

Ordinance No. 120467

AVE

Council Bill No. 113708

The City of Seattle
Council Bill/Ordinance

AN ORDINANCE relating to the City's investment policies, amending Seattle Municipal Code sections 5.06.010, 5.06.030, 5.06.040, and 5.06.050.

OP 4-D (T.D.)

CF No. _____

8-6-01

Date Introduced:	JUN 18 2001	
Date 1st Referred:	JUN 18 2001	To: (committee) Finance, Budget & Economic Development Committee
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	8-6-01	
Date Presented to Mayor:	8-6-01	
Date Returned to City Clerk:	Date Published:	T.D. <u>I</u> P.T. <u>I</u>
Date Vetoed by Mayor:	8/13/01	
Date Passed Over Veto:	8/14	
	Date Veto Published:	
	Veto Sustained:	

This file is complete and ready

Law Department

Law Dept. Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Jan Prago

Councilmember

Committee Action:

DP 4-D (JD, RC, NK, RM)

8-6-01 Passed 8-0

(Excused: McInerney)

This file is complete and ready for presentation to Full Council.

Committee: _____

(initial/date)

Law Department

Law Dept. Review

OMP
Review

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City Clerk
Review

MP

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ORDINANCE 120467

AN ORDINANCE relating to the City's investment policies, amending Seattle Municipal Code sections 5.06.010, 5.06.030, 5.06.040, and 5.06.050.

WHEREAS, the City Council and the Mayor are committed to high standards of financial management; and

WHEREAS, adopting and periodically updating financial policies are important steps towards assuring consistent and rational financial management; and

WHEREAS, investment policies are an essential component of financial policies; and

WHEREAS, existing investment policies sometimes refer to the "Director of Finance" and other times refer to the "Finance Director;" and

WHEREAS, the head of the Department of Finance is known as the Director of Finance, and the City Council wishes to standardize references to that officer in the Seattle Municipal Code as other amendments are made to Code sections; and

WHEREAS, the City Council and the Mayor have reviewed the City's investment policies and find that the reporting requirements are in need of updating; NOW THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.06.010 of the Seattle Municipal Code is amended as follows:

5.06.010. Investment authority.

A. As contemplated by RCW 35.39.032, the (~~Finance~~) Director of Finance, under the supervision of the Mayor, is authorized on behalf of the City to invest all moneys in the City Treasury which in his or her judgment are in excess of current City needs in:

1. United States bonds;
2. United States certificates of indebtedness;
3. Bonds or warrants of this state;
4. General obligation or utility revenue bonds or warrants of the City or of any other city or town in the state;



- 1 5. Bonds or warrants of a local improvement or condemnation award district of the City which
2 is within the protection of the local improvement guaranty fund;
3 6. Repurchase agreements, reverse repurchase agreements, or bankers' acceptances; and
4 7. ~~((In-))~~Other investments authorized by law,~~((; and))~~

5 The Director of Finance is authorized to hold such investments for the credit of the funds for
6 which purchased.

7 B. The ~~((Finance-))~~Director of Finance is further authorized to convert any investments
8 within the City Treasury~~((the securities, or any part thereof,))~~ into cash,~~((and shall report to the~~
9 ~~City Council monthly all investment transactions.))~~

10
11 Section 2. The introductory subsection of Section 5.06.030 of the Seattle Municipal
12 Code is amended as follows:

13 **5.06.030 Fund investments – Interfund loans.**

14 The ~~((Finance-))~~Director of Finance, after consulting with the Chair of the Finance
15 Committee of the City Council, may in his or her discretion:

16 ***

17 Section 3. Section 5.06.040 of the Seattle Municipal Code is amended as follows:

18 **5.06.040 Investment policies.**

19 A. The City's common investment portfolio(s) shall be managed to further this financial
20 objective: to preserve principal while~~((maximize income while preserving principal and))~~
21 maintaining liquidity to meet the City's needs for cash and maximizing income.

