

Memorandum

To: Ruben Ramirez, Accounting Manager
City of Coachella

From: Sarah Meacham, Managing Director
Richard Babbe, CCM, Senior Managing Consultant
PFM Asset Management LLC

RE: 2023 Investment Policy Review

At your request, we reviewed the City of Coachella's (the "City") Investment Policy (the "Policy") as part of the City's annual review process. The Policy is consistent with the applicable California Government Code (the "Code") sections regulating the investment of public funds.

Although no Policy changes are required, we also wanted to bring to your attention two recent Code changes that were part of Senate Bill 1489, which took effect January 1, 2023. SB 1489 lengthened the reporting deadline for submitting quarterly reports in Code section 53646 (b)(1) to 45 days from 30 days. The change provides local agencies with more time to prepare the report, recognizing the time needed to collect data and finish the report. As the Policy's (Section 16.0 Reporting) current 30-day reporting deadline is more restrictive than the Code's new 45-day reporting deadline, it is the City's option on whether to keep its current reporting limit or use the Code's new, longer reporting deadline.

SB 1489 also clarified that an investment's remaining maturity is to be measured from the settlement date of the purchase to its final maturity (the Bill further specifies that the forward settlement date of an investment cannot exceed 45 days from the trade date). The Code had not previously indicated whether a security's remaining maturity at purchase was to be calculated from the trade or settlement date. By specifying that an investment's remaining maturity is calculated from the settlement date, the change offers local agencies more opportunities to consider new issue five-year securities. The remaining maturity on a five-year new issue security may exceed five years if calculated to the trade date but not if calculated to the settlement date. As neither trade nor settlement date are referenced in the Policy, no Policy changes are necessary.

Please let us know if you have any questions or if you would like to set up a time to discuss.