



## Legislation Text

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**File #: 23888, Version: 1**

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### **Fiscal Note**

The resolution authorizes a new agreement regarding investment services provided to the Madison Metropolitan School District. The recently expired agreement for investment services is a flat fee that increases at 4% annually. The fee paid by the District to the City in June 2011, was \$46,057. The new fee includes a base fee plus the performance of the city's investment pool compared to the Local Government Investment Pool (LGIP) operated by the State of Wisconsin Investment Board. Assuming the city's investment pool continues to perform at historical levels relative to the LGIP, there should be no change compared to current fee levels. The District's share of the City's investment pool varies from 9% to 29% throughout the year.

### **Title**

Authorizing the Mayor and City Clerk to execute an Intergovernmental Cooperation Agreement with Madison Metropolitan School District for the Investment of Funds

### **Body**

#### **Preamble**

In 2003 the City entered into an Intergovernmental Cooperation Agreement with Madison Metropolitan School District (the "District") under which the City invested funds of the District and, from time to time, made short term capital loans to the District. The City and the District are each authorized by state statute to invest their funds in certain permitted investments. State statute also permits the City to make short-term loans to the District when its needs exceed its available funds, provided any such loan is repaid on or before the August 30<sup>th</sup> following its making. The interest rate for all loans made by the City to the District shall be set by the Council. Under the 2003 Agreement, the City charged an interest rate on the short-term loans equal to the actual investment return for the period the loan was outstanding. In addition, the City received a flat fee (increased by 4% annually) for performing investment services for the District. The parties have negotiated a new fee for investment services that will include a base fee of \$19,000 annually plus an additional fee to be based on the investment returns earned on the District's funds. The fee charged for the City's short-term loans will be equal to the amount of the actual investment return for the period any loan is outstanding. The new Intergovernmental Agreement shall be for a term of three years, with two one-year renewal terms upon the agreement of the parties. The City Treasurer shall be responsible for the investment of District funds.

Now therefore, be it resolved, that the Mayor and Clerk are hereby authorized to enter into an Intergovernmental Agreement with the Madison Metropolitan School District for the investment by the City of District funds on such terms as are described in this Resolution.