

**City Council  
Agenda Memo**



**TO:** Larry D. Gilley, City Manager  
**FROM:** Mindy Patterson, Director of Finance  
**SUBJECT:** Investment Policy Amendment

**City Council  
Meeting Date: 9/12/2013**

**GENERAL INFORMATION**

The City maintains deposits in local banks in excess of the Federal Deposit Insurance Corporation (FDIC) insurable limits. In order to collateralize these excess deposits the banks will pledge investment securities to the City that will be held by a third party. In the event of a bank failure, the City would take ownership of these securities to secure the amount of our deposits.

Our investment policy stipulates that only the investments that we are allowed to purchase and hold in our investment portfolio may be pledged to collateralize our bank deposits. In lieu of the current economic climate our depository banks are finding it difficult to obtain suitable investments to pledge within these narrow constraints.

**STAFF RECOMMENDATION**

Staff recommends, by oral resolution, amending the investment policy section VI F. 2)b) to allow depository banks to pledge “obligations of states, agencies, counties, cities, and other political subdivisions of Texas rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.”

Prepared by:

Name Mike Rains

Title Asst Director of Finance

Item No. 6.4

Disposition by City Council

- Approved Ord/Res# \_\_\_\_\_
- Denied \_\_\_\_\_
- Other \_\_\_\_\_

\_\_\_\_\_  
City Secretary