AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Gunnison County Legal Instrument # _____

Date of Request: 2/28/2013 **Contractual Deadline:** N/A **Received in Administration:** 3/1/13

Desired Agenda Date: ASAP **Amount of Discussion Time Desired:** 5 MIN

Action Requested: ADOPTION BY BOARD

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary: TREASURER'S INVESTMENT POLICY, SUPERSEDING Res # 2004-47

Recommendation:

Fiscal Impact: NONE

Submitted by: MELODY MARKS, TREAS **Return To:**

Finance Department Review: ● Required ○ Not Required

Comments:

Signature 3/1/13 Discharge Date

County Attorney Review: ● Required ○ Not Required

RECEIVED FEB 26 2013 COUNTY ATTORNEY

Comments:

O/K DB 2/28/13

Certificate of Insurance Required

Yes ___ No X Initials DB

Signature Discharge Date

Returned to Administration: 3/1/13 **Original Returned:**

County Manager Approval:

MB 3-1-13

Signature 3/19/13 Date

○ Consent Agenda ● Regular Agenda Time Allotted: 5 min

Revised July 2010

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO
RESOLUTION NO. 2013-____

A RESOLUTION AUTHORIZING THE GUNNISON COUNTY TREASURER TO DEPOSIT AND INVEST PUBLIC FUNDS
THIS RESOLUTION SUPERCEDES RESOLUTION NO: 2004-47

WHEREAS, the County of Gunnison, State of Colorado is charged with the responsibility of depositing public funds which come into its possession;

WHEREAS, Colorado Revised Statues, Section 24-75-601 to 24-75-603 provides for the investment of public funds and monies;

NOW, THEREFORE BE IT RESOLVED as follows:

1. The County Treasurer is hereby authorized to invest County funds. The primary objectives of such investments shall be the safety of the invested funds and the liquidity of the invested funds for the timely payment of County obligations. The secondary objective shall be the achievement of a market average yield on the invested funds.

2. All investments of County funds shall be in compliance with the Treasurer's Investment Policy which is attached to this Resolution as Exhibit A and which may be modified or changed from time to time.

3. The Treasurer shall invest County funds only in the following securities:

    a. Money market accounts and certificates of deposits issued by banks located in the County and collateralized under applicable Colorado statutes.
    b. Money market accounts and certificates of deposit issued by banks located outside the County, but in the State of Colorado and collateralized under applicable Colorado statutes.
    c. State investment pools authorized under the provisions of Colorado Revised Statutes, Sections 24-75-701 to 708.
    d. Money market funds authorized under the provisions of Colorado Revised Statutes, Section 24-75-601.1(k).
    e. Direct obligations of the United State Government which are sold at discount or have semi-annual interest payments; e.g. U.S. Treasury bills, U.S. Treasury notes; and U.S. Treasury bonds. The Treasurer is authorized to establish a Treasury Direct account in the county's name at the United States Treasury.

f. Debt securities offered by federal government or federally sponsored agency under the provisions of Colorado Revised Statues Section 24-75-601.1(a) and (b).

4. The maximum maturity of any security purchased by the Treasurer shall not exceed five years unless specifically approved in advance by the Board of County Commissioners.

5. The Treasurer may sell securities held by the County to meet, as necessary, the County investment objectives and cash needs.

6. Any material exception to the Investment Policy shall be reported by the Treasurer to the County Commissioners expeditiously. The Treasurer shall submit to the Board of County Commissioners a written report on the investment program no less than twenty business days following the end of each calendar quarter.

INTRODUCED by Commissioner _____, seconded by Commissioner _____, and adopted this ____ day of _____, 2013.

BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY, COLORADO

By _____
Paula Swenson, Chairperson

By _____
Phil Chamberland, Vice Chairperson

By _____
Jonathan Houck, Commissioner

ATTEST:

_____
Deputy County Clerk

INVESTMENT POLICY
FOR GUNNISON COUNTY

I. SCOPE:

This investment policy applies to activities of the Treasurer with regard to investing the financial assets of the General Fund and all other Funds including the following:

Capital Improvements
Public Works
General Fund
Special Revenue Funds
Enterprise Funds
Special Assessment Funds
Trust & Agency Funds
Debt Service Funds

II. OBJECTIVES:

Funds of the County will be invested in accordance with this policy, all applicable County policies, Colorado Statutes and Federal regulations. The County's investment portfolio shall be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Investments shall be based on statutory constraints. The primary investment criteria in priority sequence are safety, liquidity and avoidance of speculation.

III. DELEGATION OF AUTHORITY:

The County Treasurer shall be the "Investment Officer" responsible for investment decisions and activities. The Investment Officer shall operate the investment management program consistent with this policy. In order to optimize total return through vigilant portfolio management, resources shall be allocated to the investment management program.

IV. PRUDENCE:

A. The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states; "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

B. The Investment Officer, acting in accordance with this policy and exercising due diligence, shall not be personally responsible for a specific security's credit risk or market price changes.

