

CITY OF ELDORA

INVESTMENT POLICY

SECTION 1 - SCOPE OF INVESTMENT POLICY

The Investment Policy of the City of Eldora shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the city. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

The investment of bond funds or sinking funds shall comply not only with this Investment Policy, but also be consistent with any applicable bond resolution.

This Investment Policy is intended to comply with Iowa Code Chapter 12B.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to and retained by all of the following:

1. The City Council and City Administrator.
2. All depository institutions or fiduciaries for the City's funds.
3. The auditor engaged to audit any City of Eldora funds.

In addition, a copy of this Investment Policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of the funds of the City of Eldora.

SECTION 2 - DELEGATION OF AUTHORITY

In accordance with Section 12B.10(1), the responsibility for conducting investment transactions resides with the Treasurer or City Administrator of the City of Eldora. Only the Treasurer, City Administrator and those authorized by resolution may invest public funds and a copy of any empowering resolution shall be attached to this Investment Policy.

The records of investment transactions made by or on behalf of the City are public records and are the property of the City of Eldora, whether in the custody of the City or in the custody of a fiduciary or other third party.

The Treasurer and City Administrator shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the City of Eldora responsible for elements of the investment process and to address the capability of investment management. The use of any third party for investing public funds, is not allowed except upon resolution of the City Council.

The Treasurer, City Administrator, and all employees authorized to place investments shall be bonded in the amount of \$50,000.

SECTION 3 – OBJECTIVES OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of the City of Eldora shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities is the second objective.
3. **Return:** Obtaining a reasonable return is the third investment objective.

SECTION 4 – PRUDENCE

The Treasurer or City Administrator of the City of Eldora, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 3 investment objectives. This standard requires that when making investment decisions, the Treasurer or City Administrator shall consider the role that the investment or deposit plays within the portfolio of assets of the City of Eldora and the investment objectives stated in Section 3.

When investing assets of \$20,000 or greater, for a period longer than 15 days, the Treasurer or City Administrator shall request competitive investment proposals for comparable credit and term investments from all Eldora banks.

SECTION 5 – INSTRUMENTS ELIGIBLE FOR INVESTMENT

City of Eldora assets may be invested in the following:

- 1 Interest bearing savings accounts and interest-bearing checking accounts at each bank with an office located in Eldora. Each bank must be on the most recent Approved Bank List as distributed by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the Rate Setting Committee. Each financial institution shall be properly declared as a depository by the Eldora City Council.
- 2 Certificates of Deposit and other evidence of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 453.

SECTION 6 – PROHIBITED INVESTMENT AND INVESTMENT PRACTICES

City of Eldora assets shall not be invested:

1. In trading of securities for speculation or the realization of short-term trading gains, or:
2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets, or
3. In reverse repurchase agreements nor futures and options contracts.

SECTION 7 – INVESTMENT MATURITY LIMITATIONS/ OPERATING FUNDS

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

All investments authorized in Section 5 are further subject to the following investment maturity limitations:

1. Operating Funds may only be invested in instruments authorized in Section 5 of this Investment Policy that mature within three hundred ninety-seven (397) days.
2. The Treasurer or City Administrator may invest funds of the City of Eldora that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven (397) days. However, all investments of the City of Eldora shall have maturities that are consistent with the needs and use of the City.

SECTION 8 – DIVERSIFICATION

When the City modifies this Investment Policy to allow additional types of investments, then the City must adopt diversification requirements to ensure that no more than a certain percentage of the City's portfolio is invested in debt or securities of a single issuer.

SECTION 9 – SAFEKEEPING AND CUSTODY

The Certificates of Deposit and Super Saver records shall be kept in a fire-proof file or vault. If the City Council does allow the use of a fund custodian in the future, all invested assets of the City involving the use of a public funds' custodial agreement, as defined in Section 454.10, shall comply with all rules adopted pursuant to Section 454.10C.

SECTION 10 – ETHICS AND CONFLICT OF INTEREST

The Treasurer, City Administrator and all officers and employees of the City 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. Any personal investments or loans in excess of \$100,000 in or with any entity that the City has declared as a depository or regularly conducts investment business with a depository entity shall be disclosed in writing to the City Council.

SECTION 11 – REPORTING

The Treasurer or City Administrator shall report to Council any investment trends or changes in rates that significantly affect investment returns. The report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with the budgetary expectations.

SECTION 12 – INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed every five (5) years or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

ADOPTED: August 24, 1992

Update: 2004
March 12, 2019
April 9, 2019

Whereupon, Council Member Hoy moved that the following Resolution be adopted:

RESOLUTION NO 04-19-2795

RESOLUTION ESTABLISHING CITY INVESTMENT POLICY

WHEREAS, the City of Eldora has a need to establish a written Investment Policy in accordance with Iowa Code Section 12B; and

WHEREAS, the City Council's Financial Committee has reviewed and recommended the Investment Policy;

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Eldora hereby establishes a written Investment Policy to guide the staff in the investment of the City's funds.

The motion was seconded by Council Member Jones and after due consideration thereof, the roll was called and the following Council Members voted:

AYES: John, Budweg, Hoy, Priske and Jones

NAYS: None

ABSENT: None

Whereupon, the Mayor declared said Resolution duly passed and adopted this 9th day of April, 2019.

David W. Dunn, Mayor

Attest:

Chandra Kyte, Deputy City Clerk