

Investment Policy Fiscal Year 2020-2021



ADDISON

Public Funds Investment Act Section 2256.005(d)

ADDISON

- Requires governing body review the Town's investment policy at least annually.
- Governing body should adopt a written instrument stating that it has reviewed the policy.

City Council delegates responsibility for management of investment program to the Chief Financial Officer.

Investment Program Priorities

The logo for Addison, featuring the word "ADDISON" in white, uppercase letters inside a blue circle.

- Preservation and safety of principal
- Understanding the suitability of the investment to the financial requirements of the Town
- Liquidity
- Marketability of the investment if the need arises to liquidate the investment prior to maturity
- Diversification of the investment portfolio
- Yield

- Section III – Investment Strategy
 - **Addition of Investment Strategies for each fund represented in the investment portfolio**
 - Operating funds
 - Debt service funds
 - Capital project funds

- Section IV – Delegation of Authority
 - **Limiting bonding requirements to only the CFO and Controller**
 - *“The CFO and Controller shall obtain and maintain, at the Town’s expense, fidelity bonds in amounts determined adequate by the CFO (which shall not be less than \$250,000) for each fiscal year as shown by the approved budget.”*

- Section VII – Authorized Securities Investments
 - **Paragraph d (Certificate’s of Deposit)**
 - Maximum maturity changed from 3 years to 5 years
 - **Paragraph e (Commercial Paper)**
 - Maximum maturity changed from 180 days to 270 days
 - **Paragraph k (Other Obligations)**
 - Maximum maturity changed from 2 years to 5 years
 - **Added Paragraph l (Municipal Bonds)**
 - *“Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent with a maturity not to exceed five (5) years from the date of purchase.”*

- Section VIII – Other Investment Guidelines
 - **Competitive Bidding**
 - At least 3 competitive bids for all investment transactions except for government securities purchased at par.
 - **Exemption for Existing Investments**
 - *“The Town is not required to liquidate investments that were authorized investments at the time of purchase. The Town shall consider the time remaining until maturity, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining whether to hold the investment until maturity or to redeem the investment.”*

- Section IX – Portfolio Maturities
 - **Weighted Average Maturity (WAM) for Pooled Fund Groups**
 - Extended WAM of the investment portfolio from 18 months to 24 months.

- Section X – Investment Limits
 - **Local Government Investment Pools**
 - Maximum level of investment changed from 40 to 70 percent of total portfolio
 - **Municipal Bonds**
 - Maximum level of investment is 50 percent of total portfolio
(Note: The policy was previously silent on the maximum level of investment in municipal bonds)

Questions?