



MEMORANDUM

To: Mayor and City Council
From: Kim Tiehen, Assistant Director of Finance
Via: Jennifer Miller, Director of Finance
Date: December 8, 2020
Reference: Consider approval of an amendment to the City of Coppel Investment Policy.
2040: Foundation: Sustainable City Government

Introduction:

In response to the new security and depository agreements, please consider the attached amended City of Coppel Investment Policy. Under the new depository agreement, excess funds will be swept into Invesco's Treasury Portfolio a "government money market fund" as defined in Rule 2a-7 under the 1940 Act. In addition, the "Collateral Defined" section of the investment policy is amended to increase the maturity allowed for securities pledged as collateral for deposits not swept into the Invesco Treasury Portfolio. The requested amendments to the City's Investment Policy continues to meet the safety, liquidity, yield, and public trust goals outlined in the investment policy.

Analysis:

The authorized investments included in the City's investment policy did not include money market mutual funds. Money market mutual funds are allowed by the Public Funds Investment Act (PFIA). Language that complies with the PFIA has been added to page 8 of the City's investment policy. Addition of this language will allow the City to utilize the Invesco sweep provided by Frost Bank.

In addition, the "Collateral Defined" section, located on page 11, has been amended to allow specific securities with a remaining maturity of thirty years rather than five years. Current market conditions result in Frost pledging securities with a longer remaining maturity. The Finance Department reviewed the daily collateral requirement for the past 12 months. The largest balance was \$495,000. Therefore, if a situation arose that required the City to request the pledged securities, waiting until the securities matured would not impact the City's ability to meet its current obligations as the \$495,000 represents approximately .23% of the City's total cash and investments.

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 amended City of Coppel Investment Policy.