



DATE: December 5, 2017

TO: Mayor and City Council
Hayward Housing Authority Board
Hayward Redevelopment Successor Agency Board
Hayward Public Financing Authority Board

FROM: Director of Finance

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

RECOMMENDATION

That the Council adopts the attached resolutions reaffirming the updated Fiscal Year 2018 Statement of Investment Policy and extending the delegation of investment authority to the Director of Finance.

BACKGROUND

The City's Statement of Investment Policy (the Policy) requires that staff submits to the City Council for approval any recommended changes to the Policy. In addition, the State statutes that govern investment activity require the City Council to annually affirm the Statement of Investment Policy and to annually confirm the delegation of investment authority, which in the City of Hayward, is to the Director of Finance.

DISCUSSION

In coordination with PFM Asset Management (the City's investment portfolio management consultant), Finance Department staff have reviewed the City's Policy and recommend minor adjustments to Paragraph X. "Investment Instruments." These changes have been reviewed by the Investment Advisory Committee and the Council Budget and Finance Committee and both bodies concur with the recommendations. The changes are summarized below and shown in a red-line version of the Policy (Attachment VIII):

X. Investment Instruments

Section I.

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 VII “Summary of Proposed Changes,” that displays Hayward’s Policy limits vs. California Government Code (§ 53601) limits. Changes are denoted in yellow.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council’s Strategic Initiatives.

FISCAL IMPACT

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

PUBLIC CONTACT

The recommended changes to the Statement of Investment Policy were discussed by the Council Budget and Finance Committee on October 18, 2017, and by the Investment Advisory Committee during its quarterly meeting on October 26, 2017.

Prepared and Recommended by: Dustin Claussen, Director of Finance

Approved by:



Kelly McAdoo, City Manager