

2014 RESOLUTION 92

A RESOLUTION OF THE CITY OF DOVER, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO, ADOPTING A BANKING INVESTMENT POLICY TO INVEST PUBLIC FUNDS IN A MANNER THAT WILL PROVIDE THE HIGHEST INVESTMENT RETURN WITH THE MAXIMUM SECURITY, WHILE MEETING DAILY CASH FLOW DEMANDS OF THE CITY OF DOVER AND CONFORMING TO ALL STATE AND LOCAL STATUTES GOVERNING THE INVESTMENT OF PUBLIC FUNDS.

WHEREAS, The City of Dover, a municipal corporation of the State, currently does not have an investment policy for public funds, and

WHEREAS, the City Council and Mayor deem it in the best interest of conducting City business, and

WHEREAS, (Scope) This investment policy applies to all financial assets of the City, including the general fund, water funds, sewer funds, street funds and transportation funds, and

WHEREAS, (Prudence) Investments shall be made with judgment and care—under circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments, and

WHEREAS, (Objective) The primary objectives, in priority order, of the city’s investment activities shall be:

NOW, THEREFOR BE IT ORDAINED by the Mayor and City Council of Dover, Idaho the following be and is hereby **ADOPTED** as follows:

SECTION 1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the city shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

SECTION 2. Liquidity: The city’s investment portfolio will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.

SECTION 3. Return on investments: The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the city's investment risk constraints and the cash flow characteristics of the portfolio.

SECTION 4. Authority: Authority to manage the city's investment program is derived from Idaho Code Section 50-204, 50-208 and 50-1013. Management responsibility for the investment program is hereby delegated to the City Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

SECTION 5. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Mayor any material financial interest in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the city, particularly with regard to the time of purchases and sales.

SECTION 6. Authorized Financial Dealers and Institutions: No public deposit shall be made except in a qualified public depository as established by state/province laws.

SECTION 7. Authorized & Suitable Investments: The city is empowered by statute to invest in the securities identified under section 50-1013.

SECTION 8. Collateralization: Collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest.

The city chooses to limit collateral to the investments allowed under Idaho Code Section 50-1013.

Collateral will always be held by an independent third party with whom the city has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The right of collateral substitution is granted.

SECTION 9. Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the city shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designed by the Treasurer and evidenced by safekeeping receipts.

SECTION 10. Diversification: The city will diversify its investments by security type and institution.

SECTION 11. Maximum Maturities: To the extent possible, the city will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the city will not directly invest in securities maturing more than three years from the date of purchase. However, the city may collateralize its repurchase agreements using longer-dated investments not to exceed five years to maturity.

Reserve funds may be invested in securities exceeding three years of the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

SECTION 12. Internal Control: The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

SECTION 13. Performance Standards: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

SECTION 14. Market Yield (Benchmark): The city's investment strategy is active. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the six-month US Treasury Bill and the average Fed Funds rate.

SECTION 15. Reporting: The Treasurer is charged with the responsibility of including a market report on investment activity and returns in the City's Annual Financial Report.

SECTION 16. Investment Policy Adoption: The city's investment policy shall be adopted by resolution of the City Council.

PASSED by the City Council of the City of Dover and approved by the Mayor this 10th day of July 2014.

Annie Shaha, Mayor

(ATTEST)

Jacquie Albright, City Clerk