

**Legistar #**

**160951**

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**ORDINANCE NO. 160951**

**An Ordinance of the City of Gainesville, Florida, amending Sections 2-226, 2-227 and 2-438 regarding the director of finance and investment of funds of the City; providing directions to the codifier; providing a severability clause; providing a repealing clause; and providing an immediate effective date.**

**WHEREAS**, Section 218.415, Florida Statutes, requires that investment activity by a local government must be consistent with a written investment plan adopted by the governing body; and

**WHEREAS**, the City desires to update its written investment plan by both amending the finance and investment plan provisions set forth in City Code and by approving an investment policy to provide more detailed investment plan guidance.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:**

**Section 1.** Section 2-226 of the Code of Ordinances of the City of Gainesville is amended to read as follows:

**DIVISION 3. - DEPARTMENT OF FINANCE**

**Sec. 2-226. - Created; appointment of director.**

**(a)** There is hereby created a department of finance to be headed by a director of such department to be appointed by the city manager. The department of finance shall be under the immediate direction and control of the city manager, and the head of this department shall report to, and function directly under, the city manager.

~~**(b)** It is the intention of this division that the head of the department of finance to be selected by the city manager as provided in this section, shall be the person to be selected as director of finance as required in section 14(d) of the Charter [section no longer exists].~~

1 Sec. 2-227. - Functions.

2 The department of finance shall be the administrative arm of city government, combining  
3 functions relating to purchasing, management information and reports, assessment and collection  
4 of taxes, billings, accounting, and all matters relating to finance, and such other duties and  
5 responsibilities as may be from time to time determined by the city manager. The director of  
6 finance shall be responsible for the investment of all funds of the city, and may delegate  
7 authority to conduct investment transactions and manage investments to one or more  
8 subordinates.

9 **Section 2.** Section 2-438 of the Code of Ordinance of the City of Gainesville is amended  
10 to read as follows:

11 ARTICLE VI. - FINANCES

12 Sec. 2-438. - Investment of funds of the city.

13 The director of finance and/or subordinates designated by the director of finance are  
14 authorized to invest and reinvest funds, execute trades and otherwise conduct business involving  
15 the investment of the funds of the city. Investments shall be made in accordance with the city's  
16 approved investment policy. The rules of this section and the city investment policy shall not  
17 apply to pension or retirement funds, OPEB funds, certain special use funds, or funds related to  
18 the issuance of debt where there are other existing policies or indentures in effect for such funds.  
19 Funds held by trustees or fiscal agents are excluded from these rules; however, all funds are  
20 subject to regulations established by the State of Florida. Except for excluded funds, and  
21 restricted and special funds, the city commingles its funds for investment purposes to maximize  
22 investment earnings and to increase efficiencies with regard to investment pricing, safekeeping  
23 and administration. Investment income is allocated to the various funds based on their respective

1 participation and in accordance with generally accepted accounting principles. ~~Except as~~  
2 ~~provided in subsection (12) below,~~ any Funds of the city may be invested in any investments  
3 authorized by Florida Statutes Section 218.415(16), and/or in one or more of the following  
4 investment instruments:

5 (1) Any bonds or other obligations which as to principal and interest constitute direct  
6 obligations of, or are unconditionally guaranteed by, the United States of America,  
7 including obligations of any of the federal agencies set forth in subsection (3) below to  
8 the extent unconditionally guaranteed by the United States of America and any  
9 certificates or any other evidences of an ownership interest in obligations or in specified  
10 portions thereof (which may consist of specified portions of the interest thereon) of the  
11 character described in this subsection;

12 (2) Any bonds or other obligations of any state of the United States of America or of any  
13 agency, instrumentality or local governmental unit of any such state which: at the time  
14 of their purchase are rated investment grade by a nationally recognized rating agency;

15 a. ~~Are not callable prior to maturity, or as to which irrevocable instructions have been~~  
16 ~~given to the trustee of such bonds or other obligations by the obligor to give due~~  
17 ~~notice of redemption and to call such bonds for redemption on the date or dates~~  
18 ~~specified in such instructions;~~

19 b. ~~Which are secured as to principal and interest and redemption premium, if any, by a~~  
20 ~~fund consisting only of cash or bonds or other obligations of the character~~  
21 ~~described in subsection (1), which fund may be applied only to the payment of such~~  
22 ~~principal of and interest and redemption premium, if any, on such bonds or other~~

