

Legislation Text

File #: 18-0091, **Version:** 1

To: Town Commission
From: Stefan Massol, Director of Support Services
Date: 4/17/2018

Subject:
Updates to Investment Policy

Summary:

Having reviewed the investment policy with the Finance Board staff is providing recommended updates and welcomes other direction from the board.

Background/Problem Discussion: The investment policy attached, Resolution 2002-26, established a series of objectives and procedures pertaining to liquidity and maturity levels for town investments. At the January and March meetings of the Finance Board the policy was reviewed and several optional updates were discussed. Attached is a markup of changes that staff and the board are recommending. An overview of the substantive changes are listed below:

- 1) Adding another investment category for all non-SBA 2a7-Like government investment funds, and requiring that such fund be required to hold a rating of AAAM by Standard & Poor's, or the equivalent by another ratings agency which would be verified periodically by the Finance Director;
- 2) Adding a provision that would allow the town to select an Investment Advisor;
- 3) Revising Section P, Paragraph 4 to read as follows:
"The policy will be to transfer any excess funds in the Bank into authorized investment accounts keeping in mind the funds that will be necessary for upcoming expenditures. Sufficient fund balance will be maintained in cash and cash-like investments to meet current payment obligations. The Finance Director will maintain such fund balance at a minimum level equivalent to anticipated operating expenditures for the upcoming three-month period."

Staff would like to hear the Town Commission's view of these recommendations as well as any other recommended modifications to the current policy.

Financial Implications: See attached documents.

Recommendation: Staff is recommending the changes described in the attached documents

Proposed Motion: Motion to amend the investment policy as provided.