



City Council

Approval of Updates to the City's Investment Policy

Agenda Date: 10/29/2019
Agenda Item Number: 4.C
File Number: 19-0975

Type: decision **Version:** 1 **Status:** Passed

Title

Approval of Updates to the City's Investment Policy

Recommended Action

Committee Recommendation:

Finance Committee discussed and recommends the updates to the City's Investment Policy at their September 18 meeting.

City Manager Recommendation:

Approve the updates to City's Investment Policy as recommended by the Finance Committee.

Report

Issue:

Whether to approve the updates to the City's Investment Policy

Staff Contact:

Nanci Lien, Fiscal Services Director, 360.756.8465

Presenter(s):

None - Consent Calendar Item

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 and adopted by City Council on May 23, 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 changed and the City's policy needs to be updated to reflect those changes.

Finance Committee discussed the following with staff and the City's Investment Advisor, Dave Westcott, with Government Portfolio Advisors on September 19:

- 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

The 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 percent to 3 percent.

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 updates to the City’s Investment Policy as approved by Finance Committee.
2. Direct staff to modify recommended changes and approve as amended.
3. Direct staff to perform additional analysis and reschedule further discussion.

Financial Impact:

N/A

Attachments:

Draft Investment Policy

Guideline Portfolio Strategy