

**PRINCE GEORGE'S COUNTY COUNCIL  
AGENDA ITEM SUMMARY**

**Meeting Date:** 9/12/95

**Reference No.:** CR-52-1995

**Proposer:** CO. EXEC.

**Draft No.:** 2

**Sponsors:** MacKinnon and Bailey

**Item Title:** To approve a policy for the investment of all unexpended  
or surplus funds of the County

**Drafter:** Richard W. Bradley  
Office of Finance

**Resource Personnel:** Robert R. Hagans, Jr.  
Office of Finance

**LEGISLATIVE HISTORY:**

**Date Presented:** \_\_\_/\_\_\_/\_\_\_

**Executive Action:** \_\_\_/\_\_\_/\_\_\_ \_\_\_

**Committee Referral:**(1) 9/5/95 PSFM

**Effective Date:** \_\_\_/\_\_\_/\_\_\_

**Committee Action:**(1) 9/8/95 FAV(A)

**Date Introduced:** 9/5/95

**Pub. Hearing Date:** (1) \_\_\_/\_\_\_/\_\_\_ \_\_\_:\_\_\_ \_\_\_

**Council Action:** (1) 9/12/95 Adopted

**Council Votes:** AMc:A, DB:A, SD:--, JE:--, IG:A, WM:A, RVR:A, AS:A, MW:A

**Pass/Fail:** \_

**Remarks:**

**PUBLIC SAFETY & FISCAL MANAGEMENT COMMITTEE REPORT** Date: 9/8/95

Committee Vote: Favorable, as amended, 3-0 (In favor: Council Members Estepp, Del Giudice and Maloney).

The resolution will require the County Council to adopt an investment policy by October 1, 1995. The Maryland General Assembly passed legislation during the 1995 session which will strengthen Maryland's State and local government investment practices in light of losses sustained recently by Orange County, California and Charles County, Maryland. Senate Bill 86 will require each County, Baltimore City, each municipal corporation, each community college, the Washington Suburban Sanitary Commission (WSSC) and the Washington Suburban Transit Commission (WSTC) to adopt a local investment policy. It also requires the Board of Education and Board of Library Trustees to

comply with the investment policies of their County government. In addition, House Bill 913 was enacted which established new guidelines for the investment of all public funds. The new guidelines include requirements involving credit quality, collateral and safekeeping as well as new investment vehicles such as obligations of federal instrumentalities, commercial paper and certain money market mutual funds.

The Committee discussed their concerns with the length of the custodial contract with Nation's Bank for five (5) years and the County's policy of investing in derivatives. The Committee would like to see the County reduce the custodial contract and refrain from investing in any derivatives.

The Office of Finance stated that at least 15% of all investments is invested with minority firms.

The resolution includes the following amendments:

1. On Page 2, line 4, insert:

"BE IT FURTHER RESOLVED that a copy of the County Executive's semi-annual report to the State Treasurer shall be filed with the Clerk of the Council on or before January 30 and July 30 of each year."

2. On Page 8, Section (i) of the Investment Policy, insert after instrument:

"based upon U. S. Government or U. S. agency securities"

The fiscal impact on the County should be positive since the new investment policy will produce additional interest income.

#### **BACKGROUND INFORMATION/FISCAL IMPACT**

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation approves a policy for the investment of all unexpended or surplus funds of the County.

#### **CODE INDEX TOPICS:**