



DATE: October 18, 2017

TO: Council Budget and Finance Committee

FROM: Director of Finance

SUBJECT: Fiscal Year 2018 Statement of Investment Policy Review and Delegation of Investment Authority

RECOMMENDATION

That the Committee reviews and recommends Council approval of the updated Fiscal Year 2018 Statement of Investment Policy.

BACKGROUND

The City's Statement of Investment Policy (the Policy) requires that Council approve any staff recommended changes to the Policy. This year's policy is minimally changed with minor updates and is in compliance with the current statute. Staff worked in conjunction with the City's portfolio manager, PFM Asset Management, to review and update the policy.

DISCUSSION

Staff recommends that the Committee approve the revised FY 2018 Statement of Investment Policy (Policy). The recommended changes are noted below:

X. Investment Instruments

Section J.

1. Staff recommends that the City authorize investments in shares of beneficial interest that are state-administered or through joint powers statutes, which are authorized for use by California local governments in California Government Code § 53601 (p). The addition of this section could allow the City to expand and diversify its overnight liquidity options.

Section K.

2. Staff recommends removing the specific dollar amount the City may invest in LAIF and replacing that with language by simply stating "the maximum amount permitted by LAIF's Local Investment Advisory Board." This will allow the City to take advantage of LAIF balance increases as they occur without having to alter the Investment Policy each time.

Please see Attachment II "Summary of Proposed Changes," that displays Hayward's Policy limits vs. California Government Code (§ 53601) limits. Changes are denoted in yellow.

FISCAL IMPACT

There is no fiscal impact related to approving the recommended change to the Statement of Investment Policy.

PUBLIC CONTACT

The recommended changes to the Statement of Investment Policy (Attachment III) will be discussed by the Investment Advisory Committee during its quarterly meeting on October 26, 2017 and presented to the full City Council on December 5, 2017 for adoption.

Prepared and Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read "Kelly McAdoo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kelly McAdoo, City Manager