



**Investment Advisory Board
Meeting
City of Rio Rancho
AGENDA
May 29, 2024
6:00 PM
City Council Chambers**

Investment Advisory Board Members

Van Billops, District 1	Vacant, District 2
Christopher Daniel, District 3	Ron Baker, District 4
Chandra McCray, District 5	Kelly Wainwright, District 6
David Jablonski, At-Large	

Meeting Information

This meeting will be conducted in-person. A live stream of the meeting can be viewed on the City of Rio Rancho website at <https://rrnm.gov/2303/Watch-and-Download-City-Meetings>

Join Zoom Meeting

<https://us06web.zoom.us/j/83867468992?pwd=QKbuqjdbBlik49R70HhaofF7YLxQuF.1>

Meeting ID: 838 6746 8992

Passcode: 784716

Join by Phone: (346) 248 7799 US

Pursuant to the Rules of Procedures, any person wishing to address the Board related to an item listed under Discussion and Deliberation, shall register in person with the designated City staff person no later than fifteen (15) minutes prior to the scheduled start time of a meeting. No more than two (2) hours in total will be allotted for comments pertaining to a specific agenda item at any meeting. A majority vote of the Board members present may approve to extend the total amount of time allotted for public input related to a specific agenda item at a meeting.

Public input can be submitted in writing to the designated City staff person prior to the date of the meeting in which the item is scheduled to be heard; however, only public input received before 4 p.m. on the day of the meeting will be entered into the record prior to the meeting.

Call to Order and Pledge of Allegiance

Consent Calendar

There will be no discussion of these items unless a Board Member so requests, in which event the item will be moved to a discussion item on the regular agenda.

- 1 [Approval of February 28, 2024 Minutes](#)
[IAB - 022824 Minutes.docx](#)

Staff Presentations, Reports and Comments

Public Hearings

Pursuant to the Boards, Commissions, Committees and Advisory Bodies Rules of Procedure, all aggrieved persons, and materially relevant witnesses sponsored by such interested persons, wishing to address the Governing Body shall register in person or via specified communications

technology/equipment with the City Clerk no later than fifteen (15) minutes prior the scheduled start time of a related hearing.

Discussion and Deliberation

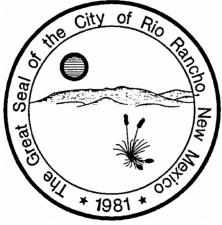
- 2** [Boards, Commissions, Committees, and Advisory Bodies Rules of Procedure
Final Boards Commissions Committees and Advisory Bodies Rules of Procedure effective December 26 2023.pdf](#)
- 3** [Review and Input on the Permanent Fund Performance](#)
- 4** [Review and Input on the Core and Liquidity Portfolios Performance
IAB Meeting Rio Rancho - May 2024 - GPA.pdf](#)
- 5** [Review and Input on the Investment Policies for the Core and Liquidity Portfolios
Amended_Investment_Policy 2024 - final draft.docx](#)
- 6** [Review and Input on Recommended Additional Revenue Contributions to the Permanent Fund](#)

Comments by Members

Public Forum

Any person wishing to address a board, commission, committee, or advisory body related to a non-agenda item shall register in person with the applicable City staff person no later than fifteen (15) minutes prior to the scheduled start time of a meeting. No more than two (2) hours in total will be allotted for public forum comments at any meeting. A majority vote of the board, commission, committee, or advisory body members present may approve to extend the total amount of time allotted for public forum at a meeting.

Adjournment



**CITY OF RIO RANCHO
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Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

SUBJECT:
Approval of February 28, 2024 Minutes

BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:

ATTACHMENT: [IAB - 022824 Minutes.docx](#)



*Investment Advisory Board
Meeting*

MINUTES

FEBRUARY 28, 2024

6:00 PM

Council Chambers

MEMBERS PRESENT:

Van Billops, District 1
Ron Baker, District 4
Chandra McCray, District 5
Kelly Wainwright, District 6
David Jablonski, At-Large (arrived 6:05 pm)

STAFF PRESENT:

Peter Wells, Deputy City Manager
Carole Jaramillo, Director of Financial Services

SPECIAL GUEST:

Mallory Sampson, PFM
Deanne Woodring with GPA

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Kelly Wainwright called the meeting to order at 6:01 p.m.

DISCUSSION AND DELIBERATION

1. Approval of November 29, 2023 Minutes

Van Billops moved to approve the minutes of November 29, 2023. Seconded by Chandra McCray.

The minutes of November 29, 2023 were approved by consent of the Board.

2. Establish 2024 Meeting schedule

Peter Wells, presented the proposed dates for 2024 meeting schedule.

Chandra McCray moved to approve the meeting schedule Seconded by Ron Baker.

The meeting schedule was approved by consent of the Board.

3. Review and Input on Recommended Uses of Distribution from Permanent Fund

Carol Jaramillo, Director of Financial Services explained that within the responsibilities of the Board is to make a recommendation to the Governing Body. Staff is proposing reinvesting the allowable distribution, however would like input from the Board on their recommendation.

Van Billops moved to support staff recommendation to reinvest the allowable distribution. Seconded by Ron Baker.

1 The motion carried by a vote of 3 FOR and 0 AGAINST.
2 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright,
3 David Jablonski
4 NO: None
5

6 4. Review and Input on Permanent Fund Performance
7

8 Mallory Sampson, with PFM, provided a brief market and performance overview. She
9 went over the Domestic and International Equity, as well as alternatives and the Fixed
10 Income. The Economy in the third quarter, U.S. gross domestic product grew at an
11 annualized rate of 4.9%, marking the strongest growth since the fourth quarter of 2021,
12 as resilient consumer spending drove the economy. This is above global growth
13 estimates of 3.0%, which have been buoyed by emerging markets and developing
14 economies. The U.S. labor market remains strong, ending the quarter with 3.7%
15 unemployment rate that is in line with September's reading and a 62.5% participation
16 rate. Headline inflation cooled over the quarter. She went over the investment outlook
17 and the plan performance review.
18

19 5. Review and input on the Core and Liquidity Portfolios
20

21 Deanne Woodring with GPA, gave a brief overview. GPA is the leading investment
22 advisor in New Mexico and has professionals that have been working in NM for over 25
23 years. They are an advocate of client education and collaboration. Ms. Woodring went
24 over the market rate overview and historical fund balances. She went into detail on the
25 portfolio component recommendation for transition and the optimal portfolio strategy for
26 core investment component. There is expected asset growth over the coming years, but
27 not at the same rate and buildup of the core investment portfolio to lock down
28 historically high rates in 1-5-year investments.
29

30 6. Review and Input on the Investment Policies for the Core and Liquidity Portfolios
31

32 Carol Jaramillo, Director of Financial Services briefly went over the policy and
33 recommended a postponement on this item to the next meeting to give proper review
34 from the Board.
35

36 Chandra McCray moved to postpone this item to the regular scheduled meeting in
37 May 2024. Seconded by Ron Baker.
38

39 The motion carried by a vote of 5 FOR and 0 AGAINST.
40 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright,
41 David Jablonski
42 NO: None
43

44 7. Review and Input on the Investment Policy Statement for Permanent Fund
45

46 Ms. Jaramillo, stated there is only one proposed change to add language defining
47 consultant as follows:

48 4. A consultant to assist with periodic review of a) the investment policy statement, b)
49 the performance of the investment portfolio, and c) the asset allocation guidelines

1 including recommendations to rebalance the portfolio as referenced in the “Periodic Re-
2 balancing” section. The consultant may be a contracted individual or company with
3 specific subject matter experience, procured by the City to provide expertise for the
4 listed functions.

5
6 Chandra McCray moved to accepts the changes to the Investment Policy Statement as
7 follows: 4. A consultant to assist with periodic review of a) the investment policy
8 statement, b) the performance of the investment portfolio, and c) the asset allocation
9 guidelines including recommendations to rebalance the portfolio as referenced in the
10 “Periodic Re-balancing” section. The consultant may be a contracted individual or
11 company with specific subject matter experience, procured by the City to provide
12 expertise for the listed functions. Seconded by Ron Baker.

13
14 The motion carried by a vote of 5 FOR and 0 AGAINST.
15 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright, David
16 Jablonski
17 NO: None

18
19 Peter Wells, Deputy City Manger explained the Board will now need to reconsider the
20 meeting schedule to correct the date in May.

21
22 Van Billops moved to reconsider the 2024 meeting schedule (Item 3) Seconded
23 by Ron Baker.

24
25 The motion carried by a vote of 5 FOR and 0 AGAINST.
26 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright, David
27 Jablonski
28 NO: None

29
30 Van Billops moved to approve the 2024 meeting schedule (Item 3). Seconded by
31 Chandra McCray

32
33 Ron Baker moved to amend the 2024 meeting schedule (Item 3) to change May
34 28 to May 29. Seconded by Chandra McCray

35
36 The motion carried by a vote of 5 FOR and 0 AGAINST.
37 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright, David
38 Jablonski
39 NO: None

40
41 The main motion as amended carried by a vote of 5 FOR and 0 AGAINST.
42 YES: Van Billops, Ron Baker, Chandra McCray, Kelly Wainwright, David
43 Jablonski
44 NO: None

45
46 **PUBLIC COMMENT**

47
48 **ADJOURNMENT**

49

1 The meeting adjourned at 7:02 p.m.

2

3 APPROVED THIS 29th DAY OF MAY 29, 2024

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7

Kelly Wainwright, Chair

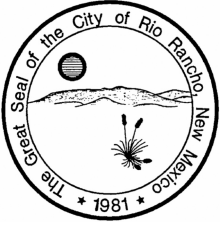
8

Noel Davis, City Clerk
SEAL

9

10

DRAFT



**CITY OF RIO RANCHO
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Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

SUBJECT:
Boards, Commissions, Committees, and Advisory Bodies Rules of Procedure

BACKGROUND AND ANALYSIS:
Rules of procedure are necessary to provide an orderly and methodical plan so that the business and matters that come before various City boards, commissions, committees, and advisory bodies may receive proper consideration and prioritization.

IMPACT:
Updated Boards, Commissions, Committees, and Advisory Bodies Rules of Procedure adopted and take effect on December 26, 2023, which is the same effective date as the new Governing Body Rules of Procedure.

ALTERNATIVES:
No alternatives

DEPARTMENT RECOMMENDATION:
Presentation of the Rules of Procedure adopted by the Governing Body on December 26, 2023 by Noel Davis, City Clerk.

ATTACHMENT: [Final Boards Commissions Committees and Advisory Bodies Rules of Procedure effective December 26 2023.pdf](#)



**BOARDS,
COMMISSIONS,
COMMITTEES, &
ADVISORY BODIES
RULES OF PROCEDURE**

Effective December 26, 2023

Resolution No. 163 / Enactment No. 23-162

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Article I General Provisions

1.1 Boards, Commissions, Committees, and Advisory Bodies

A. City Charter Section 5.07 states the following:

1. The Governing Body may, by ordinance, establish boards and commissions with such powers, purpose, scope, and authority as is deemed appropriate by the Governing Body.
2. The Governing Body may establish advisory bodies, as it determines to be appropriate and advantageous to the conduct of City government. Advisory bodies shall be established by ordinance when the advisory body is to function for a period greater than one year. A resolution may be used for advisory bodies that will function for a period of one year or less.
3. The ordinance or resolution creating an advisory body shall describe the purpose, scope and authority of the advisory body so established.
4. Except as otherwise provided in the Charter, the mayor shall appoint all members of boards, commissions and advisory bodies, and fill vacancies thereon, subject to the confirmation of the Governing Body, as provided in Section 3.02 of the Charter. The mayor shall appoint persons within forty-five days of the formation of the board, commission or advisory body, or as soon as practicable for a vacancy thereon.
5. Every effort shall be made to ensure that all council districts are represented on all advisory bodies. No more than two members of any advisory body may reside in the same council district, unless provided for otherwise by law, or unless the advisory body is comprised of more than twelve members.
6. No vacancy in the office of any member of any advisory body shall be caused by redistricting of City Council election districts. All members of an advisory body shall be entitled to serve out their terms, unless otherwise removed pursuant this section, even if redistricting causes the number of members to exceed two from any one district.
7. No member of the Governing Body, nor any appointive officer or employee of the City, shall be appointed to any City board, commission or advisory body as a voting member. This subsection does not apply to any internal board or committee which consists solely of appointive officers or employees.
8. Except as otherwise provided by ordinance or the Charter, members of all boards, commissions and advisory bodies shall serve at the pleasure of the Governing Body, and may be removed at any time.

