



**THE CITY OF
EDMOND, OKLAHOMA**

***GENERAL AND OPERATING
AND
PUBLIC WORKS AUTHORITY FUNDS
INVESTMENT POLICY***

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INVESTMENT POLICY

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THE CITY OF EDMOND, OKLAHOMA
INVESTMENT POLICY

I. POLICY

A. It is the policy of the City of Edmond to invest all public funds in a manner which will provide the maximum security of principal, while meeting the daily cash flow demands of the City, conforming to all state and local statutes governing the investment of public funds, and providing the highest practical investment return within these guidelines.

II. SCOPE

A. This Investment Policy applies to the investment of the operating funds and the Public Works Authority funds of the City of Edmond. These funds are accounted for and reported in the City of Edmond's accounting system and the audited Comprehensive Annual Financial Report. These funds are identified in the accounting system that participate in the pooled investments and will include future new funds adopted by the Edmond City Council.

B. Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

C. This policy does not apply to uninvested funds of the City, for example, demand deposit accounts and cash on hand; or to the assets of employees' investment retirement funds and certain municipal trusts (for which separate Investment Policies may be adopted), or certain other non-City funds in the custody of the City Treasurer.

III. OBJECTIVES

A. The City Finance Department will follow four major, prioritized objectives in investing funds which are surplus to the current cash needs of the City:

1. **Legality** - All investment transactions will be in accordance with all applicable State and Federal Statutes, City Charter and Municipal Code restrictions and the tenets of this Investment Policy;
2. **Safety** - Each investment transaction shall seek to ensure that capital losses are avoided due to security defaults, and to minimize erosion of value due to normal market fluctuations.

3. **Liquidity** - The investment portfolio will at all times be maintained in a structure which enables the immediate cash flow needs of the City and Trusts to be met through the maturity or sale of investment securities.
4. **Return on Investment** - The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the City's legal constraints, investment risk constraints and the cash flow characteristics of the portfolio.

IV. DELEGATION AND RESTRICTION OF AUTHORITY

A. The authority for the investment of funds of the City is granted by the City Charter¹ and Oklahoma State Statutes², to the City Treasurer. The City Charter³ authorizes the City Treasurer to employ and supervise such employee or employees as may be necessary for the efficient discharge of his duties. In accordance with these provisions, the City Treasurer or his designee may buy, sell and trade investments in accordance with the goals, objectives and restrictions of this investment policy.

B. 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 this 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 the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

C. Investments shall be made in all cases 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 the capital above the probable income to be derived⁴.

D. Bonding of all City Treasurer's staff who have authority to invest public funds, make wire transfers or who have signatory authority for depository accounts and who handle cash shall be required in accordance with the minimum amount stated in the Edmond Municipal Code⁵.

V. ETHICS AND CONFLICTS OF INTEREST

1 See Attachment 1, Charter of Edmond, Art. IV, §§ 19

2 See Attachment 2, 62 O.S. Supp. 2000 §§ 348.1; 62 O.S. Supp. 2000 §§ 348.3; 60 O.S. §§ 176-180.2

3 See Attachment 1, Charter of Edmond, Art. IV, §§ 19

4 See Attachment 2, 62 O.S. Supp. 2000, §§ 348.3.C

5 See Attachment 1, Edmond Municipal Code § 2.12.010

A. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with Federal and State Statutes, City Ordinances, proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials, including their immediate family or family members, shall disclose to the City Manager and the Finance Director any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment portfolio. Investment officials shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

VI. REPORTING/SAFEKEEPING REQUIREMENTS

A. The City Finance Department shall keep a written record of all investments and shall forward information to the Accounting Division to be posted in the financial records. Records of the Treasury Division and Accounting Division shall be reconciled on a monthly basis and at the end of each fiscal year, under applicable accounting standards. The City Treasurer shall provide summarized and/or detailed investment reports to the Finance and Audit Committee and the City Council on a monthly basis⁶. The City Treasurer should design the reporting to meet the needs and requests of the Finance and Audit Committee and the City Council.

