



CITY OF RIVIERA BEACH

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

THROUGH: JONATHAN E. EVANS, CITY MANAGER, MPA, MBA, ICMA-CM

FROM: RANDY M. SHERMAN, CPA, CGFO, CTP
DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES

SUBJECT: ADOPTION OF THE CITY'S INVESTMENT POLICY

DATE: FEBRUARY 19, 2020

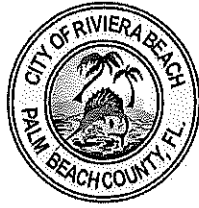
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Background:

In accordance with Florida Statute 218.415, *Local government investment policies*, investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body, or in the absence of an adopted policy, investment activity must be conducted in accordance with Florida Statute 218.415 (17). Any such unit of local government shall have an investment policy for any public funds in excess of the amounts needed to meet current expenses as provided in subsections (1)-(16), or shall meet the alternative investment guidelines contained in subsection (17), *Authorized Investments: No Written Investment Policy*. Such written policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Each unit of local government shall adopt policies that are commensurate with the nature and size of the public funds within its custody.

Under Section 2-214 of the City of Riviera Beach (the "City") Charter, the Director of Finance (the "Director") is authorized to act as the City's Treasurer with the responsibility of depositing all monies received by the City and investing funds in securities authorized by the state. All persons involved in the investment of public funds in the City's Finance and Administrative Services Department ("Finance") are required to comply with the City Charter's provisions relating to the investment of public funds.

The City's most recent Investment Policy was adopted on March 16, 2016. The purpose of this Investment Policy and Guidelines document (the "Policy") is to establish cash management and investment guidelines for the City. This policy was prepared in



accordance with Florida Statutes 218.415. Under the Policy, Finance is responsible for the management of daily receipt and investment of cash and related accounting operations. The Director is the Chief Investment Officer of the City and investments may be directed by the Director, or designee, or outside professional fund managers, in accordance with this Policy. It is the policy of the Director to invest all funds under Finance's control in a prudent manner that provides the highest return on investments using authorized instruments while meeting the City's daily cash flow demands.

The Policy applies to all investments within Finance and made on behalf of the Director, with the exception of the City's pension trust funds, which are administered separately, investment of principal, interest, reserve, construction, capitalized interest, redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository, and funds received and held in specific accounts in compliance with Federal or State grant awards.

The primary objectives in the investment of City funds under control of Finance are to ensure the safety of principal, while managing liquidity requirements for debt service and other financial obligations of the City, and providing the highest investment return using authorized investment instruments.

- A. **Safety** - Safety of principal is the foremost objective of the investment program. City investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Director prudently manages market, interest rate and credit risks. Each investment purchase shall be limited to those defined as eligible in this Policy. Investments shall seek to keep capital losses to a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the funds.

From time to time, securities may be purchased at a premium or traded for other securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided that the yield has been increased, maturity has been reduced or lengthened, or the quality of investment has been improved with respect to the replacement security.

- B. **Liquidity** - The investment portfolio shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses shall be completed in order to ensure that the investments are positioned to provide sufficient liquidity.
- C. **Return on Investments** - The investment portfolio shall be invested with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.



Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

As noted above, the City's Investment Policy was last modified and approved by City Council on March 16, 2016. The Policy applies to all funds held by or for the City, with the exception of pension funds which are administered under separate policies adopted by each Pension Plan's Board of Trustees.

The Policy has been reviewed by the City's Investment Manager and a team of professionals from the Association of Public Treasurers of the United States and Canada (APTUSC). After review, APTUSC awarded the City with the Investment Policy Certificate of Excellence. APTUSC recommended one change, that being the removal of Sallie-Mae as an investment option as Sallie-Mae is no longer a US Government sponsored agency.

Fiscal/Budget Impact:

No fiscal impact.

City Goals:

Enhance Government Stewardship.

Recommendation:

Staff is recommending that the Council adopt the amended Investment Policy as presented reflecting the change requested by the APTUSC.

Legislative History

The City's Investment Policy was adopted as follows:

- September 24, 2001
- October 2, 2013
- March 16, 2016