



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

**#19-0674**

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

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** July 9, 2019

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

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**Recommendation**

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

**Background**

In July 2018, the City entered into an agreement with PFM Asset Management LLC ("PFM") for Investment Advisory Services. As the City's advisor, PFM 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 City of Fort Lauderdale's Investment Policy was last revised on May 1, 2018. The proposed resolution will revise certain sections of the City's Investment Policy to permit changes that will more align two sections of the policy with Florida Statutes and one section recommended by the Association of Public Treasurers in the United States and Canada ("APT US & C"). The proposed resolution will increase limits associated with credit sectors in the current policy, in addition to adding one new sector to prudently increase expected earnings within the confines of the City's liquidity requirements.

The proposed policy revisions were reviewed by the Investment Advisory Board ("Board") along with Finance Department personnel. The Board recommends the policy changes outlined below. 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 X – Maturity and Liquidity Requirements
  - Change the final maturity for securities purchased by or on behalf of the City from ten (10) years from date of purchase to five and a half (5.50) years or less from the date of purchase.

- Added Section XI – Risk and Diversification
  - Add requirement that assets held are diversified to control risks
  - Add requirement that the Board determine diversification strategies within the established guidelines.
- Added Section XII – Master Repurchase Agreements
  - Require approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association Master Repurchase Agreements.
- Section XIV – Authorized Investments and Portfolio Composition
  - Expand credit allocation limits.
  - Add new allocation sector, supranationals, to prudently increase expected earnings within the confines of the City’s liquidity requirements
  - Increase maturity limit of commercial paper out to 270 days to provide flexibility to take advantage of full range of securities.
- Section XVI – Performance Measurements
  - Update the benchmark for short-term funds and the name of the benchmark for long-term portfolio.
- Added Attachment B – Investment Pool/Fund Questionnaire
  - Add questionnaire required by APT US & C policy certification.

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 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 – Revised Investment Policy – Tracked Changes

Exhibit 2 – Revised Investment Policy – Clean Version

Exhibit 3 – Resolution

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