



# Buncombe County Investment Policy Update

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*Presented by*  
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# Investment Policy Update

- ✓ The investment policy we are working under was adopted 6/18/1996 and needs to be updated
  
- ✓ The changes to the policy are designed to add clarity, best practices, and flexibility in managing our investment program
  - Added language to our primary objective of safety of principal that states “will diversify investments by investing funds among a variety of securities with independent returns”
  
  - Added language that the County may engage the support services of advisors, consultants and professionals in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the County’s financial resources



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- Replaced National Association of Securities Dealers (NASD) with Financial Industry Regulatory Authority (FINRA) for all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions to correspond with the organizational change that occurred in 2007
- Added language that requires qualified bidders to certify they have read North Carolina General Statute 159-30(c) in addition to the County investment policy
- Added language that states the Finance Director shall endeavor to complete investment transactions using a competitive bid process whenever possible



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- Added language the all investments must be made in accordance with NC General Statute 159-3(c)
- Added a section on mitigating market risk in the portfolio which includes:
  - The County shall maintain at least 10% of its total portfolio in instruments maturing in 90 days or less to provide sufficient liquidity for expected disbursements.
  - The maximum percent of callable securities (does not include “make whole call” securities as defined in the Glossary) in the portfolio will be 20%.
  - The maximum stated final maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy



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- Added language that the duration of the portfolio will at all times be approximately equal to the duration of a Market Benchmark index selected by the County based on the County's investment objectives, constraints and risk tolerances
- Added language on prohibited investments and practices
  - Trading securities for the sole purpose of speculating on the future direction of interest rates
  - Purchasing or selling securities on margin



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- Added to the language for reporting to the Board to include asset listing, market value, average maturity, portfolio distribution and average credit quality along with a statement of compliance with the investment policy
- Added language that the Finance Director shall monitor and evaluate the portfolio's performance relative to a market benchmark, which will be included in the Finance Director's periodic reports
- Added a glossary of terms



Questions?