B. All investment securities purchased through a broker/dealer that are being held for the City in unregistered form by the broker/dealer must be covered under SIPC or private insurance at a rate of one hundred ten percent (110%) of fair market value.

C. Investment securities purchased may be held in safekeeping at an institution designated by the City Treasurer. Security transactions should be accomplished on a delivery versus payment (DVP) basis. Securities being purchased shall be delivered to the City's safekeeping agent, in the name of the City, before payment is released. The City Treasurer will provide written notification to the safekeeping agent of the expected delivery of securities with all specific information and will also provide security delivery instructions to the approved broker/dealers. The institution shall issue a safekeeping receipt to the City listing the specific instrument, par value, rate, maturity and any other pertinent information. In addition, the safekeeping institution shall send a report on at least a quarterly basis listing all securities held in each safekeeping account which shall be verified by the City Finance Department. Certificates of Deposit issued by a local bank may be held in safekeeping at that institution. The institution shall issue a copy of the Certificate of Deposit, a safekeeping receipt, or some other confirmation of the purchase which is satisfactory to the Treasurer, to be kept on file in the City Finance Department and which indicates the amount, interest rate, issue date and maturity date of the Certificate of Depository. Certificates of Deposit issued by institutions outside

⁶ See Attachment 1, Edmond Municipal Code § 2.12.020

Oklahoma City shall be held in safekeeping at the institution approved for safekeeping of other investment securities.

D. General Accounting Standards Board Statement Number 40 (*Deposit and Investment Risk Disclosures*) requires disclosures related to investment credit risk, dependent on safekeeping arrangements. These disclosures are as follows:

- Deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.
- Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

E. If it is determined that certain investments should be held in a manner as noted above, the City Treasurer shall be required to:

1. Maintain adequate documentation as to why the investments are being held as listed above,
2. Prepare for each investment or group of investments, an analysis of the specific reasons and risks involved and
3. Disclose the above information to the City Finance Committee.

VII. INTERNAL CONTROLS

A. The Finance Director will work with the Treasury Division to establish a system of internal controls to ensure the integrity of the investment process. All investment transactions shall be supported by written evidence such as a confirmation ticket issued by the broker/dealer. In addition, investment controls will be reviewed on a periodic basis through internal audit activities. The controls shall be designed to prevent loss of public funds because of fraud, error, misrepresentation, or imprudent actions by an employee of the City.

VIII. INVESTMENT LIMITATIONS

A. Investments of surplus funds will be limited to those investment types authorized by the City Charter⁷ through State Statutes⁸. The Charter of the City of Edmond provides for

⁷ See Attachment 1, Charter of Edmond, Art. IV, §§ 19

⁸ See Attachment 2, 62 O.S. Supp. 2000 §§ 348.1; 62 O.S. Supp. 2000 §§ 348.3; 60 O.S. §§ 176-180.2

the investment of municipal funds in the custody of the City Treasurer only in such securities as are provided by the Constitution and laws of the State of Oklahoma.

B. The Treasurer is authorized to invest funds in such securities as provided by Oklahoma State Statutes⁹. This Policy may be more restrictive than that allowed by state statute. The securities authorized by the approval of this policy shall be:

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 obligations to the payment of which the full faith and credit of this State is pledged; or
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 in Section 517.5 of this title, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out-of-state; or
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; or
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 of such purposes; or
5. county, municipal or school district direct debt obligations 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 the investment may be place 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.
6. Obligations of the United States government, its agencies and instrumentalities;

⁹ See Attachment 2, 62 O.S. Supp. 2000 §§ 348.1; 62 O.S. Supp. 2000 §§ 348.3; 60 O.S. §§ 176-180.2

7. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located within the state; or fully insured certificates of deposit and banks, savings banks, savings and loan associations and credit unions located out of state;
8. Negotiable certificates of deposit issued by a nationally or state-chartered bank, 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;
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 bankers 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;
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; and
11. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 through 5 of this subsection.
12. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions in paragraphs 1 through 6 of this subsection.

