DRAFT

RESOLUTION NO. 19-
City Council

RESOLUTION AMENDING RESOLUTION 00-22 A POLICY FOR THE INVESTMENT OF PUBLIC FUNDS TO CREATE AN INVESTMENT COMMITTEE TO REVIEW PROCESSES, SET GOALS, AND PROVIDE RECOMMENDATIONS OF CITY INVESTMENTS

WHEREAS, it is necessary to protect public funds and establish investment guidelines, and

WHEREAS, the Hiawatha City Council deems it necessary to create and investment committee to review processes, set goals, and provide recommendations with respect to the City's investment policy, and

WHEREAS, the Investment Committee will consist of the Mayor, the City Administrator, the Finance Director and two (2) City Council Members of opposite terms, and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CIYT OF HIAWATHA, IOWA, to approve and amend Investment Policy and adopt the following as the City of Hiawatha's Investment Policy:

See attached "Exhibit A"

AYES:
NAYS:

PASSED AND APPROVED on this 7th day of August, 2019.

_____
Bill Bennett, Mayor

ATTEST:

_____
Amy Scheer, Deputy City Clerk

RESOLUTION NO. 19-_____

RESOLUTION AMENDING RESOLUTION 00-22 A POLICY FOR THE INVESTMENT OF PUBLIC FUNDS

WHEREAS, it is necessary to protect public funds and establish investment guidelines, and

WHEREAS, the Hiawatha City Council deems it necessary to create an investment committee to review, monitor and make recommendations with respect to the City's investment policy, and

WHEREAS, the Investment Committee will consist of the Mayor, the City Administrator, the Finance Director and (2) City Council Members of opposite terms, and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA, to approve the amended Investment Policy and adopt the following as the City of Hiawatha's Investment Policy:

See attached Exhibit "A"

AYES:
NAYS:
ABSENT:

Passed and approved this ____day of August, 2019.

_____
Bill Bennett, Mayor

ATTEST:

_____
, City Clerk

CITY OF HIAWATHA'S INVESTMENT POLICY

SECTION 1 – SCOPE OF INVESTMENT POLICY

The Investment Policy shall apply to all public funds accounted for in the City of Hiawatha's financial statements. Each investment must be authorized by applicable law and is subject to conditions of this Investment Policy. The investment of bond funds, or sinking funds, will also be consistent with any applicable bond resolution.

The Investment Policy is intended to comply with Iowa Code Chapters 12B and 12C.

Copies of this Investment Policy shall be delivered to all of the following:

- The governing body of Hiawatha to which the Investment Policy applies.
- All financial institutions authorized by resolution to accept public funds of the City of Hiawatha.
- Auditor engaged to audit any public funds of the City of Hiawatha.
- Any fiduciary agent assisting with, or facilitating, the investment of public funds for the City of Hiawatha, at such time that one is authorized.

SECTION 2 – DELEGATION OF AUTHORITY

In accordance with §12C.11 of the Iowa Code, the City Treasurer shall be the investment officer who shall be responsible for handling investment transactions of all public funds with the exception of Water Utility funds. Only the City Treasurer, as authorized by City ordinance, and the Water Clerk, as authorized by Water Board Resolution No. 7-92, may invest public funds. A copy of any empowering document(s) shall be attached to this Investment Policy.

If an outside person is appointed as a fiduciary agent, the City of Hiawatha shall require the agent to notify the City in writing within thirty (30) days of receipt of any communication from their Auditor or any regulatory authority of the existence of a material weakness in their internal control structure or regulatory orders or sanctions regarding the type of services being provided.

If a fiduciary agent fails to produce a requested record within a reasonable time, the City of Hiawatha shall not make any new investments, or renew any maturing investments, through the fiduciary agent.

The records of investment transactions made by, or on behalf of, the City of Hiawatha are public records and are the property of the City of Hiawatha.