1 ~~obligations on the maturity date or dates thereof or the specified redemption date or~~  
2 ~~dates pursuant to such irrevocable instructions, as appropriate; and~~  
3 ~~e. As to which the principal of and interest on the bonds and obligations of the~~  
4 ~~character described in subsection (1) which have been deposited in such fund along~~  
5 ~~with any cash on deposit in such fund are sufficient to pay principal of and interest~~  
6 ~~and redemption premium, if any, on the bonds or other obligations described in this~~  
7 ~~subsection on the maturity date or dates thereof or on the redemption date or dates~~  
8 ~~specified in the irrevocable instructions referred to in subsection (2)a., as~~  
9 ~~appropriate, and any certificates or any other evidences of an ownership interest in~~  
10 ~~obligations or specified portions thereof (which may consist of specified portions of~~  
11 ~~the interest thereon) of the character described in this subsection;~~

12 (3) Bonds, debentures or other evidences of indebtedness issued or guaranteed by any  
13 agency or corporation which has been or may hereafter be created pursuant to an Act of  
14 Congress as an agency or instrumentality of the United States of America; including  
15 securities issued by Federal Agencies and Government Sponsored Enterprises (GSEs)  
16 such as: Government National Mortgage Association (GNMA), Federal National  
17 Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home  
18 Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Small  
19 Business Administration (SBA), and Tennessee Valley Authority (TVA).

20 (4) Mortgage Backed Securities (MBS), Commercial Mortgage Backed Securities (CMBS),  
21 Collateralized Mortgage Obligations (CMO), and Asset Backed Securities (ABS) issued  
22 by a federal agency or instrumentality, or by a private corporation, which at the time of  
23 their purchase are rated investment grade by a nationally recognized rating agency;

1 ~~New Housing Authority Bonds issued by public agencies or municipalities and fully~~  
2 ~~secured as to the payment of both principal and interest by a pledge of annual~~  
3 ~~contributions under an annual contributions contract or contracts with the United States~~  
4 ~~of America; or project notes issued by public agencies or municipalities and fully~~  
5 ~~secured as to the payment of both principal and interest by a requisition or payment~~  
6 ~~agreement with the United States of America;~~

7 ~~(5) Direct and general obligations of any state of the United States of America, to the~~  
8 ~~payment of the principal of and interest on which the full faith and credit of such state is~~  
9 ~~pledged, provided that at the time of their purchase under the resolution such~~  
10 ~~obligations are rated by a nationally recognized bond rating agency in either of its two~~  
11 ~~highest rating categories;~~

12 ~~(56)~~Interest-bearing time deposits or savings accounts in qualified public depositories,  
13 including certificates of deposit, whether negotiable or nonnegotiable, issued by any  
14 bank or trust company organized under the laws of any state of the United States or any  
15 national banking association which is a member of the Federal Deposit Insurance  
16 Corporation, savings and loan associations which are members of the Federal Savings  
17 and Loan Insurance Corporation and credit unions which are members of the National  
18 Credit Union Administration Insurance Fund, provided that the aggregate principal  
19 amount of all certificates of deposit issued by any such bank, trust company, national  
20 banking association, savings and loan association or credit union which are purchased  
21 with moneys of the city are fully insured by the Federal Deposit Insurance Corporation,  
22 the Federal Savings and Loan Insurance Corporation or the National Credit Union  
23 Administration Insurance Fund; or secured to the extent not insured by the Federal

1 Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or  
2 the National Credit Union Administration Insurance Fund by such securities as are  
3 described in subsections (1) through (35), inclusive, having a market value (exclusive of  
4 accrued interest, other than accrued interest paid in connection with the purchase of  
5 such securities) at least equal to the principal amount of such certificates of deposit (or  
6 portion thereof not insured by the Federal Deposit Insurance Corporation, the Federal  
7 Savings and Loan Insurance Corporation or the National Credit Union Administration  
8 Insurance Fund) which shall be lodged with the city, or a depository, as custodian, by  
9 such bank, trust company, national banking association, savings and loan association or  
10 credit union, and such bank, trust company, national banking association, savings and  
11 loan association or credit union shall furnish the city or the depository, if any, with an  
12 undertaking satisfactory to it that the aggregate market value of all such obligations  
13 securing such certificates of deposit will at all times be an amount which meets the  
14 requirements of this subsection and the city or the depository, if any, shall be entitled to  
15 rely on each such undertaking;

16 (67) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by  
17 any corporation which are, at the time of purchase, rated investment grade by a  
18 nationally recognized rating agency;~~by a nationally recognized rating agency in its~~  
19 ~~highest rating category, and by at least one other nationally recognized rating agency in~~  
20 ~~either of its two highest rating category, for comparable types of debt obligations;~~

21 (78) Any repurchase agreement with any bank or trust company organized under the laws of  
22 any state of the United States or any national banking association or government bond  
23 dealer reporting to, trading with and recognized as a primary dealer by the Federal