C. To the extent possible, the City Finance Department will attempt to match investments with anticipated cash flows. Unless matched to a specific cash flow, investments will not be made in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds.

D. Because of the inherent difficulties in accurately forecasting cash flow requirements, a

portion of the portfolio should be continuously invested in readily available funds such as demand deposit accounts, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

E. In accordance with State Statutes, investments in certificates of deposit must be collateralized or insured¹⁰. Investment in FDIC pass-through programs such as CDARS® (The Certificate of Deposit Account Registry Service®) or similar FDIC insured depository networks are not to exceed \$50 million collectively or the current limit allowed by CDARS®. Investment in banker's acceptances will be limited to maturities within 270 days from the date of purchase, and commercial paper will be limited to maturities of 180 days. Commercial paper must be of prime investment quality, carrying a rating of "A2" or above by Standard and Poor's Corporation or "P2" or above by Moody's Investor's Service. Collateral for certificates of deposit and repurchase agreements using investments with maturities of greater than 15 years may be accepted.

F. Investments with maturities longer than five years from the date of purchase must provide income (e.g., periodic interest payments) on at least an annual basis and shall be limited to securities for which there is an active and immediate secondary market, such as U.S. Treasury Notes.

G. Funds may be invested in FDIC insured depository networks, or programs which are approved by the City Council, and which meet the competitive bidding requirements as discussed in this policy.

H. Investments in securities allowed by Oklahoma State Statute¹², Title 62, Section 348.1, Item A.5. shall be restricted to Oklahoma issues, must carry a rating of "A+" or above by Standard and Poor's Corporation, or a rating of "A1" or above by Moody's Investor's Service, and is subject to an overall portfolio limit of 25%.

VIV. COLLATERALIZATION OF INVESTMENTS

A. The City Finance Department may invest in certain instruments when those instruments are collateralized, as evidenced by pledge of joint custody between the selling entity and the City. The custodian shall issue a custody receipt to the City Treasurer identifying the security and stating that it is pledged to the City of Edmond. Such collateral shall not be released to the pledgor unless deposits are withdrawn, or investments are sold, mature, or are adequately secured by other similar collateral and only after the City Finance Department has evidenced its approval.

B. The City Finance Department shall verify as appropriate and at least monthly, that the market value of collateral pledged is sufficient to cover the investment and any additional

¹⁰ See Attachment 2, 62 O.S. §§ 517.5

¹² See Attachment 2, 62 O.S. §§ 348.1, A.5.

deposits at the institution with whom the investment is placed at margins of at least 102 percent, less federal depository insurance, if applicable. The City Treasurer shall have discretion to refuse any instrument as appropriate collateral, notwithstanding the tenets of this Investment Policy.

C. Acceptable instruments for collateralization of certificates of deposit, savings accounts, and interest bearing demand accounts shall be those listed below. This listing is more restrictive than the Statute on which it is based¹¹. In cases in which instruments are authorized by the Statutes but not by the listing below, this listing shall prevail.

- (a) United States Treasury Bills, Notes or Bonds;
- (b) Government National Mortgage Association obligations;
- (c) Student Loan Marketing Association obligations;
- (d) Federal National Mortgage Association obligations;
- (e) Federal Home Loan Mortgage Corporation obligations;
- (f) Small Business Association obligations;
- (g) Federal Farm Credit Bank obligations;
- (h) Federal Land Bank obligations;
- (i) Federal Home Loan Bank obligations;
- (j) State of Oklahoma bonds, notes, or certificates payable by the State Treasurer and issued by an agency of the State of Oklahoma pursuant to an act of the Legislature and to the payment of which the full faith and credit of the State of Oklahoma is pledged;
- (k) Bonds issued by any County in the State of Oklahoma;
- (l) Bonds issued by any school district or board of education in the State of Oklahoma

D. Acceptable instruments for the collateralization of repurchase agreements, commercial paper, bankers acceptances, and U.S. Government agency and instrumentality obligations are limited to direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged.

