



## Legislation Text

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**File #:** 16-1332, **Version:** 1

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### Resolution to Adopt Revised Investment Policy

The City's current investment policy was adopted in 2011. After reviewing the policy with our investment advisor and with the Investment Policy Certification Committee chairman of the Association of Public Treasurers of the United States & Canada (APTUSC), some minor modifications are recommended. Below is a summary of the material changes to the policy.

1. Selection of Broker section changed to allow our investment advisor to certify receipt of investment policy, rather than individual brokers. *Rationale:* Most brokers are unwilling and/or unable to do so by corporate policy. See attached letter and sample certification.
2. Required rating of banks issuing CDs removed and exposure per institution limited to \$300k. *Rationale:* The rating is not required by law, and is irrelevant given federal insurance of deposits up to \$250k
3. Requirement for municipal bond rating reduced from AA to A-. *Rationale:* The existing requirement excludes virtually all possible Michigan municipal bonds, including those issued by the State of Michigan. Those that are available under our current policy offer no spreads in yield.
4. Local Governmental Investment Pools and Joint Interlocal Investment Ventures added back. *Rationale:* We removed these in 2011. They are authorized under Public Act 20 of 1943. We have no plans to utilize them, but we should have the flexibility to do so, when appropriate.

The revised policy complies with Michigan law and the established public treasury standards of safety, liquidity, yield, and legality. Our current policy was awarded the APTUSC Investment Policy Certificate of Excellence. The revised policy was submitted to the APTUSC policy certification chair, who indicated that the policy, as amended, conforms with the requirements for certification of excellence.

Approval of the revised policy is recommended.

Prepared by: Matthew V. Horning, Treasurer

Reviewed by: Tom Crawford, CFO

Financial and Administrative Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Treasurer has reviewed the current investment policy with the Chief Financial Officer, and the City's Investment Advisor

Whereas, The Treasurer has identified recommended changes to the policy in accordance with public investment statutory requirements; and

Whereas, The resulting policy conforms with the Association of Public Treasurers of the United States & Canada requirements for their certificate of excellence;

RESOLVED, That City Council approve the revision of the City's Investment Policy as recommended by the City Treasurer, and concurred in by the City Chief Financial Officer, which revised Investment Policy shall replace all previous versions and becomes the operating investment policy for the City effective immediately.