



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: February 6, 2025

AGENDA TITLE

Discussion and request for a “Nod of 5” to revisit the City's investment portfolio

PRESENTERS

Nuria Rivera-Vandermyde, City Manager
Chris Meschuk, Deputy City Manager
Teresa Taylor Tate, City Attorney
Joel Wagner, Interim Chief Financial Officer
Anne Penney, Controller

EXECUTIVE SUMMARY

This agenda item is a request to revisit the city’s investment policy to add an excluded industry. Because this request may require substantial staff work, under the council’s procedures, a “Nod of Five” is required. The Investment of city funds is guided by city code, located in 2-10, B.R.C., 1981.

While the level of effort depends on the scope of the analysis as directed by council, staff estimates this analysis will likely take 2-7 hours of staff time per week for several months. There may be additional analysis needed by the city’s investment advisor beyond the scope of our existing contract, which staff estimates could be approximately \$5,000. Staff that would support this analysis are also working on the stabilization of the Workday financials implementation, and year-end close and financial reporting. Addition of this analysis may delay these other work plan activities.

If council gives a nod of 5 to proceed with this analysis, staff requests direction from council on the desired scope of analysis and potential exclusion(s) to explore.

BACKGROUND

Investment of city funds is guided by [BRC Title 2, Chapter 10](#). The stated investment objectives in section 2-10-4 are:

- (a) Preservation of capital and protection of investment principal;
- (b) Maintenance of sufficient liquidity to meet anticipated cash flows;
- (c) Diversification to avoid incurring unreasonable market risks;
- (d) Compliance with any city council directive related to socially or environmentally responsible investing;
- (e) Maximization of funds available for investment;
- (f) Maximization of investment earnings consistent with the objectives outlined in this section and within the provisions of this chapter; and
- (g) Conformance with all applicable city, state and federal law.

The Investment Policy was last updated in 2017, and included substantial revisions to the policy, including modifications to minimum credit quality for corporate and bank debt, addition of municipal and state debt, and other administrative changes. The process to amend the investment policy in 2017 included a study session ([memo](#)) and public hearing ([memo](#)) and included significant analysis of potential effects of changes in eligible investments to projected returns.

Furthermore, section 2-10-10 Social Responsibility states that “Investments shall be made in accordance with city ordinances and resolutions concerning social or environmental issues”. In February 2017, council provided guidance to exclude investments in the following sectors:

- Fossil fuels inclusive of pipeline construction and extraction
- Firearms or weapons not used in national defense
- Tobacco companies
- Firms related to mass incarceration/private prisons/detention centers

ANALYSIS

This agenda item is to consider a nod of five to ask staff to perform analysis to support a council recommendation to amend the investment policy. The request was to consider excluding all firearms or weapons, whereas the current language allows for investment in those sectors if used in national defense.

The level of effort required of staff is dependent on many factors, such as:

- The number and types of changes requested (e.g. new industry exclusions vs. changes to allowed investment types).

- The amount of public engagement.
- The amount of policy research and financial analysis desired by council.

Based upon the 2017 process, staff estimates that a revision of the investment policy would need a minimum of two council meetings; one study session (or matters item) to get council guidance, and one public hearing. Staff time is dependent upon council direction, but estimates range from 2-4 hours/week for a limited review of sectors and yield analysis to 5-7 hours/week for a more comprehensive review and analysis. Staff that would support this analysis is also working on the stabilization of the Workday financials implementation, and year-end close and financial reporting. Addition of this analysis may delay these other work plan activities.

A professional investment advisor would be needed to help with yield analysis and advice on potential changes to the policy. The city uses a professional investment advisor to oversee its current investment portfolio. These services are typically provided as part of a standard investment management agreement, but may cost up to \$5,000 if the city were to seek outside support.

NEXT STEPS

If council directs staff to begin this work, staff will request direction on the scope of the project and then begin community engagement (if any), and schedule subsequent council discussions at upcoming meetings.