1 Reserve Bank of New York, which agreement is secured by any one or more of the  
2 securities described in subsections (1), (2), or (3) or (4); and

3 ~~(89)~~ Bankers Acceptances which are issued by institutions whose senior obligations  
4 are, at the time of purchase, rated investment grade by a nationally recognized rating  
5 agency;~~by a nationally recognized rating agency in its highest rating category, and by at~~  
6 ~~least one other nationally recognized rating agency in either of its two highest rating~~  
7 ~~categories.~~

8 ~~(94)~~ Commercial Paper rated at the time of purchase at least A-1 by Standard and Poor's,  
9 P-1 by Moody's, or F1 by Fitch;~~No More than ten percent of city funds, at cost, may be~~  
10 ~~invested in domestic equity mutual funds and no more than 20 percent of city funds, at~~  
11 ~~cost, may be invested in investment trusts or fixed income mutual funds. Mutual fund~~  
12 ~~investments are limited to those funds rated four stars or higher by Morningstar, Inc.~~  
13 ~~and investment trusts are limited to those trusts rated AAA. Use of mutual funds and~~  
14 ~~investment trusts shall be limited to those city funds with comparable liquidity and~~  
15 ~~maturity concerns, and the mutual fund and investment trusts selected shall be restricted~~  
16 ~~to those with stated investment syles consistent with the above stated concerns.~~  
17 ~~Reasonable and prudent diversification among investment types and styles should be~~  
18 ~~consistently maintained, and the percentage of city funds invested in mutual funds or~~  
19 ~~investment trusts will conform to projected cash flow requirements of the respective~~  
20 ~~city funds.~~

21 ~~(11)~~ For purposes of this section, the phrase highest rating category or categories, is to be  
22 interpreted as representing those instruments which are rated investment grade or better.



1 ~~(12) Assets of the Retiree Health Insurance Trust Fund and the City of Gainesville~~  
2 ~~Employees Disability Plan Trust Fund may be invested in instruments of all kinds~~  
3 ~~except as specifically otherwise provided by statute.~~

4 (1013) Local Governmental Investment Pools and Funds authorized pursuant to the Florida  
5 Interlocal Cooperation Act of 1969, including but not limited to the SBA Local  
6 Government Surplus Funds Trust Fund (Florida Prime), the Florida Education  
7 Investment Trust Fund (FEITF), the Florida Cooperative Liquid Assets Securities  
8 System (FLCLASS), the Florida Surplus Asset Fund Trust (FLSAFE), the Florida Local  
9 Government Investment Trust Day to Day Fund (FL Trust), and the Florida Treasury  
10 Investment Pool.

11 (1114) SEC registered money market funds in good standing with the Securities and  
12 Exchange Commission which are rated investment grade by a nationally recognized  
13 rating agency, provided that such money market fund assets are limited to investments  
14 authorized by this section.

15 (12) Securities of, or other interests in, any open-end or closed-end management-type  
16 investment company or investment trust registered under the Investment Company Act  
17 of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the  
18 portfolio of such investment company or investment trust is limited to obligations of the  
19 United States Government or any agency or instrumentality thereof and to repurchase  
20 agreements fully collateralized by such United States Government obligations, and  
21 provided that such investment company or investment trust takes delivery of such  
22 collateral either directly or through an authorized custodian.

1           **Section 3.** It is the intent of the City Commission that the provisions of Sections 1  
2 through 2 of this ordinance shall become and be made a part of the Code of Ordinances of the  
3 City of Gainesville, Florida, and that the sections and paragraphs of the Code of Ordinances may  
4 be renumbered or relettered in order to accomplish such intent.

5           **Section 4.** If any word, phrase, clause, paragraph, section or provision of this ordinance  
6 or the application hereof to any person or circumstance is held invalid or unconstitutional, such  
7 finding shall not affect the other provisions or applications of this ordinance that can be given  
8 effect without the invalid or unconstitutional provision or application, and to this end the  
9 provisions of this ordinance are declared severable.

10           **Section 5.** All ordinances or parts of ordinances in conflict herewith are to the extent of  
11 such conflict hereby repealed.

12           **Section 6.** This ordinance shall become effective immediately upon adoption.

13           **PASSED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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LAUREN POE, MAYOR

Attest:

Approved as to form and legality:

\_\_\_\_\_  
KURT M. LANNON  
CLERK OF THE COMMISSION

\_\_\_\_\_  
NICOLLE M. SHALLEY  
CITY ATTORNEY

26  
27 This ordinance passed on first reading this \_\_\_\_ day of \_\_\_\_\_, 2017.

28  
29 This ordinance passed on second reading this \_\_\_\_ day of \_\_\_\_\_, 2017.