



DDA ITEM AGENDA REQUEST FORM

Meeting Date: 04/14/2026

Staff Contact: Phillip Trocquet

Agenda Section: Staff
Comments

Department:DDA

Staff Report:

Item Description:

Discussion and update regarding DDA investment options

Background/History:

The Downtown Development Authority (DDA) periodically holds idle funds that is not currently committed to an active project, grant program, or development activity. At present, the DDA does not have a written investment policy governing how those funds are managed.

Staff has reviewed the legal authority for DDA investment activity under O.C.G.A. § 36-42-8 and has benchmarked common practices among Georgia DDAs on what the DDA can and cannot do with idle funds, and recommends the board take action to adopt a formal investment policy at an upcoming meeting.

Findings/Current Activity:

DDAs are not subject to the same narrow investment restrictions that apply to municipalities under O.C.G.A. § 36-80-3. Municipalities can only hold idle funds in essentially insured deposits, U.S. government securities, and the state's Local Government Investment Pool (Georgia Fund 1). The DDA has broader authority under its enabling statute, but that authority is tied to its development purpose. That means it can deploy funds into loans, property, and development projects in ways a municipality cannot. It does not mean the DDA can speculate in financial markets.

What the DDA can do with idle cash

- Insured bank deposits and certificates of deposit (CDs): FDIC-insured up to \$250,000 per institution; immediately available and requires no additional authorization
- U.S. Treasury securities (T-bills, notes, bonds): direct obligations of the federal government; universally recognized as appropriate for public entities

- Government-only money market funds: SEC-registered funds holding exclusively U.S. Treasury and agency securities; highly liquid and commonly used for short-term cash management
- Georgia Fund 1 (LGIP): the state's Local Government Investment Pool, managed by the Office of the State Treasurer; offers competitive yields and daily liquidity; available to the DDA upon one-time approval from the State Depository Board under O.C.G.A. § 36-83-4(a)(2)

What the DDA cannot do with idle cash

- Equities, stock index funds, or ETFs of any kind: public funds cannot be placed in the equity markets regardless of instrument type
- Corporate bonds or commercial paper: credit risk is not appropriate for public idle-fund management
- Derivatives, structured products, or any speculative instrument

Actions/Options/Recommendations:

Georgia Fund 1 is a good option for liquid idle cash since it offers competitive money-market yields, and is backed by the Office of the State Treasurer. The Town already participates in Georgia Fund 1 as a municipality.

DDAs are not automatically eligible under the same statute, but they qualify through a secondary pathway that simply requires a board resolution and a written request for approval from the State Depository Board. Other Georgia authorities participate routinely.

Staff recommends the DDA pursue eligibility in tandem with adopting an investment policy.