



DATE: March 19, 2018

AGENDA ITEM # 2

TO: Financial Commission

FROM: Sharif Etman, Staff Liaison
Izac Chyou, PFM

SUBJECT: Update to Investment Policy Recommendations

RECOMMENDATION:

Approve PFM policy update recommendations

BACKGROUND

The City's Investment Policy sets forth guidelines that ensure the City's funds are invested in compliance with State law and in a prudent manner. The Policy is reviewed on an annual basis.

DISCUSSION

PFM Asset Management LLC reviewed the City's Investment Policy and found it to be compliant with California Government Code. While there are no changes to the Government Code that require changes to the City's policy, PFM does recommend some changes to reflect current industry standards for prudent financial management. These recommendations are presented by Izac Chyou, Senior Managing Consultant with PFM.

At its February 15, 2018 meeting, the Financial Commission received the report from PFM and approved the following:

- To recommend the City extend the maturity limit of corporate notes and commercial paper to be consistent with Code, increasing the limits from four years to five years for corporate notes and from 180 days to 270 days for commercial paper

The Financial Commission also moved to defer additional recommendations to its March meeting. The remaining recommendations for review are:

- To recommend the City add local government investment pools (LGIPs), specially allowing the investment of Joint Powers of Authorities to its list of Allowable Investments
- To recommend the City increase its allocation allowed to commercial paper
- To recommend the City update its credit rating language

Attachments:



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- A. PFM Investment Policy Review Memorandum
- B. City of Los Altos Investment Policy- redline DRAFT