

City of West Lafayette, Indiana Investment Policy

~~Approved at the February 5, 2001 Common Council Meeting~~

1.0 POLICY

1.1 The policy of the City of West Lafayette is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the City and conforming to state statutes governing the investment of public funds. ~~Local banks will be given equal consideration.~~

1.2 The Clerk-Treasurer of the City is hereby designated as the Investment Officer for all financial assets of the City of West Lafayette. The Clerk-Treasurer shall have authority to take such action and do such things as may be appropriate to discharge that responsibility.

1.3 Conflicts of Interest: Elected officials and employees of the City who are involved in the investment of city funds shall refrain from personal business or investment which could impair their ability to make impartial decisions. Each such person shall file a Uniform Conflict of Interest form (SBA Form #236) disclosing any significant interest they (or their spouses or relatives living in their homes) may have in financial institutions which conduct business with or solicit business from the City, and they shall amend their financial statements from time to time as necessary to make them complete and accurate as per I.C. 35-44-1-33.

2.0 INVESTMENT PLANNING

2.1 The Clerk-Treasurer, with the cooperation of other City Officials, will take into account the cash flow time line and the underlying liquidity needs of the City as one criterion in length of investment decisions.

2.2 The Clerk-Treasurer will maintain a system of internal controls for investments. ~~These written procedures will be submitted to and approved by the Common Council~~

2.3 The Clerk-Treasurer shall remit investment yields back to funds based upon earnings by fund.

3.0 INVESTMENT STANDARD

3.1 The investment of City funds shall be made with judgment and care, under circumstances then prevailing, utilizing the "prudent person" standard with preservation of capital as the primary objective and investment return as the secondary objective. No elected official or employee of the City who is involved in the investment of City funds shall be responsible for variation in yield resulting from any investment selected in accordance with this policy and the foregoing standard. ~~Investments can only be made in those instruments expressly permitted by I.C. 5-13-9.~~

3.2 The Clerk-Treasurer may deposit or invest funds **only as expressly permitted by I.C. 5-13-9 and listed as follows:** ~~in any of the following:~~

A. Government Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise; and securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. (I.C. 5-13-9-2)

B. Municipal Securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of purchase. (I.C. 5-13-9-2)

C. Money Market Mutual Funds purchased through depositories designated by the State Board of Finance as depositories for state deposits with a portfolio limited to direct obligations of the United States or obligations issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise, or repurchase agreements fully collateralized by such obligations; and rated AAAM by Standard and Poor's or Aaa by Moody's. (I.C. 5-13-9-2.5)

D. Repurchase Agreements entered into with depositories designated by the State Board of Finance as depositories for state deposits, for the purchase and guaranteed resale of interest-bearing obligations issued or fully insured or guaranteed by the United States, a federal agency, a federal instrumentality or a federal government sponsored enterprise. (I.C. 5-13-9-3)

E. Certificates of Deposit in any depository designated by the State Board of Finance as a depository for state deposits and designated a depository for the City by the Common Council in Section 3.8 of this Investment Policy. The authority to invest in certificates of deposit in depositories for state funds which are located outside the City of West Lafayette must be authorized by ordinance or resolution of the Common Council, with such authority expiring no later than two (2) years from the date of the resolution. When purchasing certificates of deposit, the Clerk-Treasurer shall solicit quotes for certificates of deposit from at least three (3) designated depositories. A memorandum of all quotes solicited and taken shall be retained as a public record. If the certificate of deposit is not placed in the depository quoting the highest rate of interest, the Clerk-Treasurer shall place the certificate of deposit in the depository quoting the second or third highest rate of interest and note the reason for placing the deposit on the memorandum of quotes. (I.C. 5-13-9-4 and I.C. 5-13-9-5)

F. Certificates of Deposit under a Certificate of Deposit Account Registry Service (CDARS) consistent with I.C. 5-13-9-5.3. The Common Council must specifically authorize the Clerk-Treasurer by ordinance or resolution to invest in certificates of deposit with designated depositories under the provisions of I.C. 5-13-9-5.3.

