



Legislation Details (With Text)

File #: 18-1855 **Name:** RESOLUTION NO. R2018-09 (INVESTMENT POLICY UPDATE)

Type: Policy **In control:** Village Council

On agenda: 2/27/2018 **Final action:**

Title: RESOLUTION NO. R2018-09 (INVESTMENT POLICY UPDATE)

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL ADOPTING A REVISED INVESTMENT POLICY FOR THE VILLAGE OF WELLINGTON AND ACME IMPROVEMENT DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

Code sections:

Attachments: 1. 1. Resolution No. R2018-09 Investment Policy, 2. 2. Investment Policy Redlined Draft 01-24-2018

| Date | Ver. | Action By | Action | Result |
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ITEM: RESOLUTION NO. R2018-09 (INVESTMENT POLICY UPDATE)

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL ADOPTING A REVISED INVESTMENT POLICY FOR THE VILLAGE OF WELLINGTON AND ACME IMPROVEMENT DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

REQUEST: Approval of Resolution No. R2018-09 to update the Investment Policy with an effective date of March 1, 2018.

EXPLANATION: The Village of Wellington is required to periodically review and update its adopted Investment Policy pursuant to Section 218.415, Florida Statutes. The Investment Policy addresses required standards, which must be commensurate with the nature and size of the public funds under a government's custody. Investment policies are required to place the highest priority on safety of the principal and liquidity with return on investments a secondary consideration. The Village's Investment Manager, Public Trust Advisors (PTA), reviewed and recommended changes to the existing policy, which was last changed in October 2013. The Village's auditors, Grau & Associates, have reviewed the changes and concur with the recommended changes. The significant changes are:

- **VI. SUITABLE AND AUTHORIZED INVESTMENTS (page 50)**
Updated the table of permitted investments for easy reference.

| | Minimum Rating Requirement | Maturity Limits | Maximum Allocation Limit | Maximum Issuer Limit |
|-------------------------------------|----------------------------|-----------------|--------------------------|----------------------|
| Florida PRIME Fund | AAA | N/A | 25% | N/A |
| United States Government Securities | N/A | 5 Years | 100% | N/A |

| | | | | |
|--|---|----------------|------------|-----------|
| United States Government Agencies (full faith and credit of the United States Government) | N/A | 5 Years | 50% | 25% |
| Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit).* | N/A | 5 Years | 80% | 40% |
| Mortgage-Backed Securities (MBS) * | N/A | 5 Years | 20% | 15% |
| Interest Bearing Time Certificates of Deposit or Saving Accounts | N/A | 1 Years | 25% | 15% |
| Repurchase Agreements | N/A | 90 Days | 50% | 25% |
| Commercial Paper** | P-1/A-1 | 270 Days | 25% | 5% |
| Corporate Notes** | single "A" category by two NRSROs*** | 5 Years | 25% | 5% |
| <u>Asset-Backed Securities (ABS)**</u> | <u>Double "A" category by any two NRSROs***</u> | <u>5 Years</u> | <u>15%</u> | <u>5%</u> |
| Bankers' Acceptances | P-1/A-1 | 180 Days | 25% | 5% |
| State and/or Local Government Taxable and/or Tax-Exempt Debt | Single "A" category by two NRSROs*** | 5 Years | 20% | 10% |
| Registered Investment Companies (Money Market Mutual Funds) | AAAm | N/A | 50% | 25% |
| Registered Investment Companies (Mutual Funds) | AAA | 3 Years | 40% | 20% |
| Intergovernmental Investment Pool | AAA | N/A | 25% | N/A |
| Florida League of Cities, Inc. Enhanced Cash Portfolio | N/A | N/A | 15% | N/A |

****The maximum amount of corporate investments will not exceed forty percent (35%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (35%). Corporate Notes are limited to 15% per industry.**

*****National Recognized Statistical Rating Organization (NRSRO).**

- Commercial Paper
 - ****The maximum amount of corporate investments will not exceed forty percent (35%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (35%). Corporate Notes are limited to 15% per industry.**

- Corporate Notes
 - Increased maximum allocation from 15% to 25%
 - ****The maximum amount of corporate investments will not exceed forty percent (35%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (35%). Corporate Notes are limited to 15% per industry.**

- Added Asset-Backed Securities (ABS)
 - Maximum allocation 15%, individual issuer maximum 5%.
 - ****The maximum amount of corporate investments will not exceed forty percent (35%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (35%). Corporate Notes are limited to 15% per industry.**

- State and/or Local Government Taxable and/or Tax-Exempt Debt
 - ****The maximum amount of corporate investments will not exceed forty percent (35%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (35%). Corporate Notes are limited to 15% per industry.**

- Intergovernmental Investment Pool

- Increased maximum allocation from 15% to 25%
 - Added the following language (page 56)
 - H. Commercial Paper
 - 1. Purchase AuthorizationInvest in commercial paper of any company operating in the United States that is rated, at the time of purchase, at a minimum “Prime-1” by Moody’s or better and “A-1” by Standard & Poor’s or better (prime commercial paper) or the equivalent by two NRSRO.
 - Added Section J as follows (page 57)
 - J. Asset-Backed Securities (ABS)
 - 1. Purchase Authorization

The City may invest in asset-backed securities (ABS) which are bonds or notes backed by financial assets.

 - 2. Portfolio Composition
- A maximum of 20% of available funds may be invested in ABS.
3. Limits of Individual Issuers
- A maximum of 5% of available funds may be invested with any one ABS.
4. Maturity Limitations
- A maximum length to maturity for an investment in any ABS is five (5) years from the date of purchase.
- The maturity of asset-backed securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security’s description.
5. Rating Requirements
- ABS shall be AAA rated or better by Standard & Poor’s, or the equivalent by another rating agency.
- Section XVI. INVESTMENT COMMITTEE (page 86)
 - The Village may will have an Investment Committee that meets on a quarterly basis to discuss the performance of the Village’s investment portfolios, the compliance of the

A representative from Public Trust Advisors will be available to answer questions.

BUDGET AMENDMENT: NO

PUBLIC HEARING: NO

QUASI-JUDICIAL:

FIRST READING:

SECOND READING:

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: N/A

WELLINGTON FUNDAMENTAL: Protecting Our Investment

RECOMMENDATION: Approval of Resolution No. R2018-09 to update the Investment Policy with an effective date of March 1, 2018.