

# Exhibit D – Powerpoint Presentation


# Annual Review of City's Statement of Investment Policy

Recommendation: Review Statement of Investment  
Policy as Amended

Presented by: Steven Diels, City Treasurer  
Nilesh Mehta, Chief Deputy City Treasurer

# Introduction

- \* The City Treasurer strives to maintain a well-balanced and diversified investment portfolio that meets the investment criteria and performance objectives of the City's Statement of Investment Policy.

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- \* Section IV.B. of the City's Investment Policy specifies that the City Treasurer present the City's statement of investment policy for annual review and adoption by the City Council, as well as annual review by the Budget and Finance Commission.

# List of Amendments

- \* 1. Material change on page one to add another potential condition to redeem a security before maturity.
- \* 2. Removed rating requirement from CD's above FDIC limit of \$250,000 since we cannot invest beyond the FDIC limit.
- \* 3. Substituted the term “pool” for “investment portfolio” throughout
- \* 4. Added terminology for consistency and clarification.
- \* 5. Changed Qualified Brokers name in Exhibit B from FTN Financial Main Street Advisors to FHN Financial Main Street Advisors.

# Summary of Amendments

Added a Bullet point:

3. It is recognized that within a well-diversified portfolio, at any particular point in time, that security valuations are impacted by changes in interest rates and economic conditions. Accordingly, securities may at times be worth less than original purchase price based on market fluctuations. Recognizing these factors, it is the expressed intention of our investment policy to hold all investments to maturity to ensure the return of all invested principal dollars. Securities shall generally be held until maturity with the following exceptions:
  - A security with declining credit may be sold early to minimize loss of principal.
  - A security swap may be executed if it will increase the quality, yield, or target duration in the portfolio.
  - Liquidity needs of the portfolio require that the security be sold

# Summary of Amendments Cont'd

## **E. Negotiable Certificates of Deposit**

Maximum of 30%

Negotiable certificates of deposit issued by a nationally or State-Chartered Bank or a State or Federal Savings and Loan Association. Purchases of FDIC insured negotiable certificates of deposits will be insured up to the FDIC limit, which is currently \$250,000. No more than \$250,000 of the Pool may be invested in negotiable certificates of deposit in any one bank or savings and loan association. Negotiable Certificates of Deposits maximum thirty percent (30%) limit is in aggregate with Certificate of Deposit Placement Service investments.

# Summary of Amendments Cont'd

- \* Removed from the paragraph above:
- \* Any purchase of negotiable certificates of deposits above the FDIC limit shall be rated A1 or higher by S&P or fitch, or P1 by Moody's. Since we are not able to invest more than \$250,000, this sentence is omitted.
- \* Removed CalTRUST as an acceptable investment vehicle



# Summary of Amendments Cont'd

- \* The additional changes such as substituting the term “pool” for “investment portfolio” throughout are meant for maintaining consistency and clarification. Also, FTN Financial Main Street Advisors is now FHN Financial Main Street Advisors so we have made the appropriate changes in Exhibit B.

# Recommendation:

Recommendation: Review Statement of Investment Policy as Amended