B. Municipal Code Chapter 33 (Boards, Commissions, and Committees) addresses matters such as:

1. Creation.
2. Appointment; qualifications and term.
3. Removal from office.
4. Reports to Governing Body.
5. Quorum.
6. Conflict of interest and recusal.
7. Compensation.

1.2 Meetings

A. Meetings of boards, commissions, committees, and advisory bodies shall be held in accordance with Municipal Code Chapter 33, the Open Meetings Act, 10-15-1 et. seq. NM, 1978, and the Governing Body's annually adopted Open Meetings Act Resolution (as applicable).

B. Reasonable notice of boards, commissions, committees, and advisory body meetings is pursuant to the Governing Body's annually adopted Open Meetings Act Resolution:

1. Notice of regular meetings shall be given no fewer than 10 days in advance of the meeting date and shall indicate how a copy of the agenda may be obtained.
2. Agendas for each meeting shall contain a list of specific items of business to be discussed or transacted and will be available at least seventy-two (72) hours prior to the meeting on the City's website and posted in the City Hall lobby (3200 Civic Center Circle NE).
3. If a meeting is cancelled due to lack of a quorum, or for lack of agenda items, a notice shall be posted on the entrance of the meeting location and on the City's website as soon as practicable.
4. Annually, as applicable, boards, commissions, committees, and advisory bodies shall establish a regular meeting schedule for the next fiscal year.
5. A special meeting of a board, commission, committee, and advisory body may be called by the Chairperson with notice of special meeting given no later than seventy-two (72) hours prior to the meeting.

C. The City staff designated by the City Manager, through the applicable Department Director, for each board, commission, committee, or advisory body shall cause appropriate public notice to be given.

D. All binding actions of boards, commissions, committees, and advisory bodies shall be taken at regular or special meetings.

E. All boards, commissions, committees, and advisory bodies may recess and reconvene a meeting to a subsequent date provided that prior to recessing, the presiding officer specifies the date, time and place for continuation, and immediately posts notice of the date time and place for the reconvened meeting in the lobby of City Hall and on the City's website. Only matters appearing on the agenda of the original meeting may be discussed at the reconvened meeting, pursuant to 10-15-1 et. seq. NMSA, 1978.

1.3 Attendance

A. Members of boards, commissions, committees, and advisory bodies are expected to attend all scheduled meetings in person.

B. In accordance with 10-15-1 et. seq. NMSA, 1978, members of boards, commissions, committees, and advisory bodies may participate in meetings remotely by telephone conference or other similar communications equipment when it is otherwise difficult or impossible to attend the meeting in person. Boards, commissions, committees, and advisory body members may only participate remotely in regular meetings utilizing telephone conference or other similar communications equipment no more than 25% of the time in a consecutive twelve (12)-month period.

C. Pursuant to Municipal Code Section 33.03, any appointed member may be automatically removed for failure to attend 75% of the regular meetings in a consecutive twelve (12)-month period.

1.4 Duties of the Presiding Officer

A. The Chairperson of a board, commission, committee, or advisory body, pursuant to Municipal Code Chapter 33, shall possess the powers and perform the following duties:

1. Preserve order and decorum and have general direction of the room where the meeting is occurring.
2. Announce the business before the board, commission, committee, or advisory body in the order in which it is to be acted upon.
3. Recognize the speakers entitled to the floor and guide and direct the proceedings of the board, commission, committee, or advisory body.
4. Call for public input on agenda items.
5. Decide all points of order, subject to appeal, unless the Chairperson prefers to submit the question to the decision of the board, commission, committee, or advisory body.
6. Put to vote all questions which are regularly moved or otherwise arise in the course of the proceedings.

B. In the absence of the presiding officer (Chairperson), upon their inability to act or upon the request of the presiding officer, the Vice-Chairperson (pursuant to Municipal Code Chapter 33), shall preside and shall have all the powers and authority of the Chairperson. In absence or inability to act of both the Chairperson and Vice-Chairperson, the senior board, commission, committee, or advisory body members shall serve as presiding officer. In those instances where members have equal authority, the members representing the Council District with the lowest district number shall preside.

1.5 Adopted Rules

A. Application of Robert's Rules of Order. Any matter not covered by these rules shall be governed by decision of the presiding officer, applying Robert's Rules of Order, Newly Revised Edition.

B. Violation of Rules. Violation of these rules does not invalidate the action of a board, commission, committee, or advisory body.

Article II Procedures

2.1 Preparation and Distribution of Agendas and Materials

A. The City staff person designated by the City Manager, through the applicable Department Director, designated for each board, commission, committee, and advisory body shall prepare and coordinate all meeting agendas and associated materials.

1. City staff may place matters on the consent calendar which are routine or ministerial in nature.
2. City staff shall assure that scheduled public hearings, as applicable, have been duly advertised.

B. The agenda for a regular meeting, along with related material, shall be electronically available to the members of each board, commission, committee, and advisory body member at least five (5) days in advance of the meeting.

C. The agenda shall be posted by the designated City staff in accordance with the procedures stipulated in the Governing Body's annually adopted Open Meetings Act Resolution, pursuant to Municipal Code Chapter 30, and 10-15-1 et. seq. NMSA, 1978.

2.2 Minutes

A. Minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted.

B. Approval of the minutes shall be placed on the consent calendar, if used by a board, commission, committee, or advisory body. Unless a reading of the minutes is requested by a board, commission, committee, and advisory body member, the minutes of previous meetings may be corrected and approved without reading.

C. Previously approved minutes may be corrected whenever an error is noticed, and the parameters of these rules related to the reconsideration of an action are not applicable.

2.3 Order of Business

A. Meetings (regular or special) shall be conducted in the following order; however, the presiding officer may, during a meeting, rearrange items on the agenda to conduct the business before the board, commission, committee, and advisory body more efficiently:

- Call to Order
- Pledge of Allegiance
- Consent Calendar
- Staff Presentations, Reports and Comments
- Public Hearings
- Discussion and Deliberation
- Comments by Members
- Public Forum
- Adjournment

B. The consent calendar, if used by a board, commission, committee, or advisory board, shall be used for items recommended for approval, without amendment or substitution, that are routine or ministerial in nature. The consent calendar is approved by a single motion. Discussion of an item appearing on the consent calendar shall only occur if a member of a board, commission, committee, and advisory body requests the item to be withdrawn from the consent calendar without discussion or vote.

C. Public Forum

1. Any person wishing to address a board, commission, committee, or advisory body related to a non-agenda item shall register in person with the applicable City staff person no later than fifteen (15) minutes prior to the scheduled start time of a meeting.

2. Manner of address:

- a. Each person shall seek the recognition of the presiding officer.
- b. Only the person signed up to speak shall stand at the podium, unless assistance or accommodations are needed to provide the public input.
- c. Each person shall give their name and address.
- d. Comments shall be addressed to the board, commission, committee, or advisory body as a whole through the presiding officer and not to any members thereof.
- e. No person shall enter into any discussion without the permission of the presiding officer.
- f. Speakers will be recognized by the presiding officer in order of registration with applicable City staff.
- g. Each person speaking under public forum shall have one (1) or two (2) minutes in total for comments after being recognized by the presiding officer. The presiding officer shall determine the specific amount of time given to public forum speakers at a meeting.
- h. No more than two (2) hours in total will be allotted for public forum comments at any meeting. A majority vote of the board, commission, committee, or advisory body members present may approve to extend the total amount of time allotted for public forum at a meeting.

D. Public Input on Agenda Items

1. Public input on items listed under Public Hearings shall be taken pursuant to the Public Hearing procedures stated in these rules.

2. Any person wishing to address the board, commission, committee, or advisory body related to an item listed under Discussion and Deliberation, shall register in person with the applicable City staff person no later than fifteen (15) minutes prior to the scheduled start time of a meeting. Manner of address:

- a. Each person shall seek the recognition of the presiding officer.
- b. Only the person signed up to speak shall stand at the podium, unless assistance or accommodations are needed to provide the public input.
- c. Each person shall give their name and either City Council District or address.
- d. Comments shall be addressed to the board, commission, committee, or advisory body as a whole through the presiding officer and not to any members thereof.
- e. No person shall enter into any discussion without the permission of the presiding officer.
- f. Speakers will be recognized by the presiding officer in order of registration with the applicable City staff person.
- g. Each person speaking on a specific agenda item shall have one (1) or two (2) minutes in total for comments after being recognized by the presiding officer. The presiding officer shall determine the specific amount of time given to speakers at a meeting.
- h. No more than two (2) hours in total will be allotted for comments pertaining to a specific agenda item at any meeting. A majority vote of the board, commission, committee, or advisory body members present may approve to extend the total amount of time allotted for public input related to a specific agenda item at a meeting.
- i. Public input can be submitted in writing to the designated City staff prior to the date of the meeting in which the item is scheduled to be heard; however, only public input

received before 4 p.m. on the day of the meeting will be entered into the record prior to the meeting.

E. Work Sessions

1. Work sessions may be held for the purpose of examining issues, policy discussions, and receiving information, but no official action or vote may be taken.
2. Work sessions are limited to two (2) hours unless a majority of the board, commission, committee, or advisory body members attending the work session consent to a time extension.
3. No more than three (3) items will be placed on any work session agenda.
4. Public input will not be taken at a work session meeting.
5. Meetings shall be conducted in accordance with the Governing Body's annually adopted Open Meetings Act Resolution, pursuant to Municipal Code Chapter 30, and 10-15-1 et. seq. NMSA, 1978.
6. The order of business for a work session meeting shall be:
 - Call to Order
 - Pledge of Allegiance
 - Discussion
 - Adjournment

F. Public Decorum

1. The presiding officer may bar anyone acting improperly from continuing their address to the board, commission, committee, or advisory body.
2. While the board, commission, committee, or advisory body is in session, no person shall disturb or cause a breach of the peace, pursuant to Municipal Code Section 131.05 Disturbing the Peace, or delay or interrupt the proceedings of the board, commission, committee, or advisory body.
3. Electronic devices shall be kept in silent mode during the meeting.
4. No signage, banners, posters, or props shall be held or displayed in the room where the meeting is occurring in a manner that blocks the view of others or creates a distraction from the business of the board, commission, committee, or advisory body.
5. When necessary, the Director of the Department of Public Safety (Police), or their designee, shall serve as sergeant-at-arms.
6. When necessary, the Director of the Department of Fire and Rescue, or their designee, shall enforce the room capacity, ingress and egress of the room where the board, commission, committee, or advisory body meeting is occurring.

2.4 Appeals (Applicable to any Board, Commission, Committee, or Advisory Board having Final Authority in a Quasi-Judicial Hearing)

Appeals to a board, commission, committee, or advisory body are the class of action mandated by the City Charter, statutory or ordinances provisions.

2.5 Motions

A. Presentation of Motions

1. Main Motion. A main motion presents an ordinance, resolution, or other proposition for the passage, adoption, approval, or rejection. The question is stated in the positive form, "to pass," "to adopt," "to approve," "to confirm," or "to concur."
2. A main motion must be seconded before debate can take place and only one main motion may be on the floor at a time. A board, commission, committee, or advisory body member may give brief explanatory comments before stating the motion, but must refrain from debate until the motion has been seconded. In the absence of a second, the motion fails. Main motions are debatable, amendable, and can be reconsidered after adoption.
3. Motions become the official recorded statement of an action taken by the board, commission, committee, or advisory body. A motion should therefore be worded in a concise, unambiguous, and complete form appropriate to such a purpose.
4. A motion should not be offered if its only effect is to propose that the board, commission, committee, or advisory body refrain from doing something since the same result can be accomplished by no motion at all.

B. Withdrawal and Modification of Motions. Until a motion is seconded and stated, the mover may withdraw or modify the motion without consent. When a motion is seconded, and stated, it is in the possession of the board, commission, committee, or advisory body and can, therefore, be withdrawn or modified only by consent of the body.

2.6 Postponement of Action

A. Postponement (to a definite time). The motion to postpone defers action on a pending question to some definite, day, or meeting. When a question has been postponed to a certain time, it becomes an order of the day for that time. When the time to which a question has been postponed arrives and the question is taken up, it can be postponed again if the additional delay will not interfere with the proper handling of the postponed question, provided that there shall be no more than two (2) postponements for any item. The motion to postpone is debatable, amendable, and may be reconsidered.

B. To Table (Postpone Temporarily). Any measure before the board, commission, committee, or advisory body may be tabled temporarily at the same meeting. Items must be removed from the table and acted upon prior to adjournment. The motion to table is not debatable, not amendable, and cannot be reconsidered.

C. To Remove from the Table (Resume Consideration). The purpose is to bring before the board, commission, committee, or advisory body for action a question that has previously been laid on the table. The motion to remove from the table is not debatable, not amendable and cannot be reconsidered.

