



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Finance Committee

Discussion of Recommended Updates to City's Investment Policy

Agenda Date: 9/18/2019

Agenda Item Number: 6.B

File Number: 19-0825

Type: recommendation **Version:** 1 **Status:** Filed

Title

Discussion of Recommended Updates to City's Investment Policy

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Discuss recommended updates to City's Investment Policy and forward to City Council for Approval.

Report

Issue:

Whether to discuss recommended updates to the City's Investment Policy and forward to City Council

Staff Contact:

Nanci Lien, Fiscal Services Director, 360.756.8465

Presenter(s):

Nanci Lien, Fiscal Services Director, Administrative Services Department

Dave Westcott, Senior Portfolio Advisor, Government Portfolio Advisors

Background and Analysis:

The City Investment Policy provides direction on how City funds are invested. The Policy requires a review by Finance Committee every two years, and was last updated in 2017.

The City's investment portfolio is managed by Fiscal Services, in partnership with an investment consultant, Government Portfolio Advisors (GPA). The State statute regarding investments has been changed, and the City's policy needs to be updated to reflect those changes. A representative from the City's investment consultant will provide information on:

- City's current Investment Policy
- Recommended policy changes based on State statute
- Explanation of corporate vs commercial paper

- Socially responsible investing
- Return on investment over last three years

Recommended changes to the existing Policy (see attached) are as follows:

- Section 5.2 - New language is added to the “Prudence” section as recommended during Washington Public Treasurer Association review.
- Sections 8.2 and 9.1- per new State statute on Commercial paper, updated description is included in Section 8.2 (Suitable Investments) and updated issuer allocation is included in Table of Constraints in Section 9.1 Diversification, changing from 5% to 3%.

Please note that while the policy does identify commercial paper, as required by State statute, the investment advisor follows the City’s *Guideline Portfolio Strategy* which does not allow for commercial paper investments.

Neighborhood/Community Interests (if known):

There is increasing interest in how the City invests funds to ensure they are in alignment with our values.

Options:

1. Approve Investment Policy recommended changes and forward to City Council for approval.
2. Direct staff to modify recommended changes and forward to City Council for approval.
3. Direct staff to perform additional analysis and reschedule further discussion at future Finance Committee meeting.

Financial Impact:

N/A

Attachments:

Draft Investment Policy