



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2021-0541

TO: Mayor and City Council Members
FROM: Joe Snyder, Chief Financial Officer, x2534
DATE: December 13, 2021
SUBJECT: City Investment Policy Update

REQUEST:

City Council is requested to adopt the updated Investment Policy for the City of Rochester Hills.

BACKGROUND:

The City's current Investment Policy requires any and all changes to be approved by Resolution of the City Council. The proposed revisions of our Investment Policy conform to best management practices necessary to obtain policy re-certification from the Association of Public Treasurers United States and Canada (APT US&C). The APT US&C last certified the City's Investment Policy in 2017.

The majority of changes proposed are grammatical in nature and align the proposed Investment Policy with current practice.

One (1) significant change proposed is included in Article 13 / Maximum Maturities. It is proposed to increase the maximum authorized maturity length of U.S. Treasury Obligations and U.S. Government Agency Securities & Instruments, considered the safest investments available, from a two (2) year maximum maturity to a five (5) year maximum maturity. The intent of the change is to allow the City's Investment Officer to invest in longer-term U.S. Treasury obligations in order to earn a greater return on the City's longer-term investments.

Utilizing the City's long-term financial planning model as well as adhering to the City's Fund Balance Policy ensures that a longer-term investment in a U.S. Treasury obligation will not need to be sold before maturity, which greatly reduces the Interest Rate risk of selling an investment prior to maturity.

The City proposes to increase the maximum maturity length to allow longer-term U.S. Treasury obligations in order to be prepared when interest rates do rise. This will provide the Investment Officer the ability to "lock in" a higher rate of return for a longer time period, particularly when there is a signal from the Federal Reserve that rates are anticipated to decrease into the future.

RECOMMENDATION:

City Council is requested to adopt the updated Investment Policy for the City of Rochester Hills.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Clerk		

Contract Reviewed by City Attorney Yes N/A