2.7 Reconsideration of Action

The purpose is to permit the board, commission, committee, or advisory body to reconsider a vote on previous action. The reconsideration of a negative vote on final action is as proper as reconsideration of a favorable vote.

A. Right of Reconsideration. The motion to reconsider may be made at the same meeting or a subsequent meeting. However, certain rules apply as appropriate under the circumstances.

1. The motion must be made by a member who voted on the prevailing side.

2. The motion to reconsider is inappropriate after the action taken has gone into effect or after it is too late for any reason, to reverse the action taken.
3. The determination of reconsideration is dependent on the passage or failure of the motion for reconsideration.
4. Should the motion for reconsideration pass, the item is immediately before the board, commission, committee, or advisory body to be acted upon or scheduled for hearing at a subsequent meeting.
5. Should the motion for reconsideration fail, the item remains as adopted.
6. Either the motion to reconsider or notice of intent to reconsider must be made not later than the next regular meeting. A member of the board, commission, committee, or advisory body may indicate notice of intent to propose reconsideration either orally or in writing to the designated City staff person.

B. Effect of Reconsideration. The effect of making the motion to reconsider, or of giving notice of the motion, is to suspend all action on the subject of the motion until the reconsideration is acted upon.

C. Reconsideration at a Subsequent Meeting.

1. When notice is required for a question, the board, commission, committee, or advisory body shall comply with all rules requiring public notice.
2. If reconsideration will be taken up at a subsequent meeting, notice of intent will be placed on the agenda by the designated City staff person. The determination of reconsideration is dependent on the passage or failure of the motion for reconsideration.

D. Debate of Motion. Debate on the motion to reconsider will be limited to the merits of the reconsideration and not the merits of the question to be reconsidered.

E. Vote. The passage of the motion to reconsider requires a majority vote, even if the measure to be reconsidered requires a two-thirds vote.

2.8 Appeal a Decision of the Presiding Officer

An appeal must be made promptly before any debate or other business has intervened. When an appeal is taken, the presiding officer should clearly state the decision being appealed and may state the reasons for their decision. If there is no debate, or when debate is concluded, the presiding officer may put the question to the board, commission, committee, or advisory body. A majority vote of those present sustains a decision of the presiding officer.

2.9 Amendments

A. Every amendment proposed must be relevant to the subject of the proposition.

B. A proposed amendment takes precedence over the original motion out of which it arises and must be voted upon before the original motion.

C. After an amendment is approved, the question as amended must be put to a vote.

D. Rejection of an amendment leaves the pending question worded as it was before the amendment was offered.

E. Form of Amendments

1. Amendments should be offered in a concise, unambiguous, and in a complete form of a motion, to include the page and line number of the content to be amended.
2. In form, amendments may be divided into the following types:
 - a. To add (that is to place at the end)
 - b. To insert
 - c. To strike out
 - d. To strike out and insert

F. Decision on Amendments

1. An amendment, once adopted, may not thereafter at the same meeting be changed or modified, except upon reconsideration of the vote by which it was adopted.
2. When a proposed amendment has been defeated, the same amendment may not be proposed again without first reconsidering the vote by which the amendment lost.
3. The presiding officer may require amendments to be submitted in writing.

G. Withdrawing Amendments and Accepting Modification

1. Amendments may be withdrawn before being seconded and stated by the presiding officer. After it is seconded and stated it is in the possession of the board, commission, committee, or advisory body and can be withdrawn only with the consent of the board, commission, committee, or advisory body.
2. A member may modify an amendment before it is seconded and stated by the presiding officer. After it is seconded and stated, it is in the possession of the board, commission, committee, or advisory body and can be modified only with the consent of the board, commission, committee, or advisory body. The presiding officer may put the question of modification without waiting for a motion, if there is no objection.

Article III Rules of Order

3.1 Rules of Debate

Debate is an essential feature of a governmental body which the opinions of members are exchanged, questions deliberated, and conclusions reached on the business before board, commission, committee, or advisory body.

A. To permit debate:

1. There must be a debatable question before the board, commission, committee, or advisory body, and one member must have been recognized by the presiding officer as entitled to speak.
2. All debate must be addressed to the presiding officer, and not to the other members or public.
3. Debate must be confined to the question before the board, commission, committee, or advisory body.

B. Time Limits. The presiding officer may set time limits in debate. No board, commission, committee, or advisory body member shall be permitted to speak more than once on any motion until every member wishing to speak has been allowed to do so.

C. Call the Question (Previous Question). Debate may be closed immediately by calling the question. The motion for the call for the question may motivate unanimous consent to ending debate. Before such a motion has been seconded, the presiding officer may ask if there is any objection to closing debate. If there is no objection, the presiding officer shall immediately call the question. If one member objects, the presiding officer shall ask if there is a second to the motion. If there is a second to the call, they must immediately take a vote on whether to order the call for the question. The call for the question requires a majority vote before the vote on the question to which applied. The call for the questions is neither amendable nor debatable and can be reconsidered.

3.2 Rules of Voting

A. Each board, commission, committee, or advisory body member in attendance must vote for or against all measures before them, unless there is a conflict of interest, for which abstention is recognized. Such conflict of interest disclosure shall be recorded in the minutes.

B. A board, commission, committee, or advisory body member shall not explain their vote during voting, which would be the same as debate at such a time.

C. Except for procedural matters, voting shall be by roll call and each member's vote shall be recorded in the minutes. Roll call votes shall be at random. Actions declared as procedural by the presiding officer may be decided by a show of hands.

D. No member of a board, commission, committee, or advisory body shall participate in the discussion, debate, deliberation or vote, or otherwise take part in the decision-making process on any agenda item before them in which the member has a conflict of interest. Further, in order to avoid the appearance of impropriety, any member determined to have a conflict of interest, as determined by majority vote of the board, commission, committee, or advisory body members present, on any agenda item before the board, commission, committee, or advisory body shall leave the meeting room.

3.3 Decorum

A. Members must seek recognition of the presiding officer before speaking and must address all remarks through the presiding officer.

B. Members of a board, commission, committee, or advisory body shall confine their remarks to the question under discussion or debate, avoiding personal references or attacks on fellow members, City staff members, or members of the public. No member of a board, commission, committee, or advisory body shall engage in private discourse or commit any other act tending to distract the attention of the board, commission, committee, or advisory body from the business before it.

C. A member who resorts to persistent irrelevance or persistent repetition may be directed to discontinue their speech by the presiding officer.

D. Point of Order. A board, commission, committee, or advisory body member may call attention to the violation of the rules or a mistake in procedure by rising to a point of order. The presiding officer may permit a full explanation before ruling on the claim and may submit the question to the board, commission, committee, or advisory body for decision by a majority vote of the members present. The presiding officer is not required to decide any point of order not directly presented in the proceedings of

the body. Such an assertion does not require a second, is not debatable nor amendable, and cannot be reconsidered.

E. Question of Privilege. Questions of privilege do not relate to pending business, but have to do with special matters of immediate and overriding importance which, without debate, should be allowed to interrupt the consideration of anything else. The presiding officer makes a ruling as to whether it is admitted as a question of privilege and whether it requires consideration before the pending business is resumed.

3.4 Public Hearing Procedures (Applicable to any Board, Commission, Committee, or Advisory Body having Final Authority in a Quasi-Judicial Hearing)

A. Reasonable efforts shall be made to give notice of public hearings to all interested people. Notice of public hearings shall state the subject, the time and place of the public hearing, the manner in which interested people may express their views, and where interested people may obtain copies of the material that is the subject of the hearing.

B. A meeting of the board, commission, committee, or advisory body is called to order and business, if any, is considered until the public hearing comes on the agenda.

C. All aggrieved persons, and materially relevant witnesses sponsored by such interested persons, wishing to participate in the public hearing and address the board, commission, committee, or advisory body shall register in person or via specified communications technology/equipment with the applicable City staff person no later than fifteen (15) minutes prior the scheduled start time of a related hearing. For the purposes of a Public Hearing, an Aggrieved Person is a person who has a direct personal or pecuniary interest, or a property right, which is affected by the decision being considered by the board, commission, committee, or advisory body. The Aggrieved Person's interest must be an immediate and substantial consequence of the decision, and not merely nominal or remote. Any person who receives specific notice of an official action which is required pursuant to ordinances shall be considered an Aggrieved Person. Those who register must provide name and address, and whether they wish to speak as a proponent or opponent, and how they qualify as an Aggrieved Person as defined above. Any person who fails to register shall not be permitted to speak.

D. All Aggrieved Persons offering testimony as parties to the proceeding and their materially relevant witnesses will be sworn by the presiding officer and may be questioned by the board, commission, committee, or advisory body. An Aggrieved Person does not have to appear before the Planning and Zoning Board to participate as a party in a land use proceeding. However, appeals of final decisions of the Planning and Zoning Board may only be brought by an "Aggrieved Person" who appeared before the Planning and Zoning Board.

E. The order of speakers for a Public Hearing item is:

1. City staff presentation
2. Proponent/Applicants
3. Opponent/Aggrieved Persons
4. Board, commission, committee, or advisory body question of parties (also allowed throughout the proceeding)

The presiding officer may change the order of speakers so that testimony is heard in the most logical groupings.

F. The presiding officer will introduce the item, open the public hearing and call upon the City staff to submit its report into evidence, and request the proponent to describe the matter under consideration.

G. Aggrieved Persons shall have the opportunity to submit data, views, or arguments orally or in writing. All written material must be marked as exhibits, submitted to the designated City staff a minimum of ten (10) days prior to the hearing date, and placed into evidence as part of the administrative record.

H. The presiding officer may establish reasonable speaker time limits and otherwise control presentations to avoid repetition or the introduction of irrelevant evidence. Additional time may be granted if appropriate and necessary to secure a full and fair presentation of either factual or opinion testimony or of legal argument.

I. After the proponents and opponents have had an opportunity to be heard, the presiding officer will allow board, commission, committee, or advisory body members to ask questions of the parties and Aggrieved Persons.

J. After the board, commission, committee, or advisory body has heard all the evidence, the presiding officer closes the public hearing and entertains a motion. Following the motion and its second, discussion occurs among the body. Comments from the general public on legal or policy matters raised by the proceeding may be received after the close of the public hearing, but will not be considered as evidence or as part of the record by the board, commission, committee, or advisory body. The presiding officer calls the question and requests identification and adoption of proposed facts and conclusions of law that support the board, commission, committee, or advisory body decision to be issued in a written order.

K. The board, commission, committee, or advisory body shall promptly prepare a written decision that includes an order granting or denying relief and a statement of the factual and legal basis for the order; shall file the order with the designated City staff; and shall mail a copy of the written decision to all persons who appeared as Aggrieved Persons in the proceeding. Mailing will be done by certified mail to the address provided by the Aggrieved Person at the proceeding.

L. No member of a board, commission, committee, or advisory body shall initiate, permit or consider a communication directly or indirectly with a party or the party's representative outside of the hearing and outside of the presence of all interested parties concerning the pending matter, pursuant to Municipal Code Section 39.23.

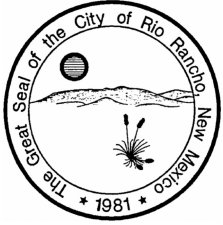
Article IV General Procedures

4.1 Member Responsibilities

A. A request for an item to be placed on a meeting agenda by a board, commission, committee, or advisory body member must be directed to the designated City staff person a minimum of forty-five (45) days in advance of the requested meeting agenda date. Any associated document drafting, research, analysis, or legal review for the agenda item in question will only be performed by applicable City staff.

B. In addition to other duties, responsibilities, and rights pursuant to the City Charter and adopted ordinances and resolutions, a board, commission, committee, or advisory body member shall:

1. In all public statements, make clear that they speak only for themselves and do not speak for the board, commission, committee, or advisory body as a whole.
2. Ensure that the presiding officer and designated City staff person is informed, as soon as practical of significant communications with outside entities, be they either directed to, or initiated by the board, commission, committee, or advisory body member.



**CITY OF RIO RANCHO
COVER PAGE**

Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

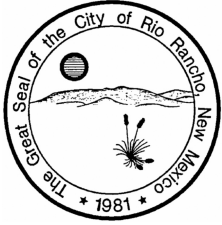
SUBJECT:
Review and Input on the Permanent Fund Performance

BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:
Presentation by PMF Asset Management.



