



City of Colusa California

STAFF REPORT

DATE: March 18, 2025
TO: Mayor and Members of the Council
FROM: Jesse Cain, City Manager

AGENDA ITEM: Consideration of a Resolution authorizing the City Manager to execute an agreement for Investment Advisory Services with Optimized Investment Partners.

Recommendation: Council to adopt the Resolution authorizing the City Manager to execute an agreement for investment advisory services with Optimized Investment Partners.

BACKGROUND ANALYSIS:

The City of Colusa has historically invested its surplus cash in LAIF and with various banks. For several years this conservative strategy worked well because market interest rates were so low. It provided complete liquidity while providing some interest earnings. Over the last few years, market interest rates have risen dramatically. To take advantage of changes in the investment market, staff have been reviewing its various options related to a more active investment strategy. Over the last few months, staff have been meeting with registered investment advisors from Optimized Investment Partners to better understand those options and how they can be implemented.

The services that Optimized Investment Partners provides are unique in the industry. Their scope of services includes cash-flow modeling; investment policy review/drafting; monthly cash account review; quarterly investment reporting; daily investment advice; unlimited virtual meetings with staff; and general investment advisory services.

The investment strategies currently being considered will be a multi-year laddering approach and will take advantage of the higher interest rates currently available.

The city will be entering into a custodial agreement with an authorized bank in the near future to hold the investment cash before and after investments are purchased. This third-party relationship guarantees an appropriate system of checks and balances to ensure the safety of our investments. Optimized Investment Partners will not hold or maintain any control over the City's cash. They will advise and recommend investments that are compliant with our investment policy. An authorized broker-dealer list will be utilized by City staff to ensure timely availability and execution of investments.

Hiring Optimized Investment Partners to actively manage the City's cash surplus will ensure monthly value with cash management, taking advantage of market opportunities to improve future yields, and to appropriately ladder the investment portfolio to ensure resiliency and consistent revenue into the future. They will also help to ensure that the city stays in compliance with the California government code.

BUDGET IMPACT:

STAFF RECOMMENDATION: Authorize the City Manager's request to execute an agreement for investment advisory services with Optimized Investment Partners.

ATTACHMENT:

Resolution

Agreement for professional services-Optimized Investment Partners