E. Investment in savings accounts will only be made at approved Depository Institutions approved by the City Council.

X. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

A. Before investments of surplus funds are placed, a competitive telephone, FAX or electronic "bid" process (consisting of quoted interest or yield rates, dollar prices, or discount rates) shall be conducted. Certificates of deposit will be bid among approved depository banking institutions, while other investment instruments will be bid among security dealers approved by the City Council. Bids will be secured from at least three

¹¹ See Attachment 2, 62 O.S. §§ 517.5

institutions, if possible. Bidders are required to bid a firm price or yield, which will remain effective for a reasonable period of time (approximately 30 minutes), given market fluctuations, to allow further bids to be received. Typically, awards will be made to the bidder offering the highest effective yield consistent with policy restrictions; however, transaction costs, diversification requirements, and other factors may be considered when awarding investments such as maintaining a local presence.

XI. GENERAL OBLIGATION AND REVENUE BOND FUND PROCEEDS

A. General Obligation and Revenue bond fund proceeds shall be invested pursuant to applicable laws, relevant bond indenture requirements and relevant tenets of this Investment Policy. Proceeds from tax-exempt General Obligation and Revenue Bonds shall be invested, recorded and reported in the manner set forth by the U.S. Treasury and Internal Revenue Service so as to preserve the tax exempt status of the bonds. The Finance Department will maintain systems to ensure that these requirements are met.

XII. ADVANCE REFUNDING ESCROWS

A. Advance refunding of revenue obligation bond proceeds will be executed through a negotiated sale or competitive bid to create a refunding escrow account that will produce savings and is structured efficiently to meet the debt service requirements of the refunded issues or issues. The proceeds will be invested pursuant to applicable laws, relevant bond indenture requirements and relevant tenets of this policy. The Finance Department will perform the administrative oversight of the designated financial advisor or escrow agent as to the structure and yield of the escrow and to insure that the tax-exempt status of the bond issue is preserved.

B. To ensure compliance with the Internal Revenue Service regulations, the escrow securities shall be purchased at fair market value and all fees paid to any parties associated with the investment of the escrow securities disclosed to the City.

XIII. REPURCHASE AGREEMENTS

A. Repurchase agreements will only be entered into upon the execution of an approved Master Repurchase Agreement between the City and appropriate financial institutions. Such Master Repurchase Agreements will provide, among other things, for the delivery of securities to either the City or an approved third party safekeeping organization. The securities will be limited to those types approved for the investment of City funds. Market value of the securities will equal at least 101% of the amount of the repurchase agreement at the time of execution of the agreement. The City Finance Department may require a higher margin ratio, depending on the amount of time until the completion of the repurchase transaction or the nature of the securities involved.

B. Substitution of securities during the term of the repurchase agreement will not be allowed unless authorized by the City Treasurer.

C. Reverse repurchase agreements will not be allowed.

XV. INVESTMENT POLICY ADOPTION

These investment policies may be revised or amended only by resolution of the City Council of the City of Edmond and the trustees of the Edmond Public Works Authority. The City shall review on an as needed basis the Investment Policy regarding the investment of its funds and funds under its control.

ATTACHMENT 1

EDMOND CHARTER AND CODE
RELEVANT SECTIONS

City Charter, Article IV, Section 19 **Duties of the City Treasurer**

“The city treasurer shall have the custody of the funds of the City, and shall pay out the same only upon order of the city manager attested by the city clerk and signed by the mayor. He shall invest the funds of the City only in such securities as are provided for by constitution in the laws of the State of Oklahoma, for the investment of the school funds of the State, and all uninvested funds shall be deposited in the City depository, or depositories of the City. The city treasurer is required to attend the second regular council meeting of each month and at that time to be prepared to report on the financial status of the City.”

“The city manager may authorize the city treasurer to employ and supervise such employee or employees as may be necessary for the efficient discharge of his duties. The city treasurer may submit an annual budget through the city manager outlining the amounts required for the proper conduct of his office, to include requirements for personnel, office equipment, supplies or any other needs the city treasurer may determine. (Amended General Election, April 3, 1979; Amended General Election, April 7, 2009 - This amendment changing the position of City Treasurer from elective to appointive will commence on May 6, 2013 or sooner if a vacancy in the position of City Treasurer occurs.)”

