

CITY COUNCIL COMMUNICATION



MEETING DATE: August 25, 2020

ITEM NUMBER: 9.A

SECOND READING: September 8, 2020

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

Jim Golden, Finance Administration, Jim.Golden@longmontcolorado.gov

SUBJECT/AGENDA TITLE:

A Bill For An Ordinance Amending Section 4.16.010 Of The Longmont Municipal Code On Allowable Investments

EXECUTIVE SUMMARY:

The City maintains an Investment Policy that is adopted by resolution by the City Council. The last update to the Investment Policy was in 2018. Due to expiration of the last contract, the City went out to bid for a new investment consultant earlier this year. Public Trust Advisors (PTA) was recently appointed as our new investment consultant.

One of the first tasks for PTA was to review our Investment Policy and recommend any necessary or suggested changes. As a result there are a limited number of changes being proposed to the Investment Policy for the City. One of the changes is to add General or Revenue Municipal Bonds as allowable investments. Allowable investments are identified in the Municipal Code thus this ordinance is being proposed to effect the change.

A resolution to adopt the revised investment policy will be proposed on the September 8th agenda. Other changes being proposed to the Investment Policy are to update the policy, clarify allowable investments, and improve the presentation of investment limits.

COUNCIL OPTIONS:

1. Approve the Ordinance
2. Do Not Approve the Ordinance

RECOMMENDED OPTIONS:

Approve the Ordinance

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

The investment portfolio of the City includes virtually all City funds though the three pension trust funds all have a separate investment portfolio with a separate investment policy.

BACKGROUND AND ISSUE ANALYSIS:

The City maintains a General Investment Portfolio which is currently just over \$304 million. This represents all city monies short of bond proceeds, pension assets and any monies required to be held in trust separately. It is a compilation of the fund balances, debt reserves and cash liquidity for about sixty individual funds and sub funds. The assets are pooled and investment earnings are allocated monthly based on the respective balances from each fund.

Rather than have a staff member actively manage the portfolio, the City has outsourced the management of the less liquid portion of the portfolio to an investment consultant with non-discretionary authority. The consultant makes investment recommendations that are reviewed and approved by City staff. The current investment consultant is Public Trust Advisors (PTA). Cory Gebel is the Lead Portfolio Manager with PTA and is the manager of the City's portfolio. Ben Mendenhall is a Vice President with PTA working on the City's account.

City staff decides how much of the portfolio is maintained in the more liquid investments of Local Government Investment Pools and the balance is managed by PTA in other authorized investments. The last update to the Investment Policy was in 2018. Staff has been working with PTA to update the Investment Policy for the City. PTA has provided fresh insight as they have been retained since the last update to the City's investment policy. The Government Finance Officers Association (GFOA) has a recommended model investment policy and the City has traditionally tried to align the City policy with the GFOA model considered to be a best practice.

The revised Investment Policy is attached to this communication and will be presented to the City Council for approval on September 8th. Most of the individual sections remain the same but some changes have been made throughout the policy. The changes of substance include the following:

Section 1.0 – Introduction • Updated for new resolution number and date.

Section 9.0 - Authorized Securities and Deposits • Changed Repurchase Agreements termination dates to 32 days in subsection 4. • Added subsection 8 authorizing investment in General or Revenue Municipal Bonds.

Section 10.0 – Diversification and Liquidity • Deleted accrued interest from investment limits.
• Changed presentation of portfolio limits into a tabular format

Allowable investments are identified in the Municipal Code thus this ordinance is being proposed to add General or Revenue Municipal Bonds. If there are questions on this item please contact Chief Financial Officer Jim Golden at 303 651-8629.

ATTACHMENTS:

Ordinance

Investment Policy