



CITY OF GRAND RAPIDS

AGENDA ACTION REQUEST

Item Number: 1

DATE: June 10, 2025

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: John M. Globensky, City Treasurer
Levi Boldt, Investment Officer

SUBJECT: **Resolution to amend City Commission Policy 400-01 titled
"Statement of Investment Policies, Procedures, and Objectives"**

Michigan Public Act 20 of 1943 (MCL 129.91 to 129.97a) requires that the City Commission adopt and maintain an investment policy which meets certain minimum requirements. City Commission Policy 400-01, Statement of Investment Policies, Procedures, and Objectives (Investment Policy or Policy), administered by the City Treasurer, has long served this purpose. The Treasurer's Office views mere legal compliance as a starting point, not an end goal. To that end, we regularly review the City's Investment Policy to stay abreast of current best practices and support City priorities.

The Treasurer's Office sought feedback on the current Policy with peer governments, as well as financial institutions with which the City Treasurer is authorized to do business. Importantly, two organizations certify local government investment policies meet certain requirements: the Government Investment Officers Association (GIOA) and the Association of Public Treasurers of the United States and Canada (APT).

The City Treasurer's Office intends to submit this Investment Policy for certification with both organizations. Because our existing Investment Policy only considered APT certification requirements when it was written, a number of changes were necessary to meet both sets of standards.

Our Investment Policy last underwent a complete re-write in 2015 and was certified by APT at the time. Since then, the Policy has been amended seven times. Most changes have been relatively minor; the core of the policy has remained intact since 2015.

During the policy review process, feedback received was clear and consistent: our existing Policy is too long and complex. It imposes requirements on the investment

program that are better documented via a written procedures manual rather than the level of formal policy.

Due to the need to simplify and fulfill two different sets of certification criteria, the Treasurer's Office decided to re-write the policy from scratch rather than continue trimming around the edges. Not including the glossary, our current Policy is 6,494 words. The proposed changes cut that down to 5,106 words. While gross word count alone is not the sum total of policy complexity, a 21% reduction in length does demonstrate the value we place on received feedback.

Major changes to the Policy include:

- Creating an Investment Committee intended to provide guidance with respect to investment strategy and operations;
- Adjusting maximum allocation limits for various investment options to better reflect current systemic risk profiles;
- Reducing the maximum allowable maturity of the portfolio from a weighted average life of seven years to a weighted average final maturity of five years;
- Placing a new emphasis on collateralization of deposited monies;
- Requiring continuing education, training, and certification of City staff involved in the investment process.

This Investment Policy retains the goals of preservation of principal, providing sufficient liquidity to support reasonably anticipated expenditures, and obtaining a competitive market yield. By simplifying investment program operational requirements, this policy presents a step forward in the City's investment program.

Your FISCAL COMMITTEE recommends the adoption of the following resolution to amend City Commission Policy 400-01 titled "Statement of Investment Policies, Procedures, and Objectives".

WHEREAS, City staff recommends the proposed revision of City Commission Policy 400-01 to simplify investment program operations consistent with current best practices; therefore

RESOLVED, that the attached City Commission Policy 400-01 "Statement of Investment Policies, Procedures, and Objectives" is adopted as amended.

CORRECT IN FORM

CITY ATTORNEY