22 B. Investment decisions should further the City's social policies established by
23 ordinance or policy resolutions of the City Council. A City social policy shall take precedence
24 over furthering the City's financial objective when expressly authorized by City Council
25 resolution or ordinance, except where otherwise provided by law or trust principles.



1 C. The ~~((Finance-))~~ Director of Finance shall be guided by investment ~~((principles~~
2 ~~contained in Resolution 26701 as amended or supplemented from time to time))~~ policies adopted
3 from time to time by ordinance or resolution of the City Council.

4
5 Section 4. Section 5.06.050 of the Seattle Municipal Code is amended as follows:

6 **5.06.050 Reports**~~((—Annual; quarterly)).~~

7 ~~((A. Annual. An annual report regarding the City's investment program for the ensuing~~
8 ~~fiscal year shall be prepared by the Finance Director for adoption by the City Council by~~
9 ~~resolution. The report, due no later than October 15th, shall present a complete investment plan,~~
10 ~~including a discussion of the current market for investments, an analysis of portfolio liquidity~~
11 ~~vis-à-vis anticipated cash needs, and a forecast of anticipated yields for the ensuing year. This~~
12 ~~annual report shall incorporate any proposed revisions to City investment policies which the~~
13 ~~Finance Director shall find advisable, including but not limited to apportionment of interest by~~
14 ~~fund, and for interfund loans. An annual evaluation report, due no later than April 1st, shall also~~
15 ~~assess the City's performance in meeting its goals and compare its performance with the results~~
16 ~~of investments by other governmental entities in Washington and an assessment of its~~
17 ~~performance in meeting the City's social goals and objectives.))~~

18 ~~((B. Quarterly. After the end of each quarter, the Finance Director shall file a report~~
19 ~~with the City Council on the performance of City investments. Among other information, each~~
20 ~~quarterly report shall describe any material change in the City's investment portfolio and its~~
21 ~~investment practices.))~~

22 The Director of Finance shall file a monthly report with the City Council on the
23 performance of City investments for the preceding month and fiscal year-to-date. Each monthly
24 report shall include a discussion of:

25 1. The current investment market;

26 2. Any material change in the City's investment portfolio and practices;



- 1 3. The City's investment return as compared to the City's benchmark return, which shall be the
2 rate of return used by the City Council when estimating investment earnings for the purpose
3 of adopting the current year's budget;
4 4. The average maturity of the City's investment portfolio; and
5 5. On a quarterly basis, this report will also include, as an attachment, a list of the contents of
6 the City's investment portfolio.

7
8 Section 5. This ordinance shall take effect and be in force thirty (30) days from and after
9 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
10 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

11
12 Passed by the City Council the 6th day of August, 2001, and signed by me
13 in open session in authentication of its passage this 6th day of August, 2001.

14
15
16 Margaret Elbert
17 President of the City Council

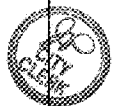
18 Approved by me this 10th day of AUGUST, 2001.

19
20 Paul Selum
21 Mayor

22
23 Filed by me this 13th day of August, 2001.

24
25 Janice E. Pappas
26 City Clerk

27 (Seal)





City of Seattle

Paul Schell, Mayor

Department of Finance

Dwight D. Dively, Director

MEMORANDUM

Date: June 6, 2001

To: Council President Margaret Pageler
Seattle City Council

From: Dwight Dively, Director
Department of Finance *D. Dively*

Subject: Financial Policy Legislation

I am pleased to present the first three pieces of legislation that we intend to present for Council consideration as part of the Department of Finance's comprehensive review of the City of Seattle's financial policies. The two resolutions and one ordinance that are included in this package are as follows:

1. **A RESOLUTION adopting updated Debt Management Policies for the City of Seattle; superceding Resolution 29441, Resolution 29970, and all prior inconsistent debt management policies.** The City's debt management policies were thoroughly reviewed and updated by the Council in 1996, and further modified in 1999 via Resolution 29970. The attached proposed debt management resolution and attached policies simply reaffirm the existing policies, and include language updates to reflect recent reorganizations within City government.
2. **A RESOLUTION adopting updated Investment Policies for the City of Seattle and superceding in their entirety Resolution 26701 and the resolutions that amended Resolution 26701, including but not limited to Resolution 27242, Resolution 28792, Resolution 28859, and Resolution 29935.** This resolution and its attachment compile the investment policies from various resolutions and the Seattle Municipal Code, and updates the language in the policies to better clarify their intent.
3. **AN ORDINANCE relating to the City's investment policies, amending Seattle Municipal Code sections 5.06.010, 5.06.030, 5.06.040, and 5.06.050.** Finally, this third piece of legislation standardizes references to the Director of Finance, and updates reporting requirements regarding the performance of the City's investments.