**CITY OF RIO RANCHO
COVER PAGE**

Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

SUBJECT:
Review and Input on the Core and Liquidity Portfolios Performance

BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:
Presentation by Government Portfolio Advisors

ATTACHMENT: [IAB Meeting Rio Rancho - May 2024 - GPA.pdf](#)

IAB Report City of Rio Rancho

April 30, 2024

Total Aggregate Portfolio

Month End Commentary - April 2024

Volatility returned to financial markets in April after economic data released during the month acted as rain on the picnic of a Federal Reserve hoping to ease policy supported by cooling growth and inflation. Unfortunately for the Fed, most of the hard economic data received so far in 2024, hasn't been cooperative. Bond yields jumped during the month, led by the 5-year Treasury note which surged by 50 basis points to 4.72% and after five consecutive of months gains, equities underwent a correction with the S&P 500 pulling back by 4.2%.

The Fed met on May 1st with Chair Powell reiterating that they view policy as sufficiently restrictive to contain inflation citing that it needs more time to work and added that they need more evidence that inflation is returning towards 2% before they can cut interest rates. While corporate credit valuations remain historically rich, we are seeing some value in agency markets. We continue to believe that the current rate environment serves as an opportunity for investors to improve and anchor portfolio earnings for years to come and therefore recommend positioning portfolios neutral to long their respective duration targets.

Treasury Curve Total Returns Last 12 Months

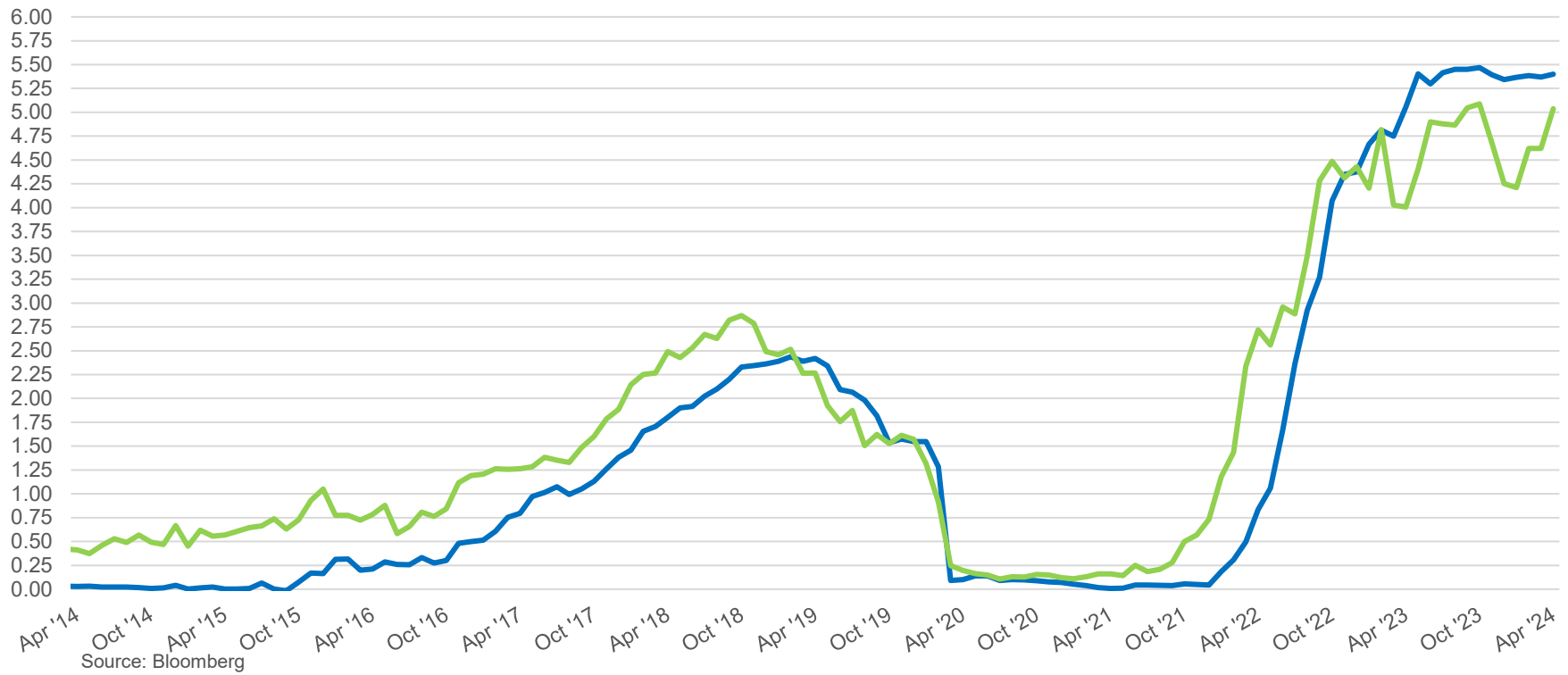
Treasuries	Total Return
3 month bill	5.36%
1 year note	4.35%
2 year note	1.65%
3 year note	0.44%
5 year note	-1.87%

Changes In The Treasury Market (Absolute Yield Levels)

Treasuries	04/30/2023	03/31/2024	04/30/2024	1 Month Change	12 Month Change
3 month bill	5.03%	5.36%	5.39%	0.03%	0.36%
6 month bill	5.00%	5.32%	5.39%	0.08%	0.39%
2 year note	4.01%	4.62%	5.04%	0.42%	1.03%
3 year note	3.72%	4.41%	4.88%	0.47%	1.16%
5 year note	3.48%	4.21%	4.72%	0.50%	1.23%
10 year note	3.42%	4.20%	4.68%	0.48%	1.26%