G. Transaction Accounts in any depository designated by the State Board of Finance as a depository for state deposits and designated a depository for the City by the Common Council in Section 3.9 of this Investment Policy. (I.C. 5-13-9-4) A Transaction Account is any Deposit Account excluding certificates of deposit. (I.C. 5-13-4-24 and I.C. 5-13-4-7) Transaction accounts are specified as follows:

- 1. Any account subject to withdrawal of negotiable order of withdrawal, unlimited as to amount or number, without penalty, including NOW accounts**
- 2. Passbook Savings accounts.**
- 3. Money Market Deposit accounts.**
- 4. Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business.**

H. Local Government Investment Pool, Trust Indiana, under the custody and administration of Treasurer of the State of Indiana. (I.C. 5-13-9-11)

~~(A) a financial institution designated as a public depository by the Treasurer of the State of Indiana as defined by I.C. 5-13-8; (B) in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise as prescribed in IC 5-13-9-2; (C) in discount notes issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise as prescribed in I.C. 5-13-9-2; and (D) in money market mutual funds prescribed in I.C. 5-13-9-2.5. The Clerk Treasurer will negotiate with local depositories for the best combination of service, costs and interest rates. Transaction accounts shall be maintained at two or more public depositories located in the City of West Lafayette. Certificates of Deposit may be purchased from any Public Depository on the list maintained by the Treasurer of the State of Indiana pursuant to the Clerk Treasurer obtaining quotes from at least three depositories.~~

~~3.3 Collateralization: Each repurchase agreement entered into by the City shall be fully collateralized, as required by I.C. 5-13-9-3. Repurchase agreements can only be entered into with a public depository on the State Treasurer's list of depositories.~~

~~3.34 The Clerk-Treasurer will maintain a list of creditworthy security broker/dealers who have completed the Broker/Dealer Request For Information. The Clerk-Treasurer may establish accounts at two or more broker/dealers or depositories to allow the alternative of investing in securities and discount notes prescribed by I.C. 5-13-9-2. **Government Securities and Municipal Securities as specified in Sections 3.2A and 3.2B of this Investment Policy.**~~

~~3.45 The Clerk-Treasurer may contract with a public depository for the operation of an investment cash management system consistent with I.C. 5-13-11. These accounts must be approved by the Common Council prior to a contractual relationship.~~

3.5 The Clerk-Treasurer may invest in an investment pool organized through an interlocal cooperation agreement and approved by resolution of the Common Council, including the Hoosier Fund. (I.C. 36-1-7)

~~3.6 The Clerk Treasurer may invest funds in the Trust Indiana INvest Indiana local intergovernmental government investment pool as permitted by I.C. 5-13-9-11., subject to approval of the interlocal agreement by the Common Council.~~

3.6 All investments purchased by the Clerk-Treasurer must have a final stated maturity of not more than two (2) years after the date of purchase or entry into a repurchase agreement. will have a maximum maturity of 24 months as specified by statute. (I.C. 5-13-9-5.6)

3.7 The Clerk-Treasurer shall maintain deposits of public funds in at least two (2) designated depositories located in the City of West Lafayette. (I.C. 5-13-8-9) The Clerk-Treasurer will negotiate with depositories for accounts with the best combination of service, costs, and interest rates.

3.8 The Common Council shall designate by ordinance depositories for public funds of the City of West Lafayette no less than once every two (2) years. (I.C. 5-13-6-1(d))

4.0 REPORTING

4.1 The Clerk-Treasurer shall provide to the Common Council quarterly investment reports (due in January, April, July and October) which provides the status of the current investment portfolio and the returns received in the previous periods. ~~with~~ The January report **will** summarize ~~ing~~ the entire previous fiscal year. This report will include a listing of individual securities and balances, maturity dates, earnings rates, depositories, and the overall portfolio yield compared to the average money market rates including Federal Funds rate, US Treasury bills or other investment indices deemed appropriate by the Clerk-Treasurer. As a benchmark for examining investment performance, the investment revenue projections from the budget will also be presented.

4.2. The Common Council shall review the annual investment report and the overall investment policy of the City at a meeting in January of each year. (I.C. 5-13-7-7)