



Legislation Details (With Text)

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Title: A resolution approving the City's Investment Policy

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Attachments: 1. Resolution Update Investment Policy_10-27-14, 2. Redline Investment Policy Update 2014-10-27, 3. Investment Policy Update 2014-10-27, 4. Colorado Springs IP comparison FINAL 2014, 5. Investment Policy Update 20141027 Slides

Date	Ver.	Action By	Action	Result
11/10/2014	1	City Council	adopted	Pass
10/27/2014	1	City Council Work Session	referred	

A resolution approving the City's Investment Policy

From:

Kara Skinner, Chief Financial Officer

Summary:

With the advice of the City's investment advisors and the City's Investment Advisory Committee (IAC), the City Finance Department has proposed modifications to the City's Investment Policy for City Council's consideration. The attached policy replaces the previously developed and approved policy.

Previous Council Action:

City Council adopted the City's original Investment Policy by resolution on September 28, 1993. The policy has since been revised and approved by City Council on November 8, 1994; February 27, 1996; October 8, 1996; October 26, 1999; February 12, 2002; March 9, 2004; May 24, 2005; July 11, 2006; April 24, 2007; June 25, 2008; May 26, 2009; May 25, 2010; November 22, 2011, and December 10, 2013.

Background:

The Investment Policy is reviewed on an annual basis by Finance Department staff in conjunction with the City's Investment Advisors. The attached policy reflects changes to incorporate recommendations approved by the Investment Advisory Committee.

AUTHORIZED SECURITIES AND TRANSACTIONS:

Federal Agency and Instrumentality Securities

Expanded description to authorize certain AAA rated Supranationals, including the World Bank. These high rated securities are currently allowed under Colorado State Statute and the changes proposed here will bring the City's policy into alignment with State Statute.

Corporate Bonds

Expanded description to include investment in dollar denominated securities issued by corporations or banks organized and operated within Canada or Australia. These securities must comply with the same rating, maturity and diversification guidelines mandated for domestic corporate bonds. To control credit exposure and promote diversification, these corporate bonds are restricted to no more than five percent per country. The economies of Canada and Australia are large and well diversified, with strong governance and regulatory environments. They have strong issuers with active secondary markets.

Municipal Bonds

Changes to State Statute updated maturity limits and credit ratings for municipal bonds. Proposed changes to the City's policy reflect the five year maturity change for both general obligation and revenue bonds. Rating changes to State Statute differentiates between Colorado issuers and those outside of the state, expanding the approved universe for Colorado issuers. This policy change would allow the City to invest in certificates of participation or other securities evidencing rights in payments to be made by a school district under a lease, lease-purchase agreement.

AUTHORIZED INVESTMENT SUMMARY:

The table is updated to further clarify investment restrictions per AUTHORIZED SECURITIES AND TRANSACTIONS.

MINOR LANGUAGE AND FORMATTING UPDATES:

Changes include removing reference to hospital funds, minor verbiage modifications, and formatting changes to enhance clarity and strengthen usability.

Financial Implications:

There are no explicit financial implications related to these policy changes, however, the policy changes are intended to provide the Investment Advisors a policy within which they can best secure a reasonable minimal-risk return.

Board/Commission Recommendation:

The City's Investment Advisory Committee reviewed the proposed updates at the August 19, 2014 meeting and supports the proposed policy.

Stakeholder Process:

N/A

Alternatives:

City Council could not approve the proposed Investment Policy. If the City's investment policy is not modified, the City's investment policy would remain as previously approved.

Proposed Motion:

Move to approve the resolution as presented.

N/A