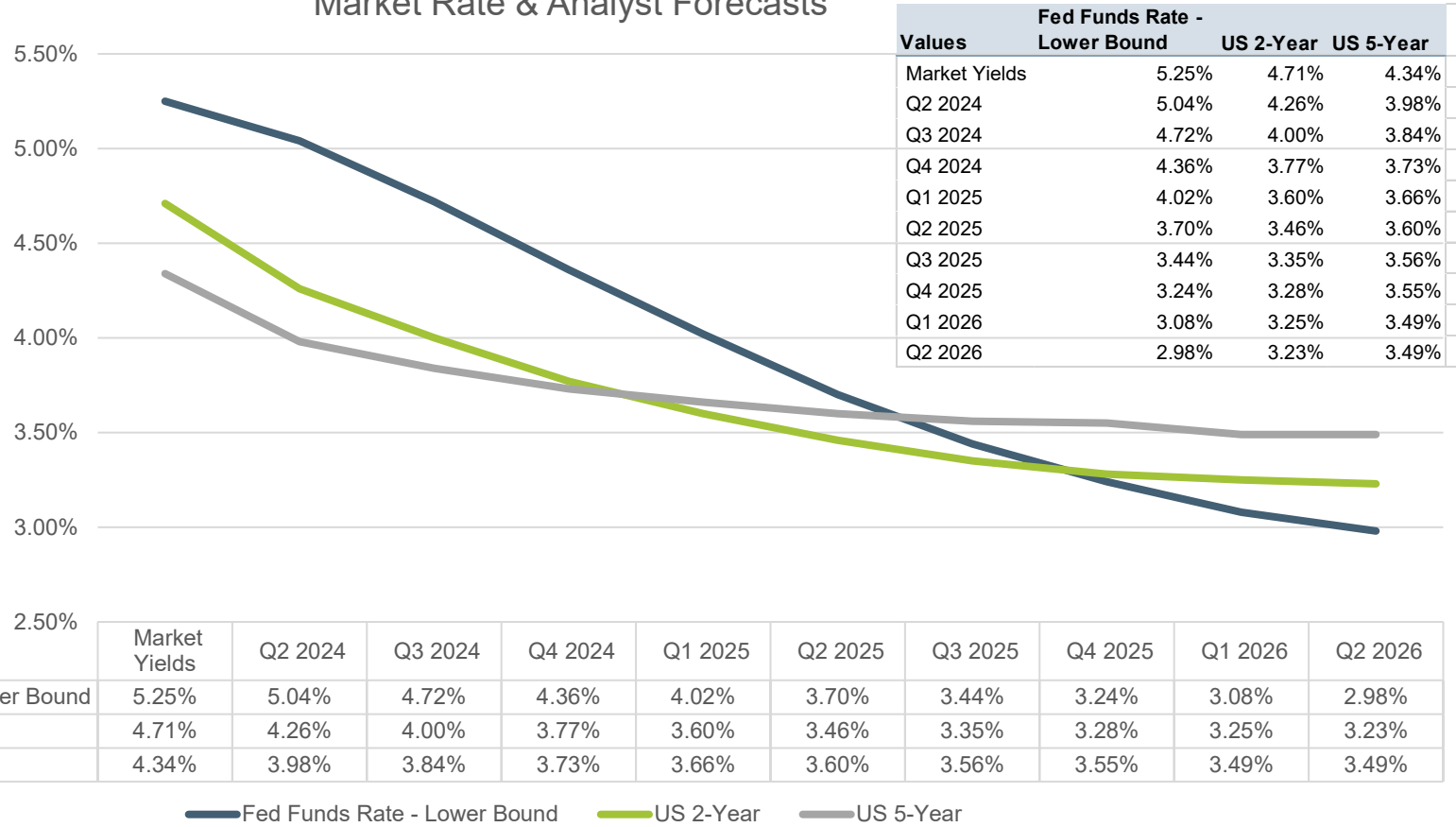
Interest rate changes

Three-Month T-Bill vs. Two-Year Treasury Note Trailing Ten Years



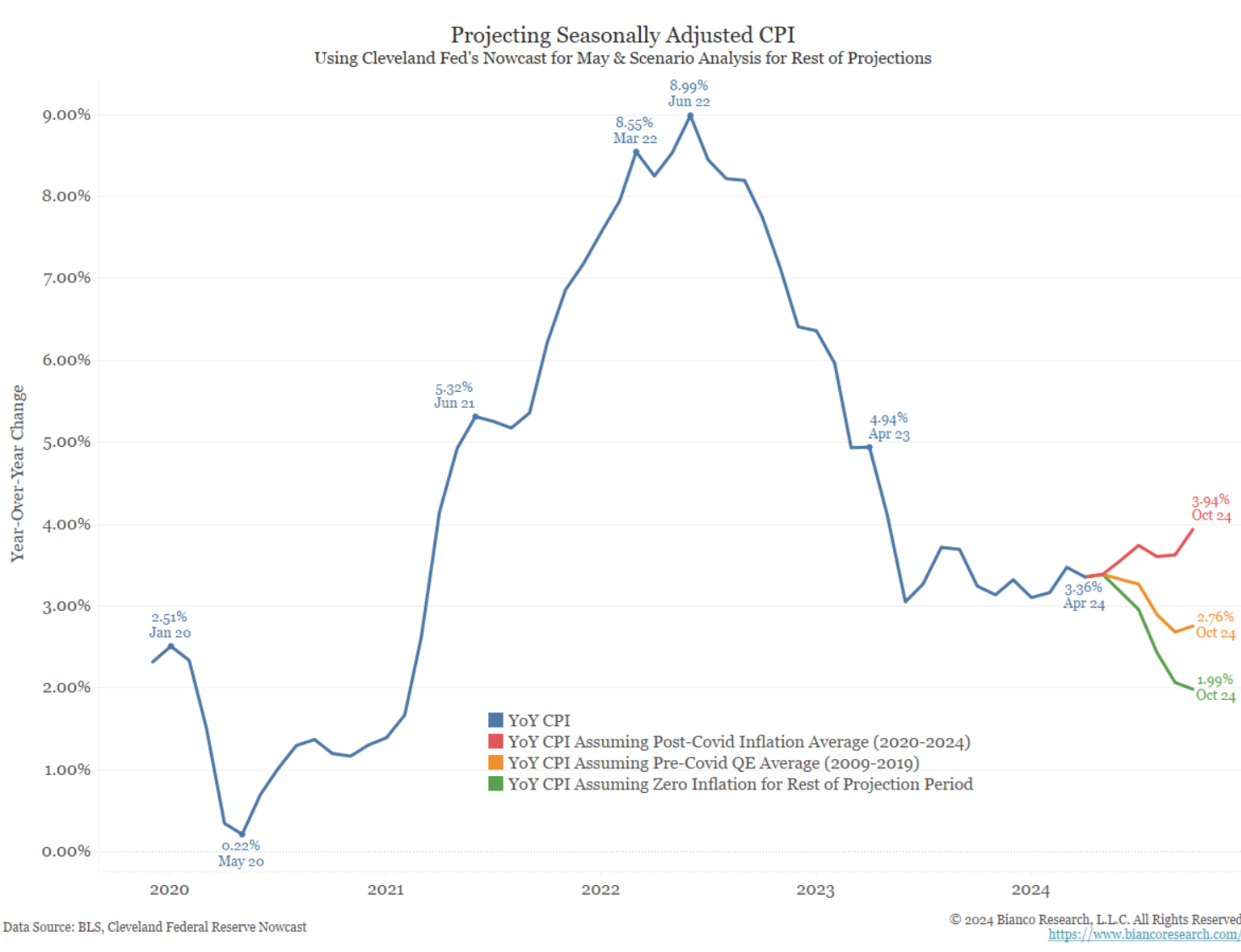
Analysts Curve Projections

Market Rate & Analyst Forecasts

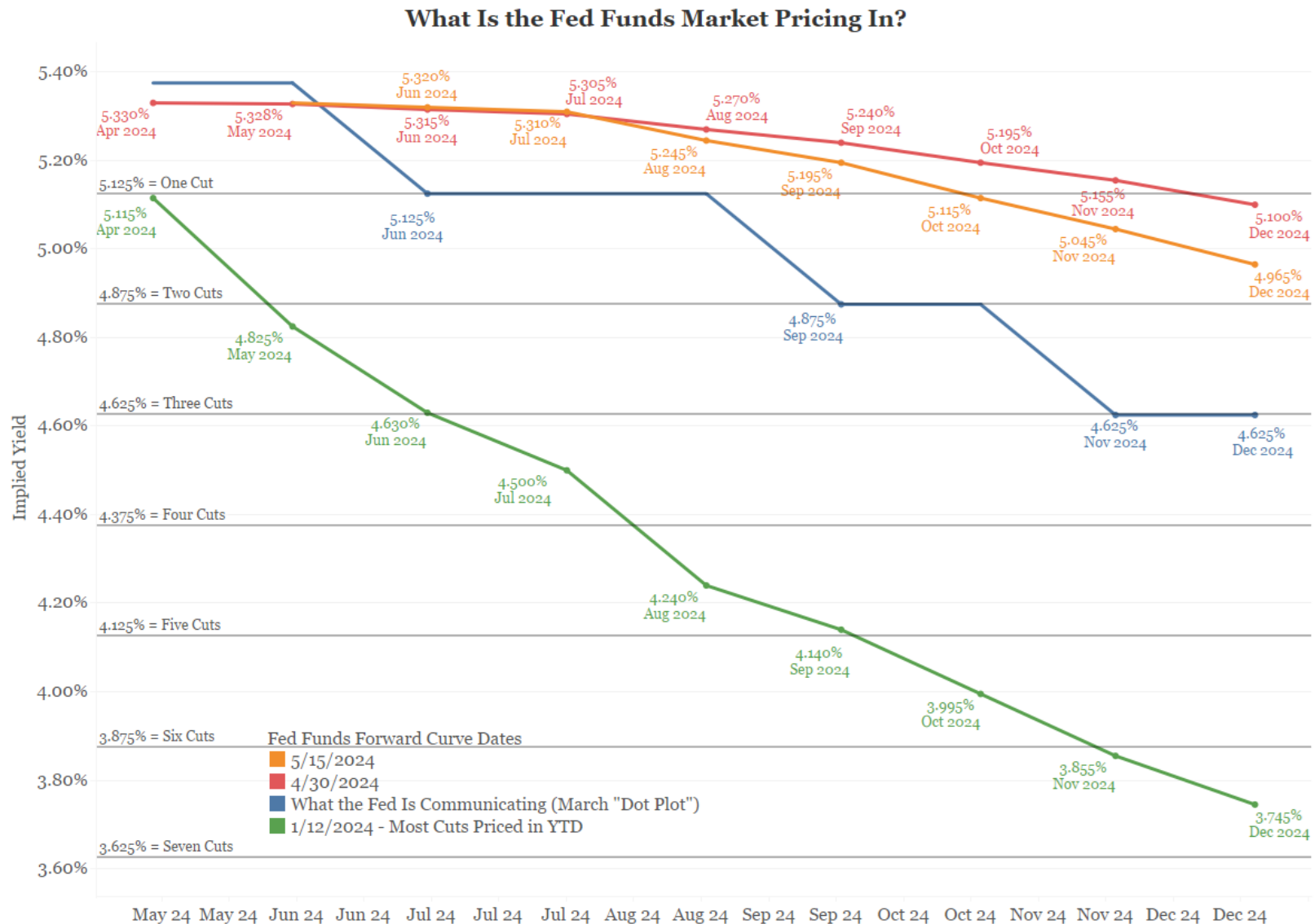


Expectations imply 2 year and 5 year treasury note yields will drop with fed funds.

Inflation Potential Outcomes



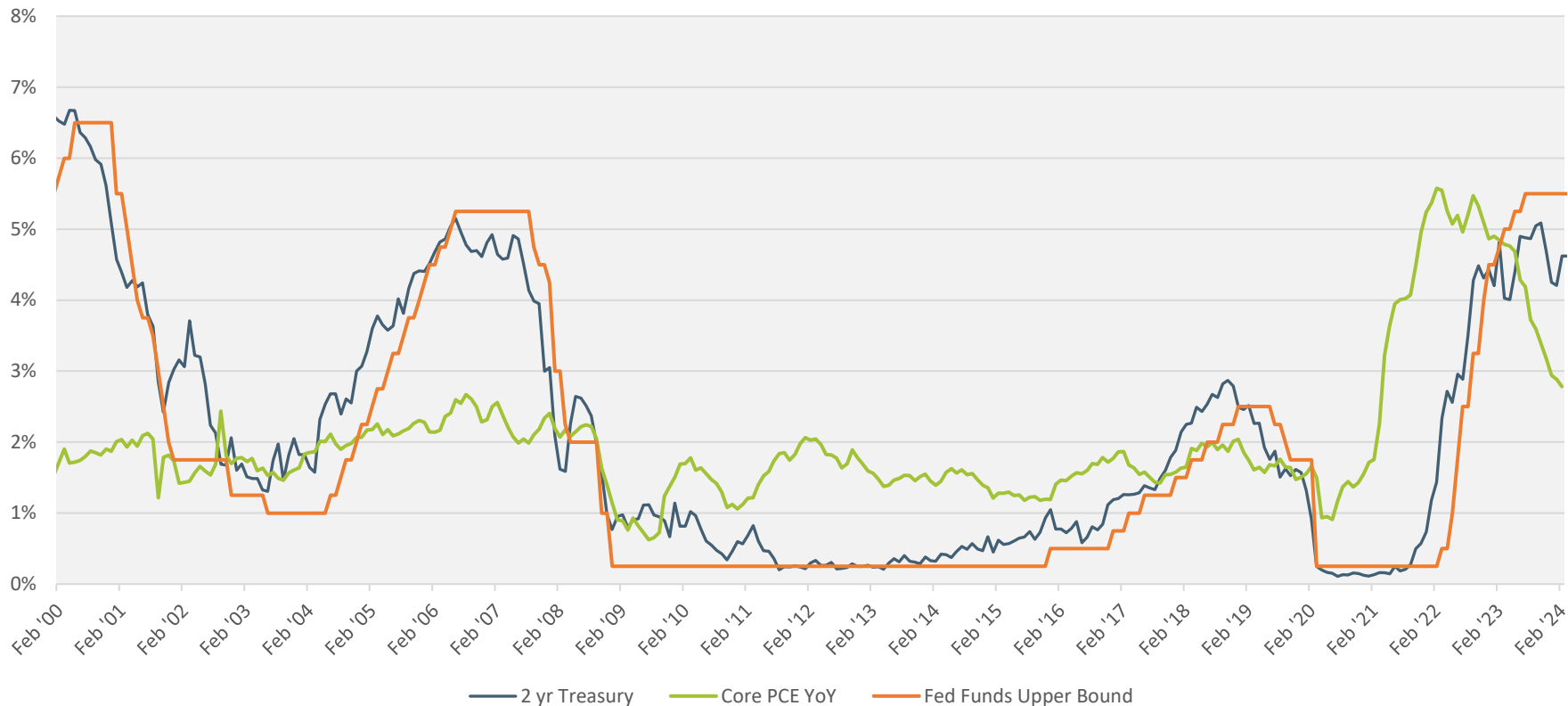
Fed Fund Tracking



Source: Chicago Mercantile Exchange, Bloomberg

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<https://www.biancoresearch.com/>

Core PCE vs 2 Year Yield vs Fed Funds



Source: Federal Reserve, Bureau of Economic Analysis, Bloomberg

Front end yields trade in a correlated fashion with the fed funds rate ($R=0.96$) which is predicated on economic growth and inflation.

Compliance Report- Rules based on Proposed Policy



April 30, 2024

City of Rio Rancho | Total Aggregate Portfolio

Category

Policy Diversification Constraint	Status
US Treasury Obligations Maximum % of Holdings	Compliant
US Agency FFCB Issuer Concentration	Compliant
US Agency FHLB Issuer Concentration	Compliant
US Agency FHLMC Issuer Concentration	Compliant
US Agency FNMA Issuer Concentration	Compliant
US Agency Obligations - All Other Issuers Combined	Compliant
US Agency Obligations - FHLB, FNMA, FHLMC, FFCB, FAMA, GNMA	Compliant
US Agency Obligations Maximum % of Holdings	Compliant
Supranationals - Issuer is IADB, IBRD, or IFC	Compliant
Supranationals Issuer Concentration (NM only)	Compliant
Supranationals Maximum % of Holdings (NM only)	Compliant
Municipal Bonds Maximum % of Holdings	Compliant
Municipal Bonds NM Only Issuer	Compliant
Fixed Income Mutual Fund and (ETF) Combined Maximum % Holdings	Compliant
Commercial Paper Issuer Concentration	Compliant
Commercial Paper Maximum % of Holdings	Compliant
Certificates of Deposit Issuer Concentration	Compliant
Certificates of Deposit Maximum % of Holdings	Compliant
Money Market Issuer Concentration	Compliant
Money Market Maximum % of Holdings	Compliant
LGIP Maximum % of Holdings	Compliant
Bank Time Deposits/Savings Accounts Maximum % of Holdings - NM	Compliant
Repurchase Agreements Maximum % of Holdings	Compliant
Federally Insured Obligations or Deposits	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

City of Rio Rancho | Total Aggregate Portfolio



April 30, 2024

Category

Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 7 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	7.000	5.063	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	7.000	4.997	Compliant
Supranationals Maximum Maturity At Time of Purchase (years)	5.000	0.000	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	7.000	0.000	Compliant
Commercial Paper Days to Final Maturity (days)	180	0.000	Compliant
Repurchase Agreements Maximum Maturity At Time of Purchase (days)	365	0.000	Compliant
Maximum Single Maturity (years)	7.000	4.917	Compliant
Policy Credit Constraint			Status
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)			Compliant
Municipal Bonds Ratings Minimum A-/A3/A- (Rated by 1 NRSRO)			Compliant
Commercial Paper Ratings Minimum A1/P1/F1 (Rated by 1 NRSRO)			Compliant
Money Market Ratings Minimum AAA/Aaa/AAA (Rated by 1 NRSRO)			Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Summary Overview



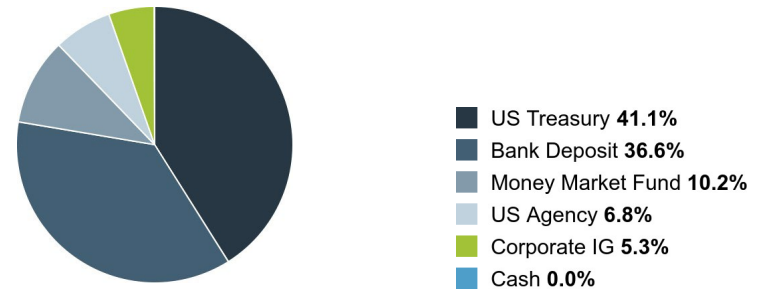
April 30, 2024

City of Rio Rancho | Total Aggregate Portfolio

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	120,680,223.70
Investments	137,255,460.24
Book Yield	4.39%
Market Yield	5.14%
Effective Duration	1.17
Years to Maturity	1.27
Avg Credit Rating	AAA

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Market Value	Net Unrealized Gain (Loss)	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
RIO-Investment Core	130,855,145.30	136,904,763.58	(3,300,402.04)	3.66%	2.19	2.09	ICE BofA 0-5 Year US Treasury Index
RIO-Cash Matched Investments	26,076,404.99	26,076,404.99	0.00	5.17%	0.00	0.09	ICE BofA US 1-Month Treasury Bill Index
RIO-Liquidity	94,374,739.64	94,374,739.64	0.00	5.23%	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
Total	251,306,289.93	257,355,908.21	(3,300,402.04)	4.39%	1.17		

Portfolio Activity

City of Rio Rancho | Total Aggregate Portfolio



April 30, 2024

	Month to Date	Start to Date (01/01/2024)
Beginning Book Value	263,654,738.38	224,896,775.65
Maturities/Calls	(4,000,000.00)	(4,000,000.00)
Purchases	3,960,199.22	50,281,064.24
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(3,123,753.49)	(36,935,195.63)
Amortization/Accretion	166,723.70	475,716.04
Realized Gain (Loss)	0.00	0.00
Ending Book Value	260,656,310.24	260,656,310.24

