



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

FROM: Greg Chavarria, City Manager

DATE: September 19, 2023

TITLE: Resolution Approving Amendments to City's Investment Policy –
(Commission Districts 1, 2, 3 and 4)

Recommendation

Staff recommends the City Commission adopt a resolution amending the City's Investment Policy to incorporate updates.

Background

The City of Fort Lauderdale's Investment Policy was last revised on July 9, 2019. PFM Asset Management LLC ("PFM"), the City's investment advisor, performed a review of the investment policy and made recommendations to increase the earnings on long-term reserves within the guidelines of industry best practice for local governments. The proposed policy revisions were reviewed by Finance Department personnel. The Director recommends the policy changes outlined below.

The proposed resolution will revise one section of the Authorized Investments and Portfolio Composition section in the City's Investment Policy by increasing the limit associated with one credit sector in the current policy. With implementing the suggestions for improvements, the objectives of the policy remain as follows: (1) safety of principal; (2) maintenance of liquidity; and (3) return on investment.

To facilitate these changes, the resolution provides for additions/amendments to the following sections of the City's Investment Policy:

- Section XI – Risk and Diversification
 - Add that diversification strategies, within the established guidelines will be reviewed and revised periodically, as deemed necessary by the appropriate management staff.
- Section XIV – Authorized Investments and Portfolio Composition
 - Expand credit allocation limits for Agency Mortgage-Backed Securities (MBS)
 - Add clarification language to Note 1 at the end of sector allocation table.
- Added Attachment B – Investment Pool/Fund Questionnaire

- Adds questions related to GASB 79, the 2016 SEC money market reform, and pooled fund ratings.

There are no other changes which would affect the objectives, authorized investments, portfolio composition limits, reporting, or scope of the City's Investment Policy.

Resource Impact

There is no current fiscal impact associated with this item. A future positive fiscal impact is expected dependent on market conditions.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term financial planning

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are Ready

Attachments

Exhibit 1 – Fort Lauderdale Investment Policy – Red-lined Version

Exhibit 2 – Fort Lauderdale Investment Policy 2023 – Clean Version

Exhibit 3 – Resolution

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