

ARDMORE PUBLIC WORKS AUTHORITY

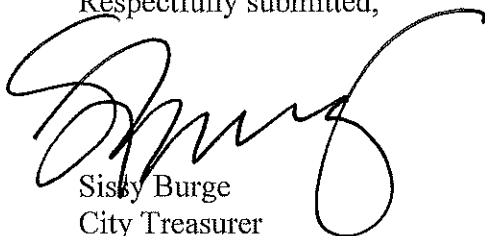
Authority Letter No. 5470
Meeting Date: June 20, 2022

Chairman and Trustees
Ardmore Public Works Authority

Re: Investment Policy Resolution

The Finance Department and the Ardmore Public Works Authority's (APWA) staff is respectfully requesting your consideration and action to adopt the attached Resolution and Exhibit #1-Investment Policy-June 2022. The proposed policy changes would bring our policy into compliance with Oklahoma State Statute and has been reviewed and approved by our City Attorney, Mr. David Davis. It will go into effect on July 1, 2022 and would be reviewed annually.

Respectfully submitted,



Sisly Burge
City Treasurer

Attachments

Reviewed by: _____


City Manager

RESOLUTION NO. _____

A RESOLUTION OF MAYOR AND BOARD OF COMMISSIONERS OF THE CITY OF ARDMORE OKLAHOMA ADOPTING A REVISED INVESTMENT POLICY FOR FUNDS OF THE CITY OF ARDMORE AND DESIGNATING ITS EFFECTIVE DATE AS JULY 1, 2022

WHEREAS, the City Of Ardmore has determined it is necessary and expedient to amend and revise the Investment Policy of the City of Ardmore which directs the appropriate investment of City funds.

WHEREAS, the City of Ardmore has determined that the revised and amended Investment Policy for the City of Ardmore dated June 2022, as attached hereto as Exhibit A serves the best interest of the City of Ardmore as a means of protecting the funds of the City and should be adopted.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR The COMMISSIONERS OF THE CITY OF ARDMORE:

The Investment Policy of the City of Ardmore, attached hereto as Exhibit A is hereby approved and adopted to become effective on July 1, 2022

END

The foregoing Resolution was duly adopted and approved by the Mayor and City Commission of the City of Ardmore, Oklahoma, on the _____ day of _____, 2022, after compliance with notice requirements of the Open Meeting Law (25 OSA, Sections 301, et seq.).

ATTEST:

MAYOR

CITY CLERK

City of Ardmore
Investment Policies
June, 2022

INTRODUCTION

The City of Ardmore shall manage and invest its cash as permitted under law with three objectives, listed in order of priority: (1) preservation and safety of principal, (2) liquidity, and (3) yield. The preservation and safety of the principal invested always remains the primary objective.

Cash Management is defined as the process of managing monies in order to ensure maximum cash availability and the maximum yield on short-term investment of idle cash. The City shall maintain a comprehensive cash management program which includes a collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of its available cash.

1. OBJECTIVES

These policies are developed to guide the City Treasurer in planning and directing the City's investment affairs and developing recommendations to the Finance Director and City Manager. The overriding goal of the Investment Policies is to enable the City to achieve the preservation and safety of principal, maintain liquidity, and achieve higher yield while conducting its operations consistent with the Council-Manager form of government established in the City Charter.

Given the Authorized Investments permitted under law, the primary objectives, in priority order of the State's active investment program shall be:

- 1.1 **Safety:** The safety of principal is the foremost objective of the investment program. The City's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain the objective, the City will diversify its investment by investing funds among a variety of securities offering independent returns and among various financial institutions.
- 1.2 **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. Securities should generally be held until maturity, securities may be sold due to liquidity needs of the portfolio; to minimize loss of principal; or to improve the efficiency quality, yield, or target duration in the portfolio.
- 1.3 **Yield:** The City's investment practices shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

2. AUTHORIZED INVESTMENTS

The City of Ardmore recognized Oklahoma State Law, Title 62, Section 348.1 as the guideline for the types of investments allowable.

Except as otherwise provided for by law, a county treasurer, when authorized by the board of county commissioners by a written investment policy, ordinance, or resolution or the treasurer of any city or town, when authorized by the appropriate governing body by a written investment policy, ordinance or resolution, shall invest monies in the custody of the treasurer in:

- 2.1 Direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or investment-grade obligations of this state; provided, that any such security shall be rated A+ or better by Standard and Poor's Corporation or A1 or better by Moody's Investor Service or an equivalent investment grade by a securities rating organization accepted by the National Association of Insurance Commissioners including investment-grade obligations of state agencies;
- 2.2 Collateralized or insured certificates of deposits of savings and loan associations, banks, savings banks, and credit unions located in this state when the certificates of deposit are secured by acceptable collateral as provided by law, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;
- 2.3 Savings accounts or savings certificates of savings and loan associations, banks, and credit unions to the extent that the accounts or certificates are fully insured by the Federal Deposit Insurance Corporation;
- 2.4 Investments as authorized by Section 348.3 of this title which are fully collateralized in investments specified in paragraphs 1 through 3 of this section, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes; or
- 2.5 County, municipal or school district direct debt obligation for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value. The income received from that investment may be placed in the general fund of the governmental subdivision to be used for general governmental operations, the sinking fund, the building fund, or the fund from which the investment was made.