Maturities/Calls	Market Value
Month to Date	(4,000,000.00)
Fiscal Year to Date	(4,000,000.00)

Purchases	Market Value
Month to Date	3,960,199.22
Fiscal Year to Date	50,281,064.24

Sales	Market Value
Month to Date	0.00
Fiscal Year to Date	0.00

Return Management-Income Detail

City of Rio Rancho | Total Aggregate Portfolio



April 30, 2024

	Month to Date	Year to Date (01/01/2024)
Amortization/Accretion	166,723.70	475,716.04
Interest Earned	775,587.92	3,338,126.68
Realized Gain (Loss)	0.00	0.00
Book Income	942,311.62	3,813,842.72
Average Portfolio Balance	260,580,206.75	260,782,551.78

Security Type Distribution

City of Rio Rancho | Total Aggregate Portfolio

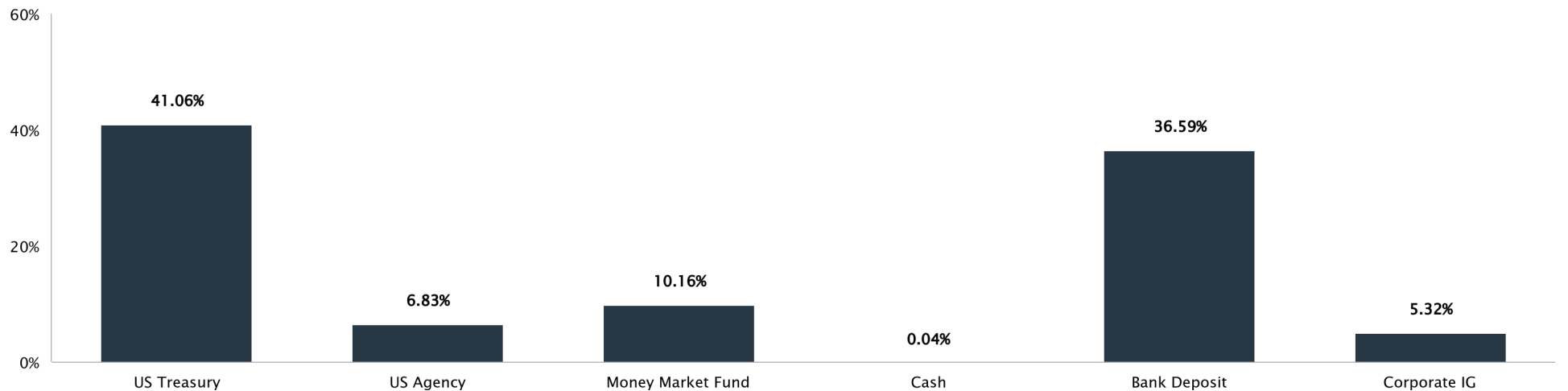


April 30, 2024

Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	112,080,000.00	3.49%	105,912,452.40	41.06%
US Agency	18,296,066.23	4.53%	17,614,307.84	6.83%
Money Market Fund	26,194,660.21	5.19%	26,194,660.21	10.16%
Cash	110,823.85	0.00%	110,823.85	0.04%
Bank Deposit	94,374,739.64	5.23%	94,374,739.64	36.59%
Corporate IG	250,000.00	3.86%	13,728,700.00	5.32%
Total	251,306,289.93	4.39%	257,935,683.94	100.00%

Security Type Distribution

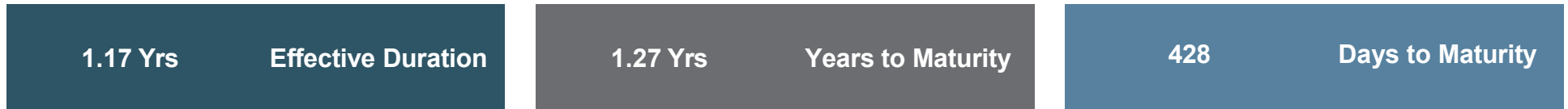


Risk Management-Maturity/Duration

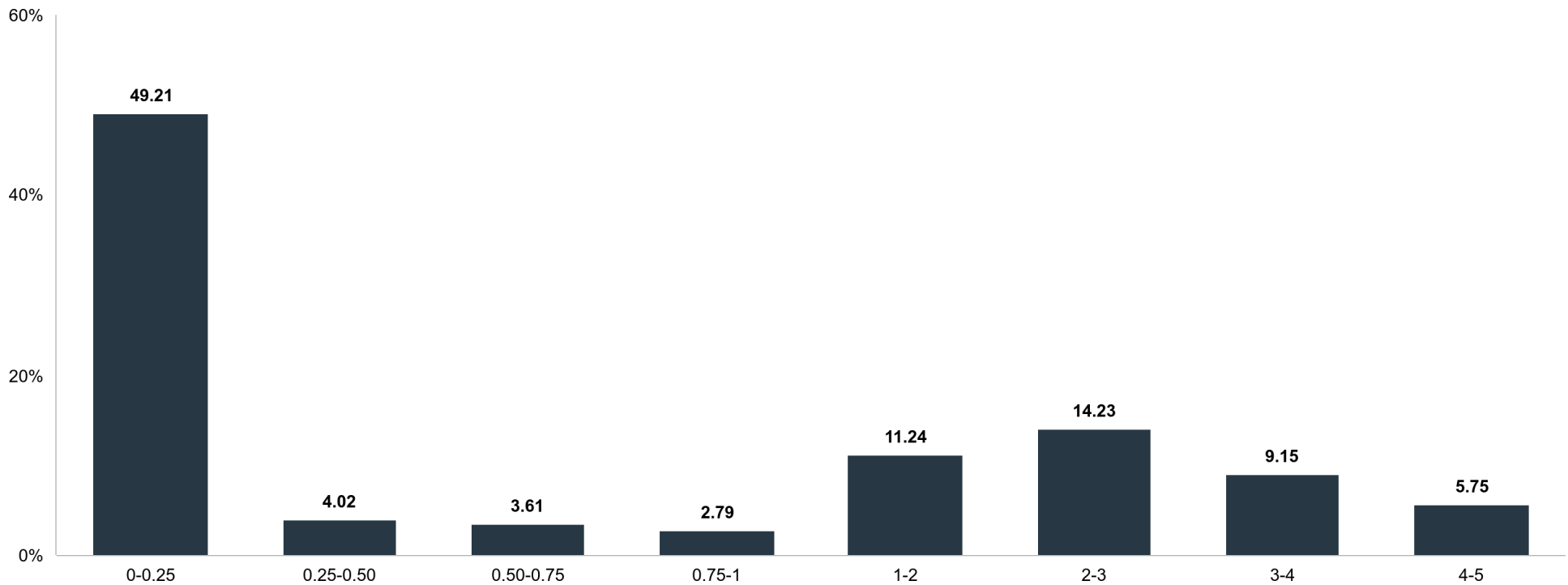
City of Rio Rancho | Total Aggregate Portfolio



April 30, 2024



Distribution by Effective Duration



						<u>Recommended Range</u>	
	4/30/2024	Current %	Current Par	Target %	Target Amount	Minimum	Maximum
Liquidity		37.49%	\$ 94,374,740	20%	\$50,000,000	\$40,000,000	\$ 60,000,000
Benchmark			Duration			Minimum	Maximum
ICE BofA US 1-Month Treasury Bill Index			0.01			0.01	0.01
						Minimum	Maximum
	4/30/2024		Current Par				
Cash Matched		10.36%	\$ 26,076,404	30%	\$70,000,000	\$10,000,000	\$ 100,000,000
			0.01				
Benchmark			Duration			Minimum	Maximum
ICE BofA 0-1 Year US Treasury Index			0.5			0.1	0.75
						Minimum	Maximum
	4/30/2024		Current Par				
Core Investment Fund		52.16%	\$ 131,314,079	50%	\$140,000,000	\$90,000,000	\$ 175,000,000
			2.19				
Benchmark			Duration			Minimum	Maximum
ICE BofA 0-5 Year US Treasury Index			2.10			1.5	2.5
<u>Total Portfolio</u>			\$ 251,765,223				

-
1. Last quarter an additional \$50 million was deployed to investments from the bank, moving the earnings yield from 3.16% on investments to 3.68% on investments.
 2. Looking to restructure the portfolio this quarter by selling low-yielding securities and purchasing higher-yielding securities to align to duration strategy. Breakeven analysis will support the transaction.
 3. The core investment portfolio is now aligned to the new benchmark and the performance will be set to begin 3/31/2024.
 4. This quarter we are looking at matching the debt service payments in the cash-matched portfolio – they are equivalent to approximately \$25 million per year and locking in short-term rates.
 5. GPA is focused on evaluating the markets to ensure the portfolio is fully invested in anticipation of rates dropping into 2025.

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Performance Calculation: Historical returns are presented as time-weighted total return values and are presented gross and net of fees.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

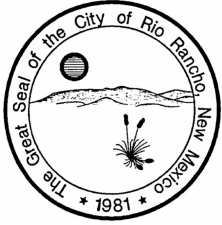
Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.





**CITY OF RIO RANCHO
COVER PAGE**

Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

SUBJECT:
Review and Input on the Investment Policies for the Core and Liquidity Portfolios

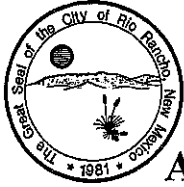
BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:
Presentation by Carole Jaramillo

ATTACHMENT: [Amended_Investment_Policy 2024 - final draft.docx](#)



CITY OF RIO RANCHO

ADMINISTRATIVE POLICIES AND PROCEDURES

Investment Policy

Chapter: 2
Article: 17
Revised: 09/28/2022
Revised: 6/10/2020
Effective: 04/03/2017

Section

- 2-17-1 Purpose
- 2-17-2 Scope
- 2-17-3 Objectives
- 2-17-4 Investment Policy
- 2-17-5 Delegation of Authority and Responsibilities
- 2-17-6 Authorized Investments
- 2-17-7 Standard of Care
- 2-17-8 Authorized Security Broker/Dealers and Financial Institutions
- 2-17-9 Internal Controls
- 2-17-10 Delivery versus Payment
- 2-17-11 Competitive Section of Investment Instruments
- 2-17-12 Collateralization
- 2-17-13 Safekeeping
- 2-17-14 Investment Parameters
- 2-17-15 Investment Reporting
- 2-17-16 Policy Approval

2-17-1 Purpose

The purpose of this Policy is to set specific policy requirements and guidelines for the investment of City funds within the parameters established by the Charter and City Code Sections 36.55 through 36.62 ("the City Code") of the City of Rio Rancho ("the City") and the laws of New Mexico.

2-17-2 Scope

This Policy applies to all financial assets over which the City has direct control as well as those funds the City is responsible for as custodian or trustee. These funds are reported in the City's Comprehensive Annual Financial Report (CAFR) and include:

- General Fund;
- Special Revenue Funds;
- Debt Service and Debt Reserve Funds;
- Capital Projects Funds;
- Internal Service Funds;
- Agency Funds; and
- Enterprise Funds

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this policy, the percentage or dollar portfolio limitations listed elsewhere in this policy do not apply to bond proceeds.

While the City accounts for its financial assets in various governmental Fund and general ledger accounts and investment income and market value changes are apportioned accordingly, the assets are managed as three sub-portfolios:

- the Liquidity Portfolio
- the Cash-Matched Portfolio
- the Core Portfolio

The primary purpose of the Liquidity Portfolio is to provide daily liquidity to the City while controlling the risk factors. The City strives to minimize the Liquidity Portfolio level so that more cash may be deployed as earning assets in the Cash-Matched and Core portfolios.

The purpose Cash-Matched Portfolio is to place investments to match known liabilities under one year. The purpose of the Core Portfolio is to convert excess cash, over and above the required Liquidity Portfolio level, to earning assets. Performance is measured on a total return basis and an accrual earnings basis. As this portfolio consists of operating reserves and bond proceeds awaiting eventual expenditure, a longer-term focus is appropriate. Principal preservation remains a primary objective, as the Core Portfolio's funds may be utilized to meet debt service, capital project, and operational requirements. As such, strict duration management is to manage acceptable principal value change.

2-17-3 Objectives

The City shall manage and invest its cash and assets with three major objectives of safety, liquidity, and return. All investments shall be managed in a manner responsive to the public trust and consistent with state and local law.

The City shall maintain a comprehensive cash management program which includes the timely collection of accounts receivable and timely vendor payments made in accordance with invoice terms and prudent investment of assets.