V. MONITORING AND ADJUSTING THE PORTFOLIO:

The Investment Officer will routinely monitor the contents of the portfolio, the available markets, and the relative safety of competing instruments. The portfolio shall be priced at least monthly.

VI. INTERNAL CONTROLS:

The Investment Officer shall organize, control, and make decisions relating to cash flow needs and investment opportunities. When it is determined those funds are available for investments and other portions of this policy have been followed, the Investment Officer shall wire transfer the same amount to the appropriate financial institution. The Custodian shall receive copies of the confirmations and all securities to be held in safekeeping except those held by the Federal Reserve. Wire transfers made for investments may be made only to qualified institutions listed in item number XI. Money held in SEC Registered money market funds must comply with CR 24-75-601. Money held in state pools must comply with CRS 24-75-701. Other controls may be adopted to prevent loss of public funds due to fraud, error, and misrepresentation, unanticipated market changes or imprudent actions.

VII. SHORT TERM VERSUS LONG TERM PORTFOLIO:

Limitations on investments diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term under one year or long-term funds not more than five years. All funds shall be normally considered short-term except those reserved for building construction projects (i.e., bond sale proceeds) and any unreserved funds used to provide investment flexibility for a future fiscal year.

VIII. SHORT TERM PORTFOLIO DIVERSIFICATION

A. The Treasurer may diversify its short-term investments by using the following instruments as defined under CRS 24-75-601.

1. U.S. Treasury Obligations (bills, notes, and bonds and STRIPS)
2. U.S. Government Agency Securities
3. SEC Registered Money Market Mutual Funds

4. Certificates of Deposit in FDIC Insured Colorado Commercial Banks and Savings and Loan Associations with 102% collateral under PDPA over the **$250,000** FDIC insurance level
5. **Negotiable Certificates of deposit**
6. Local Government Investment Pools regulated under CRS 24-75-701

B. Short-term investment maturities for all funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (property taxes, state and federal transfer payments) or seasonal fluctuations in sales taxes.

IX. LONG TERM PORTFOLIO DIVERSIFICATION:

Instruments and diversification for the long-term portfolio shall be the same as for the short-term portfolio. Maturity scheduling shall be timed according to anticipated need. For example, investment of building construction funds shall be timed to meet contractor payments. No long-term investments shall exceed five years.

X. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS:

A. Before the Treasurer invests any surplus funds in investment instruments purchased on the secondary market, the Investment Officer shall obtain and record three competitive offers. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, offers will be requested for instruments, which meet the maturity requirement. If no specific maturity is required, a market trend analysis, which includes a yield curve, will normally be conducted to determine which maturities would be most advantageous.

B. The Treasurer will accept the offer, which provides the highest rate of return within the maturity required and within the parameters of these policies, with the following exception:

1. Gunnison County seeks to promote local economic development through various programs and activities. Included may be an objective of rewarding local financial institutions that increase their commitments to private economic growth and local housing investment. The government's governing board shall allow this objective to be utilized if short –term investment yields are lowered by no more than 20 basis points (0.20 percent) in exchange for potential expansion of the tax base.

XI. QUALIFIED DEPOSITORIES AND FINANCIAL INSTITUTIONS:

A. The Treasurer shall maintain a list of Banking Institutions approved as depositories for its public funds which are qualified under CRS 24-75-603, are federally insured and collateralize deposits over $250,000 according to the Public Deposit Protection Act.

B. Separate from the banking institutions approved as depositories, the Treasurer shall maintain a listing of Financial Institutions that are approved for investment purposes. The Investment Officer shall conduct a due diligence review of the condition and the regulatory history of each Financial Institution, including state pools prior to its approval. This review shall be accomplished by requiring financial institutions to submit a Statement of Qualification covering all officers and control persons which includes full disclosure of all information that would be required on an NASD Form U4, for Broker Dealers or an SEC Form ADV Parts 1 and 2.

XII. SAFEKEEPING AND COLLATERALIZATION:

A. All fixed term investment securities purchased under this policy shall be held by the Investment Officer or in third-party safekeeping by a custodial institution eligible under CRS 24-75-601. The custodian shall issue a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.

B. Deposit-type securities (such as certificates of deposit) shall be collateralized as required by PDPA for any amount exceeding FDIC or FSLIC coverage. Other investments requiring collateral including repurchase agreements will be secured by the actual security held in safekeeping by a third-party custodian. At a minimum all collateral shall meet the Level 2 category as defined by the Governmental Accounting Standards Board (GASB).

C. Money market instruments such as SEC registered money market mutual funds qualified under CRS 24-75-601 and state pools under CRS 24-75-701 shall be collateralized as required by law.

XIII. REPORTING REQUIREMENTS:

The investment office shall generate monthly reports for management purposes. In addition, the Governing Board will be provided a monthly report that will include data on investment instruments being held as well as any narrative necessary for clarification.

Date:_____