ORDINANCE 2024-13

AN ORDINANCE OF THE CITY COMMISSION FOR CITY OF NEWBERRY, FLORIDA PROVIDING REGULATIONS REGARDING THE PERMITTED INVESTMENT OF SURPLUS FUNDS AND AUTHORIZING THE ADOPTION OF AN INVESTMENT PROCEDURES; CREATING SECTION 2-121 OF THE CITY OF NEWBERRY CODE OF ORDINANCES REGARDING PERMITTED INVESTMENT OF SURPLUS FUNDS; REPEALING ALL ORDINANCES IN CONFLICT AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City is granted authority, under Section 2(b), Article VIII, of the State Constitution, to exercise any power for municipal purposes, except as otherwise provided by law; and

WHEREAS, the City is authorized to adopt a written investment policy pursuant to Section 218.415, Florida Statutes, which governs the types of financial investments that a city may make; and

WHEREAS, the City of Newberry desires to codify permissible instruments that surplus public funds of the City may be invested or reinvested in; and

WHEREAS, it is in the best interest of the City of Newberry to codify the regulations regarding permissible investment instruments and the creation and adoption of an Investment Policy; and

NOW THEREFORE BE IT ORDAINED BY THE PEOPLE OF THE CITY OF NEWBERRY, FLORIDA as the following:

Section 1.  Section 2-121 of the City of Newberry Code of Ordinances is hereby created to be read as follows (additions are underlined and deletions of ~~struck through~~):

Section 2-121. Permitted investment of surplus funds.

(a) *Authorized investment instruments.* In addition to the obligations described in F.S. § 218.415, and other obligations constituting permitted investments under Florida law, surplus public funds of the city may be invested and reinvested in the following authorized instruments, none of which shall be deemed authorized or permissible if in the form of derivatives:

(1) U.S. Treasury and Government Guaranteed—U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

(2) Federal Agency/GSE—Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).

(3) Supranationals—U.S. dollar denominated debt obligations of a multilateral organization of governments where U.S. is a shareholder and voting member. Obligation must have highest ST or highest LT rating (A-1/P-1, AAA/Aaa, or equivalent).

(4) Corporates—U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic corporation, financial institution, non-profit, or other entity. Obligation must have highest ST or three highest LT rating (A-1/P-1, A-/A3, or equivalent).

(5) Municipals—Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any state or territory. Obligation must have highest ST or three highest LT rating (SP-1/MIG 1, A-/A3, or equivalent).

(6) Agency mortgage backed securities—Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.

(7) Asset-backed securities—Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans. Obligation must have highest ST or highest LT rating (A-1/P-1, AAA/Aaa, or equivalent).

(8) Non-negotiable certificate of deposit and savings accounts—Non-negotiable interest bearing time certificates of deposit, or savings accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

(9) Commercial paper—U.S. dollar denominated commercial paper issued or guaranteed by a domestic corporation, company, financial institution, trust or other entity, only unsecured debt permitted. Obligation must have highest ST rating (A-1/P-1, or equivalent).

(10) Repurchase agreements—Repurchase agreements (Repo or RP) that meet the following requirements:

(11) Must be governed by a written Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the counterparty default or fail to provide full timely repayment. Counterparty must be a Federal Reserve Bank, a primary dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered commercial bank. Securities underlying repurchase agreements must be delivered to a third party custodian under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the city’s custodial account or in a separate account in the name of the city. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States, or U.S. Agency-backed mortgage related securities. Underlying securities must have an aggregate current market value of at least 102% (or 100% if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each business day. Final term of the agreement must be one year or less.

(12) Money market funds—Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7. Fund must have the highest fund rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent).

(13) Florida Local Government Investment Trust (FLGIT)—The Florida Local Government Investment Trust (FLGIT) is a local government investment pool (LGIP) developed through the joint efforts of the Florida Court Clerks and Comptrollers (FCCC) and the Florida Association of Counties (FAC). It is the longest running member-owned and member-governed local government investment pool in the state of Florida. Fund must have the highest fund quality and volatility rating by all NRSROs who rate the fund (AAAm/AAAf, S1, or equivalent).

(14) Local government investment pools (LGIP)—State, local government or privately-sponsored investment pools that are authorized pursuant to state law. LGIP must have the highest fund quality and volatility rating by all NRSROs who rate the LGIP (AAAm/AAAf, S1, or equivalent).

(15) The Florida Local Government Surplus Funds Trust Funds ("Florida Prime")—A thorough investigation of the Florida Prime is required prior to investing, and on an annual basis. Fund must have the highest fund rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent).

(b) *Investment authorization of manager.*

(1) The city manager, or his or her designee, is hereby authorized to establish investment procedures, including performance measurements, as well as, maturity, allocation and liquidity limits for investments authorized in this ordinance. To the extent possible an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than 36 months. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five and one-half years.

Secs. 2-12~~1~~2—2-150. Reserved.

Section 2.  Conflict.  All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 3.  Inclusion in the Code, Scrivener’s Error.  It is the intention of the City Commission of the City of Newberry, Florida, and it is hereby provided that the provisions of this Ordinance shall become and made part of the Code of Ordinances of the City of Newberry, Florida; that the sections of this Ordinance may be renumbered or re-lettered to accomplish such intention; and that the word “ordinance” may be changed to “section,” “article,” or other appropriate designation.  The correction of typographical errors which do not affect the intent of the ordinance may be authorized by the City Manager or designee without public hearing, by filing a corrected or re-codified copy of the same with the City.

Section 4.  Effective Date.  This Ordinance shall take effect upon its passage at the second and final reading.

DONE THE FIRST READING, by the City Commission of the City of Newberry, Florida, at a regular meeting, this \_\_8th\_\_\_ day of \_\_\_April\_\_\_\_, 2024.

DONE, THE PUBLIC NOTICE, in a newspaper of general circulation in the City of Newberry, Florida, by the City Clerk of the City of Newberry, Florida on the \_\_11th\_\_\_ day of \_\_\_April\_\_\_\_, 2024.

DONE THE SECOND READING, AND ADOPTED ON FINAL PASSAGE, by an affirmative vote of a majority of a quorum present of the City Commission of the City of Newberry, Florida, at a regular meeting, this\_\_22nd\_\_\_ day of \_\_\_April\_\_\_\_, 2024.

BY THE MAYOR OF THE CITY OF NEWBERRY, FLORIDA

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Honorable Jordan Marlowe, Mayor

ATTEST, BY THE CLERK OF THE

CITY COMMISSION OF THE CITY OF

NEWBERRY, FLORIDA:

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Judy S. Rice, City Clerk

APPROVED AS TO FORM AND

LEGALITY:

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City Attorney’s Office