



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#13-1275

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee Feldman, ICMA-CM, City Manager

DATE: September 17, 2013

TITLE: Resolution approving amendments to the City's Investment Policy

Recommendation

It is recommended that the City Commission adopt a resolution amending the City's Investment Policy to incorporate updates.

Background

The City utilizes four investment managers and one investment advisor to manage and oversee the investment of surplus operating funds. The portfolio has been actively managed since March 2013. As a result, the investment advisor and managers provided the following suggestions for improvements to the policy with the understanding that safety of principal, maintenance of liquidity, and return on investment are the objectives of the policy. Per Florida State Statute (FS), units of local government electing to adopt a written investment policy, may by resolution invest and reinvest any surplus public funds in mechanisms outlined in FS Section 218,45(16)(a) – (i). The City's Investment Policy requires the Investment Advisor to review the policy annually for modifications and make recommendations to the City Manager for approval by the City Commission.

The proposed changes are:

SECTION XII – AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

H. Corporate Notes - Page 10 of 29

1. Purchase Authorization – Inserts language requiring ratings from at least two bond ratings agencies. Also adds language explaining that if the rating of a corporate note is downgraded after purchase, the authorized investment may be held until it is economically feasible to dispose of the security.

2. Portfolio Composition – Increases the maximum amount that may be invested in corporate notes from 25% to 30%.

J. State and Local Government Taxable and/or Tax-Exempt Debt - Page 11 of 29

1. Purchase Authorization – Changes debt rating requirement from MIG2

(Moody's Investment Grade) to MIG1 and inserts language requiring ratings from at least two bond ratings agencies.

N. Mortgage-Backed Securities (MBS) - Page 13 of 29

2. Portfolio Composition – Increases the maximum amount that may be invested in mortgage-backed securities from 20% to 25%.

SECTION XVIII. - ADDENDUM

Page 13 of 29 - Changes the title of this section from “Addendum” to “Fuel Price Risk Management Program” and moves the position of this section up in the policy and renumbers appropriately.

Resource Impact

There is no fiscal impact to the City.

Attachments

Exhibit 1 - Redline version of Investment Policy

Exhibit 2 - Resolution No. 13-__

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