



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 25, 2020

DATE: July 27, 2020
TO: Peter Zaroni, City Manager
FROM: Judy Villalon, City Treasurer
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City of Corpus Christi
Investment Policy and Investment Strategies

CAPTION:

Resolution amending and reaffirming the City of Corpus Christi's Investment Policy and Investment Strategies for the Fiscal Year 2020-2021

SUMMARY:

The Public Funds Investment Act requires an annual review by the governing body of its investment policy and adoption of a written instrument stating that it has reviewed the investment policy and investment strategies.

BACKGROUND AND FINDINGS:

Under Texas Government Code, Chapter 2256, Subchapter A. Authorized Investments for Governmental Entities, the State of Texas delineates the types of investments and the investment rules that must be followed by governmental entities. This chapter is often referred to as the "Public Funds Investment Act". In accordance with the Public Funds Investment Act, the governing body must approve the City's investment policy annually.

Last year, City Council approved the City's Investment Policy and Investment Strategies on November 12, 2019.

Style and formatting changes, along with amendments, are being made to the previous fiscal year's 2019-2020 Investment Policy and Investment Strategies document, with such changes and amendments delineated and described below:

- (a) Under VIII. Authorized Investments, a change has been made on item "2. Fully Federal Deposit Insurance Corporation (FDIC) insured or collateralized depository certificates of deposit of a depository institution that has its main office or a branch in Texas with a maximum maturity of one year."

This item has been changed to read, “Fully Federal Deposit Insurance Corporation (FDIC) insured or collateralized depository certificates of deposit of a depository institution that has its main office or a branch in Texas with a maximum maturity of two years.”

- (b) Under VIII. Authorized Investments, a change has been made on item “7. General debt obligations of any U.S. State rated no less than A by a nationally recognized rating agency and with a maximum stated maturity of two years.”

The item has been changed to read, “General debt obligations of any U.S. States, agencies, counties, cities, and other political subdivisions of any state rated no less than A by a nationally recognized rating agency and with a maximum stated maturity of three years.”

- (c) Under VIII. Authorized Investments, a change has been made to item “9. A1/P1 rated commercial paper with a maximum maturity of 180 days.”

The item has been changed to read, “A1/P1, or equivalent, rated commercial paper with a maximum maturity of 270 days subject to meeting one of the two stated conditions in Sec. 2256.013.”

- (d) Under IX. Collateralization, a change has been made to Section A, “All collateral shall be held by an independent third-party custodian approved by the City under an executed collateral agreement with the pledging bank. The custodian shall provide a monthly report of the collateral.”

This item has been changed to read, “All collateral shall be held by independent third-party custodian(s) approved by the City under an executed collateral agreement with the pledging bank. The custodian(s) shall provide a monthly report of the collateral.”

- (e) Under IX. Collateralization, a change has been made to Section A, “2. Municipal debt obligations rated not less than A by a nationally recognized rating agency, or”

This item has been changed to read “Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated not less than A by a nationally recognized rating agency, or”

- (f) Formatting Changes include:

1. The removal of additional line spacing between subparts.
2. Page number updates on the Table of Contents

The City’s Investment Committee met on June 25, 2020 and approved the changes to the Investment Policy as presented. The Investment Committee is comprised of the City Manager, Chief Financial Officer, Director of Finance and Business Analysis, Assistant Director of Finance and Business Analysis, and the Director of Management and Budget.

Linda Patterson with Patterson & Associates, the City’s Investment Advisor, has also reviewed and approved the changes being proposed.

ALTERNATIVES:

Do not make any changes to the Investment Policy

FISCAL IMPACT:

N/A

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

City staff recommends approval of the resolution amending and reaffirming the City of Corpus Christi's Investment Policy and Investment Strategy for Fiscal Year 2020-2021 as presented.

LIST OF SUPPORTING DOCUMENTS:

City of Corpus Christi Investment Policy and Investment Strategy 2020-2021

City of Corpus Christi Investment Policy and Investment Strategy 2020-2021 (Red Line Version)

Resolution