



## HOWARD COUNTY DEPARTMENT OF FINANCE

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*SUBJECT – Testimony for Investment Policy Amendment*

December 19, 2018

To: Lonnie R. Robbins  
Chief Administrative Officer

From: Janet R. Irvin *JRI*  
Director of Finance

Below is a summary of changes to the Investment Policy. These updates will bring the policy into compliance with Federal and State laws as well as the State investment policy, account for Governmental Accounting Standards Board (GASB) changes, and align with best practices of the Government Finance Officers Association.

1. To delete references to out-of-date terminology and legal references:
  - a. “Special Assessment Funds” are no longer an allowable fund type under governmental accounting standards and were deleted from the scope.
  - b. Article 95 of the Annotated Code of Maryland is now known as the Local Government Article.
  - c. The body that oversees broker/dealers is no longer the National Association of Security Dealers and is now the Financial Industry Regulatory Authority (FINRA).
2. To add reference that the policy does not cover the financial assets of the Other Post-Employment Benefits Trust.
3. To clarify the importance ranking of the investment objectives.
4. To expand on how the County will minimize credit risk and interest rate risk in order to achieve the safety objective.
5. To clarify the documents required of potential vs. approved broker/dealers and to require an additional item known as the Consolidated Report of Condition, or “Call” report from commercial banks.
6. To include the Certificate of Deposit Account Registry Service (CDARS) as an approved vehicle for purchasing certificates of deposit.
7. To include the new requirement that money market treasury funds maintain a net asset value (NAV) of \$1.00 at all times and provide investors with daily liquidity.
8. To update the list of authorized and suitable investments to include Municipal Securities and Municipal Mutual Funds, as well as Supranational Issuers, both with a 40% maximum allocation of the portfolio.

9. To increase the maximum allocation of commercial paper from 5 to 10% of the portfolio and to specify the minimum required ratings of a nationally recognized rating agency.
10. To clarify that portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector.
11. To make minor updates of the web location of the Policy and monthly reports and of statistical information for the glossary terms.

Cc: Jennifer Sager  
Angela Price  
Nikki Griffith