The City Treasurer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent loss of public funds, to document City of Hiawatha employees responsible for elements of the investment process, and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statement and related reports on internal control structure of all outside persons acting in a fiduciary capacity for the City of Hiawatha. A financial institution providing only

depository services shall not be required to provide an audited financial statement or related report on internal control structure.

The City Treasurer and all employees authorized to invest public funds for the City of Hiawatha shall be bonded.

The Investment Committee will consist of the Mayor, the City Administrator, the Finance Director and (2) City Council Members of opposite terms.
The committee's purpose is to review and update the Investment Policy, review, monitor and make recommendations regarding the investment of public funds, and formulate strategies and goals of the City's investment portfolio.

SECTION 3 – OBJECTIVES OF INVESTMENT POLICY

In accordance with §12B.10 of the Iowa Code, the primary objectives of the Investment Policy shall be:

- Safety of principal and protect capital
- Maintaining the necessary liquidity to match expected liabilities
- Obtaining a reasonable return

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

Competitive investment proposals shall be required from at least two investment providers when investing any amount for longer than 397 days.

SECTION 4 – PERMISSIBLE INVESTMENTS

Public funds of the City of Hiawatha may be invested in the following:

- Interest bearing money market, savings or checking accounts at any bank, credit union or savings and loan association in the State of Iowa. In order to accept investments over federally insured amounts, each bank must be on the most recent list of "Approved Banks" as provided by the State Treasurer. Deposits will only be made with financial institutions that are properly declared as a depository by resolution of the Hiawatha City Council. Deposits amounts shall not exceed the depository resolution maximums allowed.
- Obligations of the United States government, its agencies and instrumentalities.
- Certificates of deposit and other evidences of deposit at federally insured depository institutions approved pursuant to Iowa Code chapter 12C.
- Iowa Public Agency Investment Trust

- Commercial paper or other short-term corporate debt that matures within two hundred seventy (270) days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking.

All permissible investments are further subject to all other provisions of this Investment Policy including Section 6 – Investment Maturity Limitations and Section 7 – Diversification Requirements.

SECTION 5 – PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

Public funds of the City of Hiawatha shall not be invested in reverse repurchase agreements or futures and options contracts. Investment practices of the City of Hiawatha prohibit trading of securities for speculation or short-term trading gains.

SECTION 6 – INVESTMENT MATURITY LIMITATIONS

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 the current budget year or within fifteen months of receipt.

Operating funds may only be invested in instruments authorized in Section 4 of this Investment Policy that mature within three hundred ninety-seven (397) days.

Public funds not identified as operating funds may be invested with maturities longer than three hundred ninety-seven (397) days. However, all investments of the City of Hiawatha shall have maturities that are consistent with the need for use of said funds.

The investment portfolio of the City of Hiawatha will remain sufficiently liquid to enable the City to meet all operating requirements of the City which may be reasonably anticipated.

SECTION 7 – DIVERSIFICATION

At the time of purchase, no more than twenty-five percent (25%) of the investment portfolio of the City of Hiawatha shall be in commercial paper or other short-term corporate debt and no more than ten percent (10%) shall be invested in the securities of a single issuer. Additionally, at the time of purchase, no more than ten percent (10%) of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification.

SECTION 8 – PUBLIC FUNDS CUSTODIAL AGREEMENTS

All investments of the City of Hiawatha involving the use of a public funds custodial agreement, as defined in Iowa Code §12B.10C shall comply with all rules adopted pursuant to Iowa Code §17A. All custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the State of Iowa.

SECTION 9 – ETHICS AND CONFLICT OF INTEREST

The City Treasurer, and any City employee involved in the investment process, shall refrain from personal business activity that could conflict with proper execution of the Investment Policy or which could impair their ability to make impartial investment decisions. Any personal investments or loans in excess of $10,000 with any entity that the City of Hiawatha has declared as a depository, or regularly conducts investment business with, shall be disclosed in writing to the Hiawatha City Council.

SECTION 10 – INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed every few years as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.