



SMALL TOWN, BIG BEACH

COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council
THROUGH: Steve Griffin, City Administrator
FROM: Cindy King, Finance & Administrative Services Director
SUBJECT: 2019 Investment Policy
DATE: March 18, 2019

ISSUE: The Finance Committee decided an Investment Policy for Public Funds of the City of Gulf Shores was needed at the February 27, 2019 Finance Committee meeting.

BACKGROUND: With the increase in the Federal Reserve interest rates, it has become more advantageous for government entities to invest **municipal General funds in excess of 3 months operating reserves and money to rebuild for 3 months in the event of a catastrophic event. Borrowed funds in excess of what is needed during the current budget year will also be reinvested. Currently there are \$15 million General Funds and \$10 million borrowed funds available for investing.** Earnings can be used to offset interest expense on borrowed funds.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Interest earned on investments will be used to offset the interest expense on nontaxable funds borrowed in 2018 for transportation purchases and not anticipated to be used this year. Funds in the General Fund in excess **of cash needs on a three month basis** will also be invested on a laddered basis to take advantage of interest rate opportunities.

RELATED ISSUES: None

ATTACHMENTS: Three. Legal Counsel has reviewed and edited the attached investment policy and prepared the Attached Resolution approving the investment policy and authorizing certain investments by the Finance and Administration Staff. An investment summary is also included.

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King



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Post Office Box 299
Gulf Shores, AL 36547