A. Safety

The primary objective of the City's investment activity is the preservation of principal and minimization of risk in tandem with other primary investment objectives. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

B. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

C. Return

The City seeks to attain a market-average rate of return on its investments throughout economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and State and Local laws, and ordinances or resolutions that restrict investments.

2-17-4 Investment Strategy

The City seeks to pool fund groups for investment purposes. The City may allocate investments among separate portfolios based upon specific investment strategy considerations.

The City shall pursue a semi-active portfolio management strategy. Securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade and opportunities will be constantly evaluated for investments to maintain a reasonable market return. The Treasurer and Investment Advisor will continuously monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions.

2-17-5 Delegation of Authority and Responsibilities

A. Treasurer/Finance Director

Authority to manage the investment program is granted to the Treasurer by City Code Section 36.57. Section 6.01 of the City Charter states that the Director of the Department of Finance shall function as the City Treasurer unless another person is designated by resolution.

1. Authority to manage the investment program is granted to the Finance Director pursuant to City Code Section 36.57. The Finance Director, or designee, shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of authorized subordinate officials (Investment Officers).
2. The City may further contract with an SEC-registered Fiduciary Investment Advisor to advise on the management of and conduct trades on behalf of the City's investment portfolio, in accordance with this Policy, and such other written instructions as are provided.
3. No person may engage in an investment transaction except as provided under this Policy and the procedures established by the Finance Director.
4. Any authority granted in State statute shall be secondary to the lawfully adopted Policy of the City to the extent that this Policy is more restrictive than State statute.

B. Governing Body

1. The Governing Body has ultimate fiduciary responsibility for the investment of City funds.
2. The Governing Body shall review and adopt the Investment Policy at least every two years.

C. Investment Advisory Board

The Governing Body has determined that formal citizen input regarding the management of local government investment portfolios and associated policy is appropriate and advantageous. An Investment Advisory Board is established in Chapter 33 Boards, Commissions, and Committees that outlines Board membership and duties and responsibilities.

D. Ethics and Conflicts of Interest

The Finance Director, Investment Officers, and members of the Investment Advisory Board shall:

1. Refrain from personal and business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions;
2. Receive from the Finance Director an annual listing of all portfolio positions in order to determine if personal disclosure is required for any personal financial or investment positions that could be related to the performance of the investment portfolio. The Investment Officers and Investment Advisory Board shall disclose any contracts (mortgages or loans) from City authorized institutions and disclose personal portfolios managed by or through a City authorized broker/dealer. The size of the US Treasury and Agency markets negates any need to disclose holding in these authorized investment types;
3. Refrain from undertaking personal investment transactions with the same individual

with whom business is conducted on behalf of the City.

4. Nothing herein shall be construed to bar any individual from using a financial institution for normal customer transactions, including but not limited to, checking accounts, savings accounts, consumer credit cards, certificates of deposit, and money market funds, all on the same terms as such institution offers to the general public.

2-17-6 Authorized Investments

Assets of the City may only be invested in instruments as authorized by 6-10-10 (NMSA 1978 annotated). If changes are made to State Statute authorizing additional investments, they will not be authorized until this Policy is modified and adopted by the Governing Body. The City may choose to follow stricter guidelines than the statute requires. The relevant portions of state statute are shown below, followed by the City's specific guidelines for the permissible investments under that section of the statute.

Time and Demand Deposits

NMSA 1978 §6-10-10, entitled "Deposit and investment of funds", at subsections A and B provides as follows:

- A. *Upon the certification or designation of a bank, savings and loan association or credit union whose deposits are insured by an agency of the United States to receive public money on deposit, the state treasurer and county or municipal treasurers who have on hand any public money by virtue of their offices shall make deposit of that money in banks and savings and loan associations and may make deposit of that money in credit unions whose deposits are insured by an agency of the United States, designated by the authority authorized by law to so designate to receive the deposits of all money thereafter received or collected by the treasurers.*
- B. *County or municipal treasurers may deposit money in one or more accounts with any such bank, savings and loan association or credit union located in their respective counties, subject to the limitation on credit union accounts.*

NMSA 1978 §6-10-16, entitled "Security for deposits of public money", provides as follows:

- A. *Deposits of public money shall be secured by:*
 - (1) *securities of the United States, its agencies or instrumentalities;*
 - (2) *securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions;*
 - (3) *securities, that are guaranteed by the United States or the state of New Mexico;*
 - (4) *revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated "A- or above by a nationally recognized bond rating service; or*
 - (5) *letters of credit issued by a federal home loan bank.*

- B. *No security is required for the deposit of public money that is insured by the federal deposit insurance corporation or the national credit union administration.*
- C. *All securities shall be accepted as security at market value. The restrictions of Subsection A of this section apply to all securities subject to this subsection.*

NMSA 1978 §6-10-16, entitled “Security for deposits of public money”, provides as follows:

Any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in Section [6-10-16](#) NMSA 1978 to a custodial bank described in Section [6-10-21](#) NMSA 1978 and shall then deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom or the public board from which the public money is received for deposit. The securities delivered shall have an aggregate value equal to one-half the amount of public money to be received in accordance with Subsection B of Section [6-10-16](#) NMSA 1978. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in Section [6-10-15](#) NMSA 1978 as security for any portion of a deposit of public money.

The City may deposit funds in a time (certificates of deposit) or demand (checking, savings, money market account) deposits in any certified or designated financial institution whose deposits are insured by an agency of the United States in accordance with state law. Any deposits above what is insured must be collateralized per the requirements of 2-17-12 of this policy.

The City may purchase brokered certificates of deposit, certificate deposit account placement services with assurance that all dollars invested are fully insured through one or more institutions by the Federal Deposit Insurance Corporation (FDIC).

US Treasury, US Agency, and Municipal Securities

NMSA 1978 §6-10-10 at subsection F provides as follows:

County or municipal treasurers, with the advice and consent of their respective boards of finance charged with the supervision and control of the respective funds, may invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of any county, municipality or school district that is entrusted to their care and custody and all money not immediately necessary for the public uses of the counties, municipalities or school districts not invested or deposited in banks, savings and loan associations or credit unions in:

- (1) *bonds or negotiable securities of the United States, the state or a county, municipality or school district that has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and that has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding and that have a maturity date that does not exceed ten years from the date of purchase;*
- (2) *securities that are issued and backed by the full faith and credit of the United States government or issued by its agencies or instrumentalities, including securities issued by federal home loan banks, the Federal Home Loan Mortgage Corporation, the federal national mortgage association, the federal farm credit banks funding corporation, the federal agricultural mortgage corporation or the government national mortgage*

- association and that have a maturity date that does not exceed ten years from the date of purchase; or*
- (3) *federally insured obligations, including brokered certificates of deposit, certificate of deposit account placement services and federally insured cash accounts.*

The City may invest in to following:

US Treasury obligations (bills, notes and bonds)

Securities issued and backed by the full faith and credit of the US Government or issued by its agencies or instrumentalities, including the following US Government Sponsored Enterprises (GSEs):

- Federal National Mortgage Association (FNMA)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal Home Loan Bank (FHLB)
- Federal Farm credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (Farmer Mac)

The City will limit its investments in US Treasury and US Agency obligations to a maximum maturity of seven (7) years from the time of purchase.

The City may invest in obligations of State of New Mexico and local governments, or school districts located in New Mexico subject to the restrictions outlined in NMSA 1978 §6-10-10, subsection F. In addition, if rated, such obligations shall be rated at least A (long-term) or A1(short-term) or their equivalent by at least one nationally recognized rating agency and not to exceed seven (7) years to stated maturity.

The New Mexico State Treasurer's Local Government Investment Pool

NMSA 1978§6-10-10.1 entitled "Local government investment pool created; distribution of earnings; report of investments," subsection A provides as follows:

- A. *There is created in the state treasury the "local government investment pool". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to this section. The state treasurer shall maintain one or more separate accounts for each participating government having deposits in the local government investment pool and may divide the fund into two or more subfunds, as the state treasurer deems appropriate, for short-term and medium-term investment purposes, including one or more subfunds for bond proceeds deposited by participating governments.*

The City may invest in the New Mexico Local Government Investment Pool (LGIP), sponsored and managed by the New Mexico State Treasurer's Office.

Mutual Funds and Exchange Traded Funds (ETFs), NM State Investment Council (SIC) Investment Pools, Supranational Securities, Commercial Paper, Money Market Mutual Funds

NMSA 1978 §6-10-10 at subsection G provides as follows:

- G. It shall be the duty of the treasurer to bring amendments to the investment policy to the board of finance and obtain consent before such amendments take effect. The investment policy shall be reviewed at least every two years. The treasurer of a class A county or the treasurer of a municipality having a population of more than sixty-five thousand according to the most recent federal decennial census and located within a class A county, with the advice and consent of the boards of finance, charged with the supervision and control of the funds as can be reflected by an investment policy that is amended by the treasurer and approved by the board of finance, may invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the county or municipality that is entrusted to the treasurer's care and custody and all money not immediately necessary for the public uses of the county or municipality not invested or deposited in banks, savings and loan associations or credit unions in:*
- (1) shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in fixed-income securities or debt instruments that passively match or track the components of a broad-market, fixed-income-securities market index; provided that the investment company or manager has total assets under management of at least one hundred million dollars (\$100,000,000) and provided that the board of finance of the county or municipality may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments;*
 - (2) shares of pooled investment funds managed by the state investment officer, as provided in Subsection I of Section ~~6-8-7~~ NMSA 1978; provided that the board of finance of the county or municipality may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments;*
 - (3) securities that are issued by a supranational issuer and that:
 - (a) are eligible for purchase and sale within the United States;*
 - (b) are denominated in United States dollars;*
 - (c) have a maturity date that does not exceed five years from the date of purchase; and*
 - (d) are rated "AA" or its equivalent or better by a nationally recognized statistical rating organization;**
 - (4) commercial paper rated "A1" or "P1", also known as "prime" quality, by a nationally recognized statistical rating organization, issued by corporations organized and operating within the United States and having a maturity at purchase of no longer than one hundred eighty days; or*
 - (5) shares of an open-ended diversified investment company that:
 - (a) is registered with the United States securities and exchange commission;*
 - (b) complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States securities and exchange commission applicable to money market mutual funds; and*
 - (c) assesses no fees pursuant to Rule 12b-1, or any successor rule, of the United States securities and exchange commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated, provided that the county or municipality shall not, at any time, own more than five percent of a money market mutual fund's assets.**

The City may invest in:

Fixed Income mutual funds or exchange traded funds (ETF's) that are passively managed to track the performance of a nationally-recognized fixed income index. The City may gain exposure to the following investment types through these vehicles:

- U.S. Treasuries
- U.S. Treasury Inflation Protection Securities (TIPS)
- U.S. Agencies, including GSE's identified above (fund or ETF may hold Agencies other than those permissible for direct City investment)
- U.S. municipal issues (BBB-AAA)
- U.S. investment grade corporate issues (BBB-AAA)
- U.S. high-yield corporate issues
- Foreign fixed income issues

The City may not invest directly in any mutual fund or ETF that contains non-fixed income assets such as equities or alternative assets. Aside from the SIC Investment Pools, these investment types are excluded from permissibility per NMSA Chapter 6, Article 10.

The City will utilize the weighted average fund duration to control the interest rate risk of each fund holding.

The City may invest in any investment pool offered by the New Mexico State Investment Council (SIC) that is available for investment by the City.

The City may invest in securities issued by the following supranational organizations dedicated to providing financing, advice, and research to developing nations to aid their economic advancement, and which are rated AA or higher and have a maturity of five (5) years or less at time of purchase:

- International Bank for Reconstruction and Development (IBRD)
- International Finance Corporation (IFC)
- Inter-American Development Bank (IADB)

The City may invest in Commercial Paper issues with a minimum A1 or P1 or equivalent rating or better by a nationally recognized statistical rating organization with a maturity date of 180 days or less at time of purchase.

The City may invest in SEC Registered, AAA-rated Government Money Market Mutual Funds. A qualified money market mutual fund must:

1. be registered with the United States Securities and Exchange Commission;
2. comply with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds;
3. assess no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities

and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated, provided that the City shall not, at any time, own more than five (5) percent of a money market mutual fund's assets;

4. be invested only in United States Government and Agency Obligations and repurchase agreements secured by such obligations; and
5. be rated AAAm or equivalent by a nationally recognized rating agency.

