

CITY OF GALLUP
RESOLUTION 2019-8

A RESOLUTION PROVIDING FOR AUTHORITY FOR INVESTMENT OF SURPLUS POOLED CASH DOLLARS PER APPROVED FINANCE POLICY

WHEREAS, the Chief Finance Officer in exercising fiduciary responsibility desires to safeguard the funds of the City that may be invested from time to time;

WHEREAS, Finance policies adopted 06/14/2016 and amended 04/05/2017 establish authority for investment of funds;

WHEREAS, the City has monies available in the pooled cash of all funds to invest in a higher yield than the current rate on overnight sweep of the funds;

WHEREAS, the City can improve its yield on surplus funds without sacrificing financial safety and flexibility; and

WHEREAS, the City needs to maximize the yield on surplus temporary idle funds so there will be sufficient funds to meet the needs of the City in a cost-effective manner.

THEREFORE, BE IT RESOLVED, that this resolution is applicable to *all* public funds belonging to the City of Gallup and in the custody of the City's Chief Financial Officer.

BE IT FURTHER RESOLVED, That the City's Chief Financial Officer is authorized to manage funds belonging to the city, including depositing funds in financial institutions approved by the City Council and administration of investment policies as set forth in this resolution.

BE IT FURTHER RESOLVED, That the City Council will approve all new financial institutions as depositories of city funds prior to establishing of new accounts.

BE IT FURTHER RESOLVED, That the Chief Financial Officer as required by section 6-10-10 to 6-10-63 NMSA 1978 will invest funds in banks and savings and loan associations having their main or staffed branch offices within the geographical boundaries of the governmental unit that have qualified as public depositories by reason of insurance of the account by an agency of the United States or by depositing collateral security or by giving bond as provided by law in an equitable manner. If a local institution is unavailable, then our existing investment institutional relationship account will be utilized.

BE IT FURTHER RESOLVED, That the City Council will identify the emergency fund balance reserve requirement for operating expenditures and the required reserve for disaster preparedness. The City Manager and Chief Financial Officer are authorized to make prudent investments of these funds for a length of time that will provide a reasonable return on investment yet ensure that such funds will be available when needed and will not be exposed to undue risk. The Chief Financial Officer is authorized to invest City funds in the following instruments:

- U.S. Treasury Obligations. This is the largest segment of the fixed-income securities market. Treasury securities are the safest and most marketable investments, but they yield the lowest return for a

given maturity of all investment instruments. Treasury securities are classified as bills, notes, and bonds.

- The Chief Financial Officer is authorized to invest in bills, notes, bonds and debentures (bond backed by the general credit of the issuer rather than a specific lien on particular assets) of the United States Treasury, the maturities of which are not more than 5 years from the date of purchase.
- Agency Securities. These obligations of various agencies and corporations chartered by the federal government are guaranteed by the issuer. Principal issuers include federal land banks, federal home loan banks, federal intermediate credit banks, the Federal National Mortgage Association ("Fannie Mae"), the Governmental National Mortgage Association ("Ginnie Mae"), and the banks for cooperatives.
- Notes or bonds secured by mortgages insured by the Federal Housing Administrator, securities of national mortgage associations, and debentures issued by the Federal Housing Administrator (FNMA, GNMA, and FHMLC) are acceptable investments so long as the maturity dates do not extend more than 1 year from the date of purchase.
- Negotiable Certificates of Deposit. A CD is the deposit of funds at a commercial bank for a specified period of time and at a specified rate of interest. Certificates of Deposit shall be utilized only to the capacity that they are backed by FDIC insurance or collateralized at 50%.
- Local Government Investment Fund (State Pool). The New Mexico Statutes authorizes the State Treasurer to establish and maintain a common trust fund in which cities, counties, school districts, regional councils of government, and other political subdivision of the State may deposit public monies. The City may withdraw deposits with a short notice to the State Treasurer's Office.
- Money Market Funds. The Chief Financial Officer may place funds into Money Market Accounts, with local banks as required by state statute. These funds are to be collateralized at 50%.

BE IT FURTHER RESOLVED, That the Chief Financial Officer will evaluate the current Pooled Fund Cash unassigned fund balance and remove the identified committed funds for emergency operating expenditures and emergency preparedness as well as needed funds for ongoing budgeted commitments and advise the City Manager and City Council of the amount of the funds available for alternate investments.

BE IT FURTHER RESOLVED, That the Chief Financial Officer will present Quarterly the results of the investment return of all investments to the City Council in a public meeting.

BE IT FURTHER RESOLVED, That the objectives of this policy are to:

- maintain safety of principal of city funds;
- maintain a diversified investment portfolio;
- maintain adequate liquidity; and
- achieve a market rate of return on relatively safe investment instruments.

To accomplish these objectives, decisions and actions involving the City's investment portfolio shall meet the following criteria:

- Safety. The primary objective of the City's investment activity is preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses.
- Liquidity. The City's investment portfolio shall remain sufficiently liquid to enable the City to meet operating requirements that may be reasonably anticipated. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase.
- Yield. The investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on a six month U.S. Treasury Bill. The City's investment risk constraints and cash flow needs shall be taken into consideration.
- Public Trust. All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment will be avoided where the transaction might impair public confidence in the City's ability to govern effectively.

BE IT FURTHER RESOLVED, That the City Manager and Chief Financial Officer shall make such investments and only such investments as a prudent person would make in dealing with the property of another, having in view the preservation of the principal and the amount and regularity of the income to be derived.

BE IT FURTHER RESOLVED, That the City Manager and Finance Director may elect to have certificates and other evidence of investments held by a financial institution, provided that the financial institution presents to the City's Finance Director sufficient documentation and acknowledgment of the investment instruments held on behalf of the City.

BE IT FURTHER RESOLVED, That the City Manager and Finance Director shall refrain from personal business activity that could conflict with the proper execution and management of City investments, or that could impair the City Manager and Finance Director's ability to make impartial investment decisions.

BE IT FURTHER RESOLVED, That the City shall comply with all applicable statutory standards for investment of public funds as they now exist or as they may be subsequently amended. Any provision of this resolution that conflicts with applicable statutory requirements and standards is void.

BE IT FURTHER RESOLVED, all sections or parts of sections of any City of Gallup's Resolutions or parts of Resolutions, and any City of Gallup's Policy or parts of Policy, which are in conflict herewith, are hereby repealed to the extent of such conflict.

RESOLVED: In session this 26th day of February, 2019.

CITY OF GALLUP, NEW MEXICO

ATTEST:

Al Abeita, City Clerk

Jackie McKinney, Mayor

Linda Garcia, City Councilor

Allan Landavazo, City Councilor

Yogash Kumar, City Councilor

Fran Palochak, City Councilor