

RESOLUTION NO. 2022-101

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRIGHTON, COLORADO, SETTING FORTH THE CITY OF BRIGHTON, COLORADO, INVESTMENT POLICIES; DESIGNATING THE CITY MANAGER, OR THE CITY MANAGER'S DESIGNEE, AS THE CITY OFFICIAL WITH INVESTMENT AUTHORITY AND OVERSIGHT; AND SETTING FORTH OTHER DETAILS RELATED THERETO

WHEREAS, Section 13 of the BRIGHTON CHARTER provides:

13.1 Municipal Investments The Council may, by ordinance or resolution, initiate and adopt guidelines for municipal investments as long as those guidelines comply with the following conditions:

(A) Such guidelines are subject to any applicable limitations in the Colorado Constitution, including any requirements for voter approval; and

(B) Such guidelines are determined by Council to be in the best interest of the City.

WHEREAS, the investment policies of the City of Brighton were last revised with the adoption of Resolution 2017-28 on March 7, 2017 and the City Council finds that it is necessary to revise the investment policies and to adopt new policies as set forth in this Resolution to reflect current investment practices of the City of Brighton; and amendments to the Colorado Revised Statutes §§24-75-701, *et seq.*; and

WHEREAS, the purpose of the investment policies adopted herein is to establish the City of Brighton's official policy regarding the scope of the investment policies, the objectives of the policies, the delegation of authority in regards to making investment decisions, what the City Council considers to be appropriate standards and recommended practices as established by the Government Finance Officers Association, ethics and conflict of interest, what are suitable and authorized investments, and the parameters for those investments; and

WHEREAS, in Colorado, state statutes determine eligible public depositories which may be used for the deposit of public funds and identify securities in which public funds may be invested; and

WHEREAS, the City Council hereby finds and determines that the Investment Policies set forth herein are necessary and adoption of said Policies is in the best interest of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brighton, Colorado that in accordance with the purposes herein stated the City of Brighton's Investment Policy ("the Policy") shall be as follows:

SECTION 1. SCOPE

This Investment Policy shall apply to all investment transactions and investable funds of the City, except for certain employee retirement funds that are administered and managed by third party agreements and are required to comply with specific state and federal statutes and regulations concerning such plan investments.

SECTION 2. POOLED INVESTMENTS

In order to effectively make use of the City's cash resources, and pursuant to C.R.S. §§ 24-75-701, *et seq.*, the City Manager, or designee, may pool into one investment account and account for separately all cash, except for those restricted by the Council and special accounts identified pursuant to various agreements. The investment income derived from this account shall be allocated to the various funds based upon each fund's respective participation.

SECTION 3. INVESTMENT OBJECTIVES

The City's funds shall be invested in accordance with the City Charter, Municipal Code, all applicable City policies, Colorado statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in order of priority:

- Safety – The preservation of capital and protection of investment principal
- Liquidity – The maintenance of sufficient liquidity to meet anticipated cash flow needs
- Yield – The attainment of a market rate of return for investment earnings

SECTION 4. DELEGATION OF AUTHORITY AND INTERNAL CONTROLS

In accordance with Section 2-12-10(11) of the Brighton Municipal Code and this Investment Policy Resolution, the City Council affirms the authority and responsibility of the City Manager for managing the investment program of the City of Brighton in accordance with the priorities and objectives outlined in this Resolution. The City Manager may delegate the authority to conduct investment transactions and manage the operation of the investment portfolio to other specifically authorized staff members and shall maintain a list of such authorized persons of the City. No person may engage in an investment transaction except as expressly provided under the terms of these policies. The City Manager, or designee, shall carry out the City of Brighton Investment Policy in accordance with C.R.S. §§24-75-601, *et. seq.*, as amended.

The City Manager, or designee, shall be responsible for all investment transactions undertaken by the City and shall establish and maintain written administrative procedures and a system of controls to authorize and monitor all investment activity. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the City.

The City may engage the support services of outside professionals. Such services may include portfolio management, special legal representation, third party custodial services and appraisals by independent credit rating services.

SECTION 5. PRUDENCE AND STANDARDS FOR INVESTMENT

The standard of prudence to be used for managing the City's assets is the "prudent investor" rule applicable to a fiduciary, which states that a prudent investor "shall exercise the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital." (CRS 15-1-304, Standard for Investments.)

The City's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally free of risk and that the investment activities of the City are a matter of public record. Further, the

City recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that this Policy has been followed and that the sale of a security prior to maturity is in the best long-term interest of the City.