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Financial Policy Legislation
June 6, 2001
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Over the course of the summer, and with the Mayor's 2002 budget proposal, the Executive will continue to bring to the Council a comprehensive review and update of the City's various financial policies. In many cases the review will result in a simple compilation of existing policies. In other cases, the proposed policies will be updates of, or revisions to, existing policies. In all cases, the policies that we will be recommending will include a built-in review period, so that, in the future, we will have a mechanism in place for automatic, periodic, comprehensive reviews. Our goal is to have and maintain a notebook of the City's financial policies that are easily accessible to anyone who is interested in reviewing them.

If you have any questions regarding this legislation, or about the City's financial policies in general, please call me at 684-5212, or Diane Clausen at 684-8151. Thank you.

cc: Diane Clausen



STATE OF WASHINGTON – KING COUNTY

--SS.

135098
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

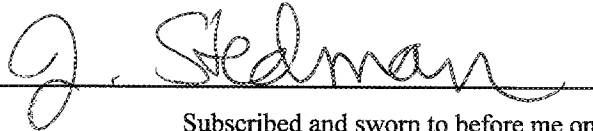
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

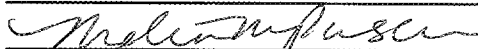
CT:120467 ORDINANCE;FULL

was published on

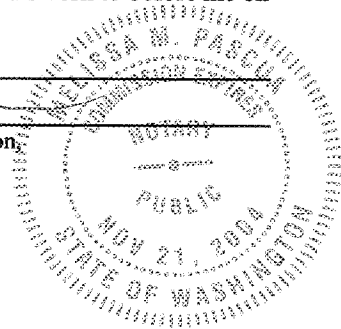
08/21/01


Subscribed and sworn to before me on

08/21/01


Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington, King County

City of Seattle

ORDINANCE 120467

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Section 1. Section 5.06.010 of the Seattle Municipal Code is amended as follows:

5.06.010. INVESTMENT AUTHORITY.

A. As contemplated by RCW 35.39.032, the ((Finance)) Director of Finance, under the supervision of the Mayor, is authorized on behalf of the City to invest all moneys in the City Treasury which in his or her judgment are in excess of current City needs in:

1. United States bonds;
2. United States certificates of indebtedness;
3. Bonds or warrants of this state;
4. General obligation or utility revenue bonds or warrants of the City or of any other city or town in the state;
5. Bonds or warrants of a local improvement or condemnation award district of the City which is within the protection of the local improvement guaranty fund;
6. Repurchase agreements, reverse repurchase agreements, or bankers' acceptances; and
7. ((In o))Other investments authorized by law ((; and)).

The Director of Finance is authorized to hold such investments for the credit of the funds for which purchased.

B. The ((Finance)) Director of Finance is further authorized to convert any investments within the City Treasury ((the securities, or any part thereof)) into cash, ((and shall report to the City Council monthly all investment transactions.))

Section 2. The introductory subsection of Section 5.06.030 of the Seattle Municipal Code is amended as follows:

5.06.030 FUND INVESTMENTS — INTERFUND LOANS.

The ((Finance)) Director of Finance, after consulting with the Chair of the Finance Committee of the City Council, may in his or her discretion:

Section 3. Section 5.06.040 of the Seattle Municipal Code is amended as follows:

5.06.040 INVESTMENT POLICIES.

A. The City's common investment portfolios shall be managed to further this financial objective: to preserve principal while ((maximize income while preserving