



Legislation Details (With Text)

File #: 18-1100 **Version:** 1 **Name:**
Type: Action Item **Status:** Agenda Ready
File created: 11/26/2018 **In control:** Town Council Meeting
On agenda: 12/10/2018 **Final action:**
Title: Invest funds with VML/VACO Virginia Investment Pool (VIP)

Sponsors:

Indexes:

Code sections:

Attachments: 1. VIP Performance Report, 2. Final LGIP EM Quarterly Performance Report 03.31.2018, 3. LGIP - VML-VACO comparison, 4. Cash balances, 5. Survey of balances, 6. 11 VIP Model Ordinance REV 12.2016 Vienna, 7. Exhibit A 15 VIP Trust Agreement - Amended 9.23.16, 8. Exhibit B Signed Joinder agreement

Date	Ver.	Action By	Action	Result
12/10/2018	1	Town Council Meeting	approved	Pass

Subject:

Invest funds with VML/VACO Virginia Investment Pool (VIP)

EXPLANATION AND SUMMARY :

Following actions taken by the Federal Reserve Bank to increase interest rates, interest rates available on deposits are rising. The Town of Vienna's funds are currently invested 100 percent in the Commonwealth of Virginia's Local Government Investment Pool (LGIP). This is a very safe, liquid, short-term investment allowing for stable asset value and daily retrieval of funds.

Due to market demands and requests by municipalities, both LGIP and VML developed funds offering longer term investments, such as government agency and corporate bonds. Both funds comply with the Investment of Public Funds Act (Va. Code 2.2-4500 through 2.2-4519) and are rated triple-A by the rating agencies. LGIP also is authorized by the Local Government Investment Pool Act (Code of Va. 2.2-4600) and is managed by the Virginia Department of the Treasury. The VML / VACO pool is managed by an outside investment firm with VML/VACO finance oversight.

LGIP started its extended maturity fund in 2017. VML/VACO's pool was started in 2013. Both funds satisfy state code requirements, both have high fund ratings, and both have similar investments and investment objectives. However, the VML/VACO VIP pool, while charging a higher fee, generates a higher return. The Finance Department recommends investing excess funds in the VML/VACO VIP program due to its higher net returns on a similarly safe investment.

The Finance Department analyzed balances in various funds to determine which ones to invest at a higher interest rate. Factors considered included high and low balances over a three- and quarter-year period as well as determining which funds had a component that would not be paid out over the

short term - i.e. matching the investment to the payment needs. The recommended amounts for four funds take into account the historical low balance and fund payment needs. No amounts recommended to be invested are within \$500,000 of the historical low balance. Additionally, the VML/VACO VIP program allows for twice monthly withdrawals. This will allow the Finance Department to maximize returns while ensuring that the Town can meet its financial obligations.

Recommended amounts to invest are as follows:

General Fund:	\$1,500,000
Debt Service Fund:	\$3,000,000
Local Pension Fund:	\$1,500,000
Police Pension Fund:	\$2,000,000

Departmental Recommendation : Recommend that Council approve the ordinance to invest Town funds in the VML/VACO Virginia Investment Pool.

Finance Recommendation : Recommend that Council approve the ordinance to invest Town funds in the VML/VACO Virginia Investment Pool.

Purchasing Recommendation : N/A

Town Attorney Recommendation : Town Council may approve the proposed change in investment options for Town funds in its discretion.

Town Manager's Recommendation : I recommend the Town Council authorize the Town of Vienna to invest funds in the VML/VACO Virginia Investment Pool, as presented.

Cost and Financing: \$8,000,000

Account Number: Cash to cash transfer - no appropriated expenditure

Decision Needed by This date: December 10, 2018

PROPOSED/SUGGESTED MOTION

"I move to authorize the Town of Vienna to invest funds in the VML/VACO Virginia Investment Pool."

Or

Other action deemed necessary by Council.