The provisions of this section shall not apply to investments made by organizations of municipalities created for the purpose of securing benefits and services relating to insurance for Oklahoma municipalities or other political subdivisions.

In addition, Section 348.3 also authorizes the city treasurer to purchase and invest in any or all of the following:

- 2.6 Obligations of the United States government, its agencies and instrumentalities, or investment grade obligations of this state; provided, that any such security shall be rated A+ or better by Standard and Poor's Corporation or A1 or better by Moody's Investor Service or an equivalent investment grade by a securities ratings organization accepted by the National Association of Insurance Commissioners including investment grade obligations of state agencies;

- 2.7 Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;
- 2.8 Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10%) of the surplus funds of the city or county which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one financial institution specified in this paragraph;
- 2.9 Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred seventy (270) days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10%) of the surplus funds of the city or county which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one commercial bank pursuant to this paragraph;
- 2.10 Prime commercial paper which shall not have a maturity that exceeds one hundred eighty (180) days nor represent more than ten percent (10%) of the outstanding paper of an issuing corporation. Purchases of prime commercial paper shall not exceed seven and one-half percent (7 1/2%) of the surplus funds of the city or county which may be invested pursuant to this section;
- 2.11 Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 through 5 of this subsection; and
- 2.12 Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions specified in paragraphs 1 through 6 of this subsection.
- 2.13 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.

3. COLLATERALIZATION FOR CERTIFICATES OF DEPOSITS

The City will accept as collateral from investments only those securities allowed by Oklahoma State Law, Title 62, Section 72.5.

For purposes of securing public deposits, the City Treasurer may accept as collateral only those securities and other instruments listed below. All collateral pledges shall be valued at no more than market value. The City Treasurer may select the following securities and instruments for the purpose of securing public deposits:

- 3.1 Obligations of the United States Government, its agencies and instrumentalities;
- 3.2 Obligations of this state or of a county, municipality, or school district of this state or of an instrumentality of this state or a county, municipality or school district of this state; and
- 3.3 General obligation bonds of any other state of the United States.

3.4 A surety bond if:

- a. subject to the terms and conditions of the bond, it is irrevocable and absolute,
- b. the surety bond is issued by an insurance company authorized to do business in Oklahoma,
- c. the issuer of the surety bond does not provide surety bonds for any one financial institution in an amount that exceeds ten percent (10%) of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance, and
- d. the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the State Treasurer.

3.5 A financial institution may substitute different forms of collateral from time to time, provided that each meets the requirements of this section and the rules and regulations of the City Treasurer.

4. SAFEKEEPING AND CUSTODY

4.1 All securities will be held by a third party custodian designated by the City Treasurer third-party evidenced by a safekeeping receipts or other forms of documentation. Additional limitations are subject to the discretion of the City Treasurer.

5. COMPETITIVE BIDDING

5.1 The City Treasurer or designee shall contact financial institutions, and receive quotes on interest rates available on the selected securities. Obtaining, documenting, and retaining quotations shall be made in accordance with approved financial institutions and procedures.

5.2 The City Treasurer has the authority of the City Commission to act on behalf of the City to enter into investment contracts since most of the quotes are for that day only.

6. LOCAL INSTITUTIONS

6.1 The City of Ardmore's goal is to invest the City's funds with financial institutions in Ardmore whenever possible. The local financial institutions will be given an automatic .375 percent advantage over out-of-town institutions.

7. INTERNAL CONTROL

The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate these activities. The control system shall include procedures allowing for proper segregation of duties, approval of investment transactions, and authorization for any deviations from policy. The control system shall include policies and procedures designed to reasonably safeguard against the loss of public funds arising from fraud employee error and misrepresentation by third parties or imprudent actions by employees.

8. STANDARD PROCEDURES

- 8.1 Identify the amounts of the various funds to be invested and timing of the investments based on the availability of cash on hand and future cash requirements. Each fund should be analyzed on an individual basis.
- 8.2 Apply the standard of sound investment to the type of securities selected to meet the City's investment needs according to legality, safety, liquidity, and yield.
- 8.3 The City Treasurer or designee is responsible for maintaining adequate records to ensure proper reporting and bookkeeping. An investment analysis will be delivered monthly to the Finance Director, City Manager, and City Commission.
- 8.4 This policy will be reviewed annually by the City Treasurer and Finance Director and may be amended by recommendations of the City Manager and action (by resolution) of the City Commission. Investment Policy revisions may become necessary with changes in State law, City needs, the economy, and investment opportunities.