



Legislation Text

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TO: Mayor and Commissioners
FROM: Kimberly Ferrell, Finance Director
THROUGH: Mark R. Lauzier, City Manager
DATE: April 3, 2018

INVESTMENT POLICY STATEMENT ANNUAL REVIEW

Recommended Action:

Motion to accept the proposed changes in the Investment Policy Statement.

Background:

The current Investment Policy Statement requires an annual review to be completed; there are changes proposed with this annual review. Throughout the document, changed Chief Financial Officer to Finance Director, other changes are highlighted below.

Under Section X. Maturity and Liquidity Requirements:

- Two months of operating expenses was the prior definition for liquidity reserves; this was modified to three months.
- Defined portfolio, previously there was no definition of portfolio. We have now defined portfolios: Overnight, Enhanced Cash and Core.

Under Section XI. Competitive Selection of Investment Instruments:

- We have updated the market price providers to current market place providers.

Under Section XII. Authorized Investment and Portfolio Composition:

- We have updated the Authorized Investments, Maturity Limits, Maximum Allocation and Individual Issuer Limits, see the Comment section of the table below.

City Attorney Review:

Approved as to form and legal sufficiency.

Funding Source/Financial Impact:

Impact will be improved diversification for overnight, enhanced cash and core portfolios. It is expected that investment income will be increased by approximately \$200,000 in the current fiscal year due to increased flexibility in investment sector allocations.

Timing of Request:

Currently short-term funds are in bank deposit accounts and investment pool accounts. Approval will allow funds in bank deposit accounts to be transferred into more diversified investment securities. Risk can never be eliminated, and increasing diversification as part of an investment strategy

typically reduces overall portfolio risk with an added benefit of maximizing returns.