	Current	Week Ago	Month Ago
1 Yr	0.329%	0.381%	0.805%
1.5 Yr	0.349%	0.441%	0.785%
2 Yr	0.399%	0.471%	0.745%
2.5 Yr	0.379%	0.471%	0.735%
3 Yr	0.526%	0.590%	0.792%



**City of Coppel
Investment Policy
Temporary Amendment**

The Investment Policy approved by Council on August 13, 2019 has the following requirement:

Section V. Investment Portfolio

1. Authorized

- I. Local government investment pools in accordance with the conditions prescribed in Section 2256.016 and that have been authorized by the governing body by rule, ordinance or resolution. The investment pool must maintain a rating no lower than AAA or AAA-M by at least one nationally recognized rating service. Investment in such pools shall be limited to 50% of the City's entire portfolio, with no more than 25% of the entire portfolio invested in any one authorized pool.

Which is temporarily amended to the following:

1. Authorized

- I. Local government investment pools in accordance with the conditions prescribed in Section 2256.016 and that have been authorized by the governing body by rule, ordinance or resolution. The investment pool must maintain a rating no lower than AAA or AAA-M by at least one nationally recognized rating service. Investment in such pools shall be limited to 75% of the City's entire portfolio, with no more than 25% of the entire portfolio invested in any one authorized pool.

The above temporary amendment will remain in affect for a period consistent with the Mayoral Declaration of a State of Emergency dated March 13, 2020 and amended March 18, 2020, and any amendments to the declaration that either extends or shortens the stated period. In addition, staff will continue to evaluate which type of investment meets the safety, liquidity, yield, and public trust goals outlined in the investment policy.