

**CITY COUNCIL REGULAR SESSION**

Resolution authorizing execution of a three year Interagency Agreement between the City of Bellevue and the State of Washington Office of the State Treasurer (“OST”) for investment portfolio management services, in an amount not to exceed \$175,000, plus all applicable taxes. The executed Interagency Agreement shall be substantially in the form of the Interagency Agreement in the Council Library.

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*Finance and Asset Management Department*

**EXECUTIVE SUMMARY**

OST currently manages the Local Government Investment Pool (LGIP) portion of the City of Bellevue’s investment portfolio. The City seeks to expand their services to management of the City’s long-term investments. The City has a long history of participation in the LGIP program and benefits from its success. In July 2019, the State Legislature passed a bill (SHB 1284) that expanded RCW 43.250, granting OST the authority to manage investment portfolios on behalf of local governments in a program titled Separately Managed Accounts (SMA).

**RECOMMENDATION**

Move to adopt Resolution No. 9959.

**BACKGROUND/ANALYSIS**

The City’s Investment Policy allows for funds to be invested with the State of Washington in the LGIP, a short-term investment program managed by the OST. The LGIP program earns a favorable rate of return compared to other investments with similar short-term objectives and this investment option has been beneficial to the City as it provides flexibility in managing the City’s day-to-day cash flow needs.

The City would like to expand the relationship with OST by participating in the SMA program for a portion of the City’s long-term portfolio. The State Legislature passed a bill (SHB 1284) that expanded RCW 43.250 in 2019, granting OST the authority to manage investment portfolios on behalf of local governments. As is current practice, the City’s long-term portfolio is intended to be invested until needed for planned large-scale projects.

By utilizing the SMA program, the City is anticipated to reduce the current amounts of fees paid and the City expects to benefit from higher returns on investments from the SMA program. Currently, the City invests the long term portfolio in several investments, by consolidating a portion of the portfolio in the SMA program, the City will gain access to broader investment opportunities which are anticipated to increase the rate of return while still protecting the principal.

The City will receive a suite of monthly reports on the portfolio’s performance. The City will monitor performance and include data in monthly consolidated investment reports for management review.

Pending approval, the City’s investment policy will be updated to reflect the changes outlined above.

## POLICY & FISCAL IMPACTS

### Policy Impact

Bellevue City Code

BCC 3.32.060 provides the Director of Finance and Asset Management to invest City monies that are authorized by law. The Director may appoint a subordinate employee to perform those duties.

BCC 4.28 requires contracts whose values are anticipated to exceed \$90,000 require approval of the City Council.

The Investment Policy for the City of Bellevue will be updated to reflect the changes upon adoption by this Resolution.

### Fiscal Impact

This agreement includes a fee for services for the management of our investment portfolio. The estimated cost per year for the next three years is as follows:

| Year  | Estimated Cost |
|-------|----------------|
| 2021* | \$30,000       |
| 2022  | \$65,000       |
| 2023  | \$70,000       |

\* 2021 assumes a partial year with services beginning in July

The OST fee schedule, included as Exhibit D to the contract, is below the market rate of private companies performing the same services. This service was anticipated in the adopted budget.

## OPTIONS

1. Adopt the Resolution authorizing execution of a three year Interagency Agreement between the City of Bellevue and the State of Washington Office of the State Treasurer (“OST”) for investment portfolio management services, in an amount not to exceed \$175,000, plus all applicable taxes. The executed Interagency Agreement shall be substantially in the form of the Interagency Agreement in the Council Library.
2. Do not adopt the Resolution and provide alternative direction to staff.

## ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Resolution No. 9959

## AVAILABLE IN COUNCIL LIBRARY

Interagency Agreement between the City of Bellevue and the State of Washington Office of the State Treasurer