

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 10/13/2010

Board Item: V-D-1

Review of the Investment Policy for the WWF Portfolio

Action by Consent

Action

Information

Per Investment Policy guidelines, the Director of Finance or his/her designee conducts an annual review of the Investment Policy ("Policy"), governing the investments for the Water Works Fund, and presents the suggested revisions, if any, to the Board for approval. This Policy was last amended on March 14, 2007. Following the most current review, the staff is proposing several changes to the Policy that will bring it more in line with the investment guidelines included in the Colorado Revised Statutes and GFOA's Recommended Practices, utilized by most Colorado public entities. In addition, this revision also addresses recommendations from the Internal Audit following the audit of the investment controls completed in December 2009.

Changes suggested at this time are as follows:

1. Added a section on Governing Authority, which outlines legal foundations of the investment policies and guidelines.
2. Expanded Investment Objectives section to replicate the GFOA template; as a result, it provides added clarity around investment objectives without altering the fundamentals and the order of priority.
3. Slightly reformatted the Standards of Care section to replicate the GFOA template; and removed reference to securities lending activity as securities lending is not considered a permitted investment option.
4. Edited the sections on Authorized Brokers and Dealers and Safekeeping and Custody to improve the flow of the document.
5. Amended the Permitted Investments section to include Local government investment pools, Certificates of deposit and other evidences of deposit and Bankers' acceptances which brings it in line with investment guidelines in the Colorado Revised Statutes.
6. Expanded the Investment Parameters section to replicate the GFOA template. Certain investment parameters were made stricter to reflect a more conservative investment strategy implemented by the staff following the financial crisis of 2008.

Recommendation:

It is recommended that the Board approve the amended Investment Policy for the Water Works Fund.

Respectfully submitted,

Approvals:


Angela Brumont, Director of Finance


James S. Lochhead, CEO/Manager