

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 090194

Amending Chapter 2, Code of Ordinances, by enacting a new section which establishes a Pooled Investment Portfolio Interest Earnings Allocation Policy; and directing the City Manager to allocate interest earnings for FY 2008-09.

WHEREAS, the City is desirous of adopting sound fiscal policies that provide a stable framework for the efficient and effective provision of public services; and

WHEREAS, the City is desirous of adopting a policy to allocate pooled investment portfolio interest earnings ("Interest Earnings") in a manner that best serves the interests of the City consistent with applicable laws, ordinances, bond covenants and contractual commitments; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, Code of Ordinances of the City of Kansas City, Missouri is hereby amended by enacting a new section establishing a pooled investment portfolio interest earnings allocation policy, to read as follows:

Section 2-1952. Pooled Investment Portfolio Interest Earnings Allocation Policy.

(a) **Policy:** It shall be the policy of the City to allocate pooled investment portfolio interest earnings ("Interest Earnings") in a manner that best serves the interests of the City consistent with applicable laws, ordinances, bond covenants and contractual commitments.

(b) **Interest Earnings Distribution:** For funds with legal or contractual requirements, Interest Earnings will be distributed monthly in arrears proportionate to each fund's average cash balance for the previous month compared with the total cash balances of all funds in the pooled investment portfolio. Absent a clear mandate to the contrary, Interest Earnings will be credited to the General Fund. The Director of Finance or his/her designee shall be responsible for budget preparation and execution of the annual Interest Earnings allocation.

(c) **Management Fees:** To support the costs of managing the City's pooled investment portfolio, the Director of Finance may charge a management fee to funds participating in the investment pool. The management fee would be stated as a percentage of the Interest Earnings and deducted from the Interest Earnings prior to any allocation. Such percentage would be calculated annually so as to fully recover all costs relating to pooled investment operations including staff time, safekeeping, analysis tools, subscriptions and other costs.

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Section 2. That the Director of Finance make the necessary adjustments to the funds and accounts of the City as if the policy were in effect as of May 1, 2008, with the following exceptions which establish the City Council intentions for FY 2008-09:

- (a) The distribution to enterprise funds will continue based on those funds pro-rata share of the total cash in the pooled investment portfolio;
- (b) The Capital Improvement Fund (3090) is designated to be credited with interest distributions based on its pro-rata share of cash in the pooled investment portfolio. However, the amount credited shall not exceed \$5,259,548.00. Once the amount distributed to the Capital Improvement Fund reaches \$5,259,548.00, any additional distributions attributable to that fund's share of the total investment pool will be credited to the General Fund; and
- (c) The Convention and Sports Complex Fund (5370) is designated to receive interest attributable to its pro-rata share of the total cash in the pooled investment portfolio, as well as that attributable to various debt funds maintained for bonds issued for expansion and renovation of Bartle Hall and adjoining facilities.

Section 3. That the City Manager is directed to distribute interest earnings for FY 2008-09 in accordance with the policy.

Approved as to form and legality:

Heather A. Brown
Assistant City Attorney