



Request for City Council Committee Action From the Finance Department

Date: August 16, 2004
To: Ways and Means Committee
Referral to: City Council

Subject: Adopt Resolution Authorizing Discretionary Management of City Investment Accounts and Amend 1998 Investment Guidelines

Recommendation

Staff recommends adoption of resolution to streamline investment management process

Previous Directives

Council authorized Finance on May 28, 2004 to negotiate contracts with investment management firms

Prepared or Submitted by: Michael Nguyen, Director, Treasury Division

Approved by: Patrick Born, City Finance Officer _____

John Moir, City Coordinator _____

Presenters in Committee (name, title)

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

Background/Supporting Information Attached

Authorizing discretionary management of the City's investment accounts contracted to money managers and authorizing that the City Council approved 1998 Investment Guidelines of the City of Minneapolis be replaced by the Financial Management Policies adopted annually during the budget process

Whereas, Laws of Minnesota 1983, Chapter 160, Section 2, authorizes the City Council by ordinance to direct the delegation of the functions, duties, and responsibilities of the comptroller-treasurer, and the other fiscal management functions the city may exercise, except those of the Budget office; and

Whereas, the City Council of the City of Minneapolis has designated fiduciary responsibilities of its treasury functions to its Finance Officer; and

Whereas, the City has an established investment policy and internal guidelines stipulating authorized investment types, diversification principles, and standard of prudence in its Financial Management Policies adopted annually as part of the budget process; and

Whereas, the City seeks to maximize investment returns while first and foremost safeguarding principal and maintaining liquidity; and

Whereas, the City Finance Department recognizes the benefits of contracting with professional money management firms to assist in its investment functions, and recommends that the City's objectives and the benefits of professional investment management are best served by discretionary investment management contracts, where contract managers have agency authority to execute investment decisions for the City, through the City's Custodian, within the requirements of Minnesota laws, Minnesota Statutes Chapter 118A, and the Directions and guidelines of the City's Finance Department;

Now, Therefore, Be It Resolved by the City Council of the City of Minneapolis:

That contracts with professional money managers may provide for managers to act as the City's agent to provide the City with discretionary investment management of investment accounts contracted to money managers, and that the accounts are held by the City's third party Custodian; and that the City Council approved 1998 Investment Guidelines are hereby amended and replaced by the City's investment policy which is hereby incorporated with the Financial Management Policies adopted annually by City Council as part of the budget process.

Be It Further Resolved that the investment accounts are managed within the investment directions provided by the City's Finance Department to the contracted money managers and under the guidelines governed by Minnesota State Statute 118A.