



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#18-0439

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

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: May 1, 2018

TITLE: Resolution Approving Amendments to 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 of Fort Lauderdale's Investment Policy was last revised on October 1, 2013. The proposed Resolution will revise certain sections of the City's Investment Policy to permit changes that will reduce the costs associated with the overall management and administration of the City's investment portfolio. The proposed Resolution will also provide the flexibility for City staff to make direct purchases of securities when supported with real-time financial market data.

In addition to the evolution of portfolio management strategies, the City has enhanced its internal portfolio management capabilities and as a result, the following suggestions for improvements to the policy with the understanding that safety of principal, maintenance of liquidity, and return on investment remain the objectives of the policy. These policy changes will result in cost reductions that will arise from the increase in self-directed investments by City staff and reducing the investment management and advisor fees.

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

- Section IV – Delegation of Authority
 - Removes the 30% limitation on the portion of the portfolio that can be controlled by one Investment Manager.
 - Adds the Investment Advisor to the requirement to be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940. Currently, only Investment Managers are required to be registered with the SEC.
- Section IX – Authorized Investment Institutions and Dealers
 - Eliminates the restriction to only use Primary Dealers.

- Adds language which expands the Authorized Institutions list to include large regional and money center banks ranked in the top ten by the FDIC and smaller regional broker-dealers based in Florida that meet certain criteria (minimum of \$10 million in capital, must have been in business at least five years, and if a bank, must be a Qualified Public Depository).
- This expansion of the list of qualified institutions will require the City to establish a list of approved broker-dealers (maximum of 15) and conduct an annual review of the list to confirm that firms still meet the criteria.
- Section XI – Competitive Selection of Investment Instruments
 - Adds language stating that all transactions shall be competitively bid either electronically or manually.
 - Deletes conditional language related to exceptions to the competitive process.
 - Adds language stating that securities may be purchased using the comparison to current market price method if the price is verified through a real-time financial market data provider such as Bloomberg Information Systems.

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 fiscal impact associated with this item.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035: We are United*.

Attachments

Exhibit 1 – Amendments to City's Investment Policy (Redlined)

Exhibit 2 – City's Investment Policy (Clean)

Exhibit 3 - Resolution

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