The City may invest in shares of a diversified investment company and individual or collective trust funds of banks or trust companies. These include shares of a company or trust pursuant to the federal Investment Company Act of 1940 that invests in fixed-income securities or debt instruments that passively match or track the components of a, broad-market, fixed-income-securities market index; provided that the investment company or manager has total assets under management of at least \$100,000,000 and provided that the Investment Policy of the City may allow reasonable administrative and investment expenses associated with the investment company to be paid directly from the income or assets of these investments.

Repurchase Agreements (Repos)

NMSA 1978 §6-10-10 at subsection H provides as follows:

H. A local public body, with the advice and consent of the body charged with the supervision and control of the local public body's respective funds, may invest all sinking funds or money remaining unexpended from the proceeds of any issue of bonds or other negotiable securities of the investor that is entrusted to the local public body's care and custody and all money not immediately necessary for the public uses of the investor and not otherwise invested or deposited in banks, savings and loan associations or credit unions in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be fully secured by obligations of the United States or the securities of its agencies, instrumentalities or United States government sponsored enterprises having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. As used in this subsection, "local public body" includes all political subdivisions of the state and agencies, instrumentalities and institutions thereof; provided that home rule municipalities that prior to July 1, 1994 had enacted ordinances authorizing the investment of repurchase agreements may continue investment in repurchase agreements pursuant to those ordinances.

The City may invest in repurchase agreements (repos) or contracts for the simultaneous purchase and resale, at a specified time in the future, of specific securities at specified prices at a price differential representing the interest income to be earned by the City. The contract at the time of purchase shall be fully secured by the Authorized Collateral described in Section XII

having a market value of at least one hundred two percent (102%) of the amount of the contract. The Repurchase Agreement must have a stated maturity date not to exceed one (1) year to maturity. Flexible repurchase agreements may only be used for bond proceeds with a maturity not to exceed the expenditure plan of the funds.

Investment types, asset classes and sectors not explicitly permitted under Section 6-10-10 (NMSA 1978 annotated) are not permissible by the City.

Any investment held by the City that does not meet the guidelines of this Policy shall be liquidated as soon as possible. Proceeds shall be reinvested only as provided by this Policy.

Securities which do not meet Policy requirements because of an adopted change in the Policy shall be reviewed by the Investment Advisory Board to decide on appropriate action to be taken to hold to maturity or liquidate. Liquidation is not mandatory.

Securities which do not meet Policy rating requirements because of a change in credit rating shall be reviewed by the Investment Advisory Board to decide on appropriate action to be taken to hold to maturity or liquidate. Liquidation is not mandatory.

2-17-7 Standard of Care

The standard of prudence to be used by the City for managing its investments is the Uniform Prudent Investor Act (UPIA), notwithstanding state statutory constraints.

Investment officers acting within the parameters of the City Code and this Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion so that appropriate actions can be taken to reduce risk in accordance with the terms of this Policy.

2-17-8 Authorized Security Broker/Dealers and Financial Institutions

Security Broker/Dealers

The Finance Director shall maintain information on all financial institutions authorized to provide investment services to the City. The security broker/dealers are to be approved by the Investment Advisory Board on the basis of creditworthiness (minimum capital requirements of \$10,000,000 and at least five years of operation) and the firm's ability to offer competitive prices on securities transactions. All financial institutions and broker/dealers who desire to become authorized broker dealers for investment transactions must supply the following:

1. Annual audited financial statements;
2. Proof of Financial Industry Regulatory Authority (FINRA) certification and the FINRA CRD number;
3. Proof of New Mexico state registration;
4. Completed City broker/dealer questionnaire; and
5. Certification of having read this Investment Policy.

Each broker/dealer must obtain a copy of the current Investment Policy and certify to a review stating understanding of the Policy. Material changes to this Policy will require re-certification.

The performance of all authorized broker/dealers will be reviewed at least annually by the Investment Advisory Board.

If an external Investment Advisor is authorized to conduct investment transactions on the City's behalf, the Investment Advisor may use her/his own list of approved issuers/broker/dealers and financial institutions for investment purposes.

2-17-9 Internal Controls

The Finance Director shall establish and maintain procedures and internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address issues including the following:

- A. Control of collusion;
- B. Separation of transaction authority;
- C. Delivery versus payment;
- D. Custodial safekeeping;
- E. Investment accounting;
- F. Repurchase agreements;
- G. Wire transfer agreements;
- H. Collateral/depository agreements;
- I. Banking services contracts;
- J. Clear delegation of authority to subordinate staff members;
- K. Written confirmation of all transactions; and
- L. Review, maintenance and monitoring of security procedures both manual and automated.

2-17-10 Delivery versus Payment

All trades involving deliverable securities will be executed by delivery versus payment (DVP). This ensures that securities are deposited in the City's eligible financial institution prior to the release of City funds. Securities shall be held by a City-approved, independent third party custodian as evidenced by safekeeping receipts.

2-17-11 Competitive Selection of Investment Instruments

- A. It will be the policy of the City to use a competitive trading process, whenever practical, that obtains at least three offers or bids. The City will accept the bid/offer which provides (a) the best competitive price within the maturity required and considering the credit quality of the investment; and (b) optimizes the investment objectives of the overall portfolio.

- B. Offers or bids for securities may be received from authorized broker/dealers or issuers of qualified securities as defined in Section X.
- C. The City shall produce and retain written records of each transaction including the name of the financial institutions offering or bidding on securities, rate or price quoted, description of the security, bid/offer selected, and any special considerations that had an impact on the decision. If the lowest priced security (highest yield) was not selected for purchase or the highest bid was not selected for sale, an explanation describing the investment objective prompting the investment/sale will be included in this record. It is understood that the prices may change between the timing of authorization of the trade and execution. The competitive documentation is always required at time of execution.
- D. New issue offerings may be purchased from an approved broker/dealer or directly from the issuer without competitive solicitation if it is determined that a new issue will best meet the City's investment objectives. It will be the responsibility of the Finance Director/Investment Advisor involved with each purchase to produce and retain written records of each transaction when competitive solicitation is not followed.
- E. The Finance Director shall authorize all investment transactions in writing or via email. Executed trade documents shall be reviewed for compliance and signed by the Finance Director after the trade.
- F. All compliance violations are to be documented in an error report on the day that they are discovered and the Finance Director shall document the reason for each error. Errors shall be summarized in a report to the Investment Advisory ~~Group~~ Board even if corrected.

2-17-12 Collateralization

A. Time and Demand Deposits

All City time and demand deposits, (DDAs, certificates of deposit and interest bearing accounts), shall be secured above the FDIC insurance coverage by collateral pledged to the City pursuant to the requirements of this section. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored daily by the depository at 102% of market value of principal and accrued interest on the deposits. Acceptable collateral includes:

- US Treasury securities
- US Agency securities, issued by the Agencies permitted by this policy for direct investment
- Federal Home Loan Bank letters of credit

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository in accordance with a safekeeping agreement signed by authorized representatives of the City, the Depository, and the custodian. (If the custodian is the Federal Reserve, a Circular 7 Pledge Agreement will be executed.) The collateral agreement shall be approved by resolution of the Bank Board or Bank Loan Committee in accordance with FIRREA¹. The custodian

shall provide a monthly list of collateral directly to the City.

¹Financial Institutions Resource and Recovery Act is used as the control for FDIC when closing a bank and requires an executed agreement approved by one of these bank boards.

All collateral shall be subject to inspection and audit by the City or the City's independent auditors.

B. Authorized Collateral

The City shall accept only the following securities as collateral for time and demand deposits:

1. Obligations of the United States, its agencies or instrumentalities, or other securities that are guaranteed by the United States.
2. Obligations, the principal and interest on which, are guaranteed or insured by the State of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions.
3. Letters of credit issued by a federal home loan bank.

2-17-13 Safe Keeping/Custodial Arrangements

The laws of the State and prudent treasury management require that all deliverable securities be bought on a delivery versus payment basis and be held in safekeeping by an independent third-party financial institution or the City's designated banking services depository.

All safekeeping arrangements shall be approved by the Finance Director and an agreement of the terms executed in writing. The safekeeping institution shall be required to issue original safekeeping receipts listing each security by rate, description, maturity, par amount, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City.

2-17-14 Investment Parameters

A. Diversification.

Investments shall be diversified to reduce the risk of loss resulting from an over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The following diversification limitations at the time of purchase shall apply to the total portfolio:

U.S. Treasury Obligations	100%
U.S. Agencies/Instrumentalities	80%
Per issuer	30%
Per Issuer Other than Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Farm Credit Bank	
Repurchase Agreements	50%
Certificates of Deposit	40%
In any one bank	15%

Demand Deposits	100%
State/Local/Public Authority Obligations	25%
Local Government Investment Pool	75%
Government Money Market Funds	50%
In any one fund	20%
Ownership of the fund	5%
Shares of a diversified investment company or trust	40%
In any one fund	20%
State Investment Council	5%

B. Maximum Maturity and Maximum Effective Duration.

1. The City recognizes that all portfolios with marketable investment securities are subject to interest rate risk. Therefore, to limit the City's exposure to the possibility of loss due to interest rate fluctuations, the City will not commit any funds to maturities longer than seven years to the stated maturity from date of settlement.
2. The stated maturity date on investments made for legal reserves will not exceed the next call date of the designated bond but in no event shall exceed 7 years.
3. In debt service funds, each subsequent debt service payment should be funded before any extension is made in maturities.
4. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as overnight repurchase agreements, Local Government Investment Pool, demand deposit accounts, or money market mutual funds to ensure that appropriate liquidity is maintained to meet operating obligations.
5. To control overextension of the portfolio, the city will use an effective duration ceiling of three (3) years. The effective duration will be reported on the quarterly reports.

2-17-15 Investment Reporting

A. Quarterly Reporting

The Finance Director shall submit an investment report to the City Manager, the Advisory Board and the Governing Body at least quarterly.

The report will include the following at a minimum:

- A full description of individual securities including amortized book and market value;
- Unrealized gains or losses;

- Summary change in market value during the period as a measure of volatility (market prices for the calculation of market value will be obtained from independent sources);
- Effective duration;
- Weighted average yield of the portfolio;
- Return of the portfolio(s) and the City's selected benchmark(s);
- Earnings for the period (accrued and net amortization); and
- Statement of compliance of the investment portfolio with Investment Policy.

If the City uses an Independent Investment Advisor, the Investment Advisor shall report quarterly, in writing, to the Investment Advisory ~~Group Board~~. The report shall review recommended investments, portfolio strategies, and quarterly performance against the benchmark(s).

B. Performance Standards and Benchmarks

The City's portfolio shall be evaluated and compared to appropriate indices in order to assess the relative performance of the City's investment program. The comparable benchmarks should be consistent with the City's portfolio in terms of maturity and composition, which includes credit quality and security type.

2-17-16 Policy Approval

The Investment Policy shall be reviewed by the Investment Advisory Board once annually and reviewed and approved at least every two years by the Governing Body. The resolution approving the Policy shall detail any and all changes made to the Policy as a result of the review.

APPROVED THIS _____ DAY OF _____, 2024

Matthew Geisel, City Manager

Definitions

Agency – A debt security issued by a government-sponsored enterprise (GSE). While not explicitly guaranteed by the government, GSEs are generally traded with an “implied” guarantee. An example of a GSE is the Federal National Mortgage Association (FNMA).

Credit Quality – The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Ratings Scales –

Credit quality comparison of short term and long term ratings are as follows:

Rating Standard & Poor’s Moody’s Fitch

Short Term A-1+ A-1 P-1 F-1+ F-1

Long Term AAA -A- A+-A- Aaa-A3 AAA-A- A+-A, BBB

Current Yield Return – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered to the purchaser or the custodian.

Discount – The amount by which the par value of a security exceeds the price paid for the security.

Diversification – A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes, and Bonds”.

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Par – Face value or principal value of a bond, typically \$1,000 per bond.

Premium – The amount by which the price paid for a security exceeds the security’s par value.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

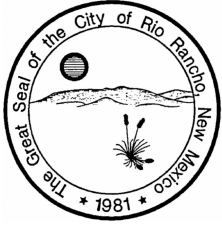
Total Return – The sum of the portfolio interest earnings plus amortization/accretion plus realized gains plus unrealized gains minus fees divided by the average portfolio value during the period.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to ten years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000.

Yield – The current rate of return on an investment security generally expressed as a percentage of the security's current price.



**CITY OF RIO RANCHO
COVER PAGE**

Legislation Item:

AGENDA DATE:
May 29, 2024

DEPARTMENT:
City Clerk

SUBJECT:
Review and Input on Recommended Additional Revenue Contributions to the Permanent Fund

BACKGROUND AND ANALYSIS:

IMPACT:

ALTERNATIVES:

DEPARTMENT RECOMMENDATION:
Presentation by Carole Jaramillo