



Investment Policy Update

Last Council Review / Approval
Sept 6, 2011



Investments – Best Practices

- Track and forecast cash
- Limit checking account balances
- Diversify – by issuer
- Diversify – by maturity
- Determine City-specific suitability
- Transparency and accountability
- Trained and experienced staff

Current Policy



Adopted in 2011, not updated since, missing key elements

- Investment Committee oversight
- Increased broker/institutional accountability
- Improved monthly reporting requirements
- Enabling and limiting Legislation (RCWs and Yakima Municipal Code)
- Diversification limits
- Benchmark
- Downgraded securities
- Plain language, for governance, for administration, for citizens, and for future staff on what we do, how we do it and why



When Investing Public Funds, Yield is NOT the Top Priority

1. Safety

preserve principal

2. Liquidity

enough cash on hand - avoid having to sell (at a loss)

ONLY WHEN SAFETY AND LIQUIDITY ARE ASSURED

3. Yield

steward cash on hand to earn interest



Where the City's Money Is

1. Safety

State Investment Pool (1-day access)

2. Liquidity

adequate Checking Account balances

3. Yield

diversified, laddered portfolio



Incorporating Best Practices into Proposed Investment Policy

- Enhances diversification by Issuer
(reducing credit risk)
- Enhances diversification by Maturity Date
(reducing interest-rate risk)
- Fills in key elements
(increasing transparency)
- Requires more detailed reporting
(increasing accountability)



Questions?

Staff recommends
Council's approval