City Code, Section 2.12.010 **Bonds**

"The City Treasurer and the person or persons appointed Assistant City Treasurer shall furnish to the City their good and sufficient bonds respectively, each in the amount of One Hundred Thousand Dollars (\$100,000.00) guaranteeing their respective faithful performance and discharge of their official duties. The bonds are to be executed by a corporate surety company authorized to do business in this state. After approval by the Mayor and Council the bonds shall be on file with the City Clerk."

City Code, Section 2.12.020 **Monthly Report**

“The City Treasurer shall make a monthly report to the Mayor and Council showing the financial condition of the City.”

ATTACHMENT 2

OKLAHOMA STATE STATUTES
RELEVANT SECTIONS

TITLE 62, SECTIONS 348.1

A. 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:

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 obligations to the payment of which the full faith and credit of this State is pledged; or

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 in Section 517.5 of this title, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out-of-state; or

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; or

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 of such purposes; or

5. county, municipal or school district direct debt obligations 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 the investment may be place 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.

B. Effective November 1, 2013 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.

TITLE 62, SECTION 517.5

A. For purposes of securing public deposits, the treasurer of a public entity may accept as collateral only those securities and other instruments listed below. To insure the safety of public funds, the treasurer may establish standards which restrict, or limit further, any of the types or classes of securities or instruments listed below which may be accepted. Any treasurer of a public entity may request the State Treasurer to determine the eligibility of an individual security for pledging under this section. The treasurer may select the following securities and instruments for the purpose of securing public deposits:

1. Obligations, including letters of credit of the United States Government, its agencies and instrumentalities;
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;
3. General obligation bonds of any other state of the United States; and
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, and which has been approved by the State Treasurer,
 - 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.

B. A financial institution may substitute different forms of collateral from time to time, provided that the collateral is acceptable to the treasurer, and meets the requirements of this section and the rules of the State Treasurer.

TITLE 62, SECTION 348.3

A. In addition to the investments authorized by Section 348.1 of this title, the governing body of a city or of a county may adopt a written investment policy directing the investment of the funds of the city or county and any of its public trusts or authorities. If such a policy is adopted by the governing body, such funds shall be invested pursuant to the provisions of the policy. The written policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. To the extent practical, taking into account the need to use sound investment judgment, the written investment policies shall include provision for utilization of a system of competitive bidding in the investment of municipal funds. The system shall be designed to maximize yields within each class of investment instrument, consistent with the safety of the funds invested.

B. The written investment policy may authorize the city treasurer or county treasurer to purchase and invest in any or all of the following:

1. Obligations of the United States government, its agencies and instrumentalities;
2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located within the state; or fully insured certificates of deposit and banks, savings banks, savings and loan associations and credit unions located out of state;
3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, 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;
4. 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 bankers 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;
5. 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; and
6. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 through 5 of this subsection.

7. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions in paragraphs 1 through 6 of this subsection.

C. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence 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.

ATTACHMENT 3

OKLAHOMA STATE STATUTES
RELEVANT SECTIONS

The Oklahoma State Statutes that are relevant to the Public Works Authority can be found in Title 60, Sections 176-180.2. These sections address "Trusts for Furtherance of Public Functions" and set the framework for the administration of a public trust. Except for bond debt issuance, there are no sections in the law for public trusts that specifically address the investment of funds.

ATTACHMENT 4

SOURCES AND ACKNOWLEDGEMENTS

Much guidance in the preparation of this document was obtained from the following publications:

Miller, Girard **Investing Public Funds** (Chicago, Illinois: Government Finance Officers Association)

Substantive portions of this investment policy were taken from standards produced by the **Government Finance Officers Association**, the **Association of Public Treasurers of the United States and Canada**, and the investment policies of the following jurisdictions:

1. The City of Oklahoma City, Oklahoma
2. The City of Norman, Oklahoma