



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: CONS 15-336, **Version:** 1

DATE: November 17, 2015

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT

Adoption of Fiscal Year 2016 Statement of Investment Policy and Delegation of Investment Authority

RECOMMENDATION

That the Council adopts the attached resolutions reaffirming the updated Fiscal Year 2016 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 submit 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 The PFM Group (the City's portfolio management consultant), Finance Department staff have reviewed the City's Policy and recommend several minor adjustments. These changes have been reviewed by the Investment Advisory Committee and The Council Budget & 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 VI) are related to clarifying language pertaining to issuer limits and credit rating downgrades to investments after the date of purchase.

Section X. Investment Instruments: Current policy limits investments in security types such as repurchase agreements and collateralized certificates of deposit to 5%. This language contradicts issuer limits established elsewhere in the Policy. The proposed change to the Policy would limit investments to 5% by issuer "...unless stated otherwise in the Policy" removing the contradiction.

Section XII. Credit Downgrade: Proposed language is more specific in timing surrounding the development of a plan of action by the Director of Finance to address specific investments or investment types whose credit rating has been downgraded below the standards established by the Policy, after the date of purchase. The proposed language is a clarification to current stated policy.

Annual Adoption of Delegation of Investment Authority

The City Council annually affirms the delegation of investment authority in the attached resolutions (Attachments I-IV), authorizing the Director of Finance to conduct investment activities for the City, Successor Agency of the Hayward Redevelopment Agency, Hayward Housing Authority, and the Hayward Public Financing Authority.

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 reviewed and affirmed by the Investment Advisory Committee during its quarterly meeting on October 26, 2015 and by the Council Budget & Finance Committee on November 4, 2015.

Prepared by: Dustin Claussen, Deputy Director of Finance

Recommended by: Tracy Vesely, Director of Finance

Approved by:



Fran David, City Manager

Attachments:

- Attachment I Resolution: City - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment II Resolution: Housing Authority - Reaffirming Statement of Investment Policy
- Attachment III Resolution: Hayward Successor Redevelopment Agency - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment IV Resolution: Hayward Public Financing Authority - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment V Memorandum from The PFM Group dated October 16, 2015 regarding the City of Hayward Investment Policy Review
- Attachment VI FY 2016 Statement of Investment Policy (red-line version)