



**DATE:** December 6, 2016

**CATEGORY:** Consent

**DEPT.:** Investment Review Committee

**TITLE:** **Annual Report of the Investment Review Committee for Fiscal Year 2015-16**

### **RECOMMENDATION**

Accept the Annual Report of the Investment Review Committee for Fiscal Year 2015-16.

### **BACKGROUND**

This Council report transmits the Annual Report of the Investment Review Committee (IRC) (Attachment 1) as required by City Council Policy B-2, Investment Policy. The IRC is comprised of the members of the Council Finance Committee (CFC) and two public members appointed by the City Council with expertise in the area of fixed-income investments. The two appointed public members are Steven Permut, Vice President, Senior Portfolio Manager, and Director of Municipal Investments for American Century Investment Management, Inc., and Janice Phan, Corporate Treasurer for LinkedIn. The CFC is comprised of Councilmembers John M. Inks and John McAlister, and Vice Mayor Ken S. Rosenberg, Chair of the IRC. Appreciation is expressed to the IRC's public members for their advice, expertise, time, and assistance in fulfilling the responsibilities of the Committee.

Council Policy B-2 requires the IRC meet annually to review the performance, Policy compliance, and management of the City's investment portfolio. This meeting was held on October 18, 2016 (Attachment 2). The Committee is also required to submit an annual report to the City Council containing the Committee's findings and any recommendations to the Investment Policy.

## **ANALYSIS**

At the October 18, 2016 meeting, the Committee discussed the following aspects of the portfolio:

- The Committee discussed the Corporate Note Program. Although the Policy allows for a maximum of 15.0 percent of the portfolio to be invested in corporate notes, staff has worked with an internal limit of 10.0 percent as directed by the Committee when the Program was approved. The Committee supported staff's recommendation to allow up to 15.0 percent of the portfolio for the Corporate Note Program.
- The Committee discussed investment of the \$400,000 Library donation endowment. Seventy-five percent (75%) of investment earnings may be used for Library materials or programs. After discussing options and limitations, the Committee was comfortable including the \$400,000 in the City's pooled investment portfolio while segregating the endowment and interest earned.

No action is needed on the two discussion items above and there are no recommended changes to the Investment Policy. The Committee's annual report is attached to this memo (Attachment 1).

**FISCAL IMPACT** – None.

## **ALTERNATIVES**

1. Direct staff to not pool the Library Endowment funds.
2. Recommend one or more change(s) to the Investment Policy.
3. Provide other direction.

**PUBLIC NOTICING** – Agenda posting.

Prepared by:

Vice Mayor Ken S. Rosenberg, Chair  
Investment Review Committee

KSR/PJK/7/CAM  
001-12-06-16CR-E

- Attachments:
1. Annual Report of the Investment Review Committee for Fiscal Year 2015-16
  2. Agenda and Reports from the Investment Review Committee Meeting, October 18, 2016