



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: BONNIE MOINET, FINANCE DIRECTOR
RE: AMENDMENT TO TOWN OF FRISCO INVESTMENT POLICY
DATE: MARCH 9, 2021

Summary and Background: At the regular Council meeting held on February 23, 2021, Council discussed the possibility of adopting the alternative investment strategy of ESG (environmental, social and governance) to meet its environmental sustainability goals as outlined in the Town's Strategic Plan, 2020-2021. While Council is aware of the limited investment opportunities in this strategy, staff was directed to amend the Town's Investment Policy to include ESG criteria, in the event opportunities arise in the future.

Analysis: Governmental entities throughout the country are exploring an alternative investment strategy that addresses environmental, social and governance standards, known commonly as ESG. While investments with a focus on ESG are currently limited, it is likely that opportunities will increase over time, allowing the Town to invest in holdings that maintain safety, liquidity and yield, as well as ESG standards. Incorporating ESG into the Town's Investment Policy would align with Frisco's Community Plan to lead by example on efforts to advance community sustainability and the region's ability to prepare for, and adapt to, the impacts of climate change. Staff has added the following to the Town's investment objectives:

Consistency with the Town's policies and values relating to sustainability without compromising the financial criteria established in this Policy.

Financial Impact: Should Council wish to incorporate ESG into its investment policy, there would be no immediate impact to the Town's finances. This is an evolving landscape with limited opportunities for investing, without jeopardizing the other criteria of safety, liquidity and yield. As more and more opportunities become available over time, it is anticipated that all four criteria can be met with minimal impacts to the Town's investment returns.

Alignment with Strategic Plan: ESG criteria align with the following sections of the Town of Frisco Community Plan, adopted in 2019:

6.1: Lead by example on efforts to advance community sustainability and the region's ability to prepare for,
and adapt to, the impacts of climate change.

6.2: Protect the quality and health of the natural environment in Frisco and the surrounding area.

6.3 Minimize risks to property, infrastructure and lives from natural hazards and disasters.

Environmental Sustainability: The primary purpose of incorporating ESG criteria to the Town's Investment Policy is to ensure the Town does not invest in fossil fuel-based companies, which it currently does not.

Staff Recommendation: Staff recommends Council approve the revised Investment Policy to include ESG as a 4th criteria for consideration when exploring investment options for the Town's public funds.

Approved By:

Nancy Kerry, Town Manager
Bonnie Moinet, Finance Director

Attachments:

Town of Frisco Investment Policy – Revised March 9, 2021