

**M** Management Committee  
For the Metropolitan Council meeting of June 25,  
2008

Item: 2008-162

**ADVISORY INFORMATION**

**Date Prepared:** June 12, 2008

**Subject:** Amendment to "Accountability" Paragraph in Council Investment Policy

**Proposed Action:**

That the Metropolitan Council approve a revised section of the Investment Policy, section "IV. Implementation/Accountability", as attached.

**Summary of Committee Discussion / Questions:**

Committee approved the attached language changes to the section "IV. Implementation/Accountability" of the Council's investment policy.

The key points of the policy are that:

1. By their appointments to their positions, the Treasurer and Chief Financial Officer (CFO) will **automatically** be members of the Investment Review Committee (IRC).
2. Two non-Council members with strong financial background and two Council members will be the other members of the IRC. These four positions will be filled through nomination by the Treasurer, the Chair of the Management Committee, and the Council Chair and subsequently recommended by the Management Committee and approved by the Council.
3. Each person on the IRC shall have just one vote even if they hold more than one position.
4. It is understood, but not stated, that the Treasurer position may be held by either the CFO or by one of the Council members appointed to the IRC.

## **Council Investment Policy Revision: IV. Implementation /Accountability**

### Revised Policy

The Management Committee of the Council has designated that the Investment Review Committee (IRC) provide on-going oversight and review of the Council's investment program. The IRC will establish policies, procedures and objectives as they relate to investments and monitor compliance thereto. The IRC consists of two Council members, two members with strong relevant financial background who are not Council employees/members, the Council Treasurer, and the Chief Financial Officer (CFO). Whether the positions are held jointly or severally, the CFO and Treasurer shall be members of the IRC without the need for Management Committee or Council approval. All other candidates for the IRC will be jointly nominated by the Treasurer, the Chair of the Management Committee, and the Council Chair. Nominees must be subsequently recommended by the Management Committee and approved by the Council. Nominees will be required to disclose any potential conflicts before appointment. Each person on the IRC shall have just one vote on all matters brought before the IRC. The IRC will be supported by the Controller and related staff and will meet at least twice per year. Further responsibility for daily management and administration of the investment program and investment transactions is delegated to staff in the form of a written addendum from the Regional Administrator of the Council. This Policy applies to all financial assets, funds and transactions of the Council and its divisions.

### Strike-Out Version

The Management Committee of the Council has designated that the Investment Review Committee (IRC) provide on-going oversight and review of the Council's investment program. The IRC will establish policies, procedures and objectives as they relate to investments and monitor compliance thereto. The IRC consists of two Council members designated by the Management Committee, two members with strong relevant financial background who are not Council employees/members, and who are appointed by the Council Treasurer, and the Chief Financial Officer (CFO). Prospective external members will be required to disclose any potential conflicts before appointment. Whether the positions are held jointly or severally, the CFO and Treasurer shall be members of the IRC without the need for Management Committee or Council approval. All other candidates for the IRC will be jointly nominated by the Treasurer, the Chair of the Management Committee, and the Council Chair. Nominees must be subsequently recommended by the Management Committee and approved by the Council. Nominees will be required to disclose any potential conflicts before appointment. Each person on the IRC shall have just one vote on all matters brought before the IRC. The IRC will be supported by the Controller and related staff and will meet at least twice per year. Further responsibility for daily management and administration of the investment program and investment transactions is delegated to staff in the form of a written addendum from the Regional Administrator of the Council. This Policy applies to all financial assets, funds and transactions of the Council and its divisions.

# M Management Committee

Business Item

Item: 2008-162

Meeting date: June 11, 2008

## ADVISORY INFORMATION

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|----------------------------------|--|
| <b>Date:</b>                     | May 13, 2008   |
| <b>Subject:</b>                  | Amendment to "Accountability" Paragraph in Council Investment Policy |
| <b>District(s), Member(s):</b>   | All  |
| <b>Policy/Legal Reference:</b>   | Investment Policy, Section 3-4-4                                     |
| <b>Staff Prepared/Presented:</b> | Allen Hoppe, Treasury Manager  |
| <b>Division/Department:</b>      | Fiscal Services/Treasury   |

## Proposed Action

That the Metropolitan Council approve changes to the Investment Policy as shown below. (Deletions are shown as strikeouts, insertions are underlined):

### IV. Implementation/Accountability:

The Management Committee of the Council has designated that the Investment Review Committee (IRC) provide on-going oversight and review of the Council's investment program. The IRC will establish policies, procedures and objectives as they relate to investments and monitor compliance thereto. The IRC consists of two Council members, two members with strong relevant financial background who are not Council employees/members, the Council Treasurer, and the Chief Financial Officer (CFO). Whether the positions are held jointly or severally, the CFO and Treasurer shall be members of the IRC without the need for Management Committee or Council approval. All other candidates for the IRC will be jointly nominated by the Treasurer, the Chair of the Management Committee, and the Council Chair. Nominees must be subsequently recommended by the Management Committee and approved by the Council. Nominees will be required to disclose any potential conflicts before appointment. Each person on the IRC shall have just one vote on all matters brought before the IRC. The IRC will be supported by the Controller and related staff and will meet at least twice per year. Further responsibility for daily management and administration of the investment program and investment transactions is delegated to staff in the form of a written addendum from the Regional Administrator of the Council. This Policy applies to all financial assets, funds and transactions of the Council and its divisions.

## Background

The private sector has increased full governing board oversight for audit and investment committees as required by Sarbanes-Oxley. Although Sarbanes Oxley does not apply to the Council, this recommended change is in that same spirit.

**Rationale**

This proposed action formalizes the Council's participation in the investment oversight process.

**Funding**

Non-monetary item.

**Known Support / Opposition**

None.