Personnel acting in accordance with these investment policies and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change provided that the deviations from expectations are reported in a timely fashion to the City Manager, or designee, and appropriate action is taken to control adverse developments.

SECTION 6. ETHICS AND CONFLICTS OF INTEREST.

The City Manager, officers and employees involved in the investment process shall refrain from personal business activities that could, in any way, conflict with or compromise the proper execution and management of the City of Brighton's investment program, or that could impair their ability to make impartial decisions. The City Manager, officers, employees and investment officials shall disclose to the City Council or City Manager, as applicable, in writing annually, any material interests in financial institutions with which they conduct business or confirm that no conflicts exist. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio as part of the annual disclosure. These employees and officials are prohibited from undertaking personal investment transactions with the same individuals or firms with which business of the City is conducted.

SECTION 7. AUTHORIZED INVESTMENTS AND TRANSACTIONS

All investments for the City shall be made in accordance with the Colorado Revised Statutes (C.R.S.) as follows: C.R.S. § 11-10.5-101, et seq., Public Deposit Protection Act; C.R.S. § 24-75-601, et seq., Funds - Legal Investments; C.R.S. § 24-75-603, et seq., Depositories; and C.R.S. § 24-75-701 and 702, et seq., Investment Funds – Local Government Pooling. Any revisions or extensions of these sections of the C.R.S. will be assumed to be part of this Policy immediately upon being enacted. A summary of authorized investments and criteria for each as well as a list of prohibited investments shall be adopted by the City Manager as an internal policy.

SECTION 8. DIVERSIFICATION

It is the intent of the City to diversify the investments within its portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, corporations, or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the City's anticipated cash flow needs.

SECTION 9. INVESTMENT MATURITY AND LIQUIDITY REQUIREMENTS

As a general rule, investments will be held until maturity; however, the strategic trading of securities in an attempt to improve investment return is allowed. To the extent possible, investments shall be matched to anticipated cash flow requirements, and the City Manager or designee shall maintain sufficient liquidity in the portfolio to meet anticipated disbursements. Investments shall be limited to maturities not exceeding five years from the date of trade settlement.

SECTION 10. USE OF BROKER/DEALERS

Broker/dealers utilized by the City shall be competitively selected by the City Manager or designee.

The City may engage the services of one or more professional investment advisory firms to assist in the management of the portfolio. Such investment advisors may purchase and sell investment securities in accordance with this policy and may utilize their own approved list of broker/dealers

SECTION 11. SAFEKEEPING, CUSTODY AND DEPOSITORY BANKS

Investment securities purchased for the City will be delivered and held in third party safekeeping by a Federal Reserve member financial institution designated as a custodian bank for the City. The City shall approve one or more banks to provide safekeeping and custodial services for the City.

To be eligible to provide safekeeping and custodial services, a bank shall meet the following criteria:

- be a member of the FDIC,
- qualify as a depository of public funds in the State of Colorado as defined in CRS 24-75-603 et seq. (as evidenced by a certificate issued by the State Banking Board).

The City shall execute a written Custody Agreement with each custodian bank, prior to utilizing that bank's safekeeping services.

It is the intent of the City that all purchased securities be perfected in the name of the City. Sufficient evidence to title shall be consistent with investment, banking, and commercial practices.

SECTION 12. REPORTING REQUIREMENTS

An annual report shall be presented to the Mayor and the City Council on the investment earnings and performance results of the City's investment portfolio. The report shall include an overview of the investments held by the City, the current market value of the portfolio, and the total net return of the investments held.

The City Manager or designee shall periodically review the market rate of return and consider maturity, liquidity, and risk structure, and in such review shall include all fees and expenses involved with managing the portfolio.

SECTION 13. AMENDMENT/REVIEW.

- A) Material amendments to this Policy shall be made by resolution, duly adopted by the City Council. Non-material amendments may be made by the City Manager, as deemed necessary and appropriate. Such amendment shall be forwarded to the City Council.
- B) This Policy will be reviewed by the City Manager, or his designee, annually, and by the City Council at least every five years.

SECTION 14. EFFECTIVE DATE

This resolution shall be effective the date of its adoption.

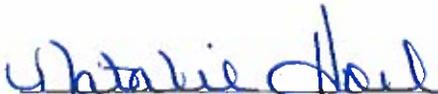
ADOPTED this 6th day of September 2022

CITY OF BRIGHTON, COLORADO



GREGORY MILLS, Mayor

ATTEST:



NATALIE HOEL, City Clerk

APPROVED AS TO FORM:



ALICIA CALDERÓN, City Attorney