Investment Policy
City of Council Bluffs

(*revised ~~October 2023~~ ~~July 2020~~*)

SECTION 1 – *SCOPE OF INVESTMENT POLICY*

The Investment Policy of the City of Council Bluffs 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 of Council Bluffs. 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, bond post compliance policy and Internal Revenue regulations

This Investment Policy is intended to comply with Iowa Code Section 12B.10B.

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

1. The governing body or officer of the City of Council Bluffs to which the Investment Policy applies.

2. All depository institutions or fiduciaries for public of the City of Council Bluffs.

3. The independent auditor engaged to audit the City of Council Bluffs.

SECTION 2 - *DELEGATION OF AUTHORITY*

In accordance with Iowa Code Section 12C.11, the responsibility for conducting investment transactions resides with the governing body of the City of Council Bluffs. Only those authorized by resolution may invest public funds and a copy of any empowering resolution shall be attached to this Investment Policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for the City of Council Bluffs shall require the outside person to notify in writing the City of Council Bluffs within thirty days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to the City of Council Bluffs by the outside person.

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

The City Finance Department 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 Council Bluffs responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for the receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body:

1. Investing public funds.

2. Advising on the investment of public funds.

3. Directing the deposit or investment of public funds.

4. Acting in a fiduciary capacity for this public body.

A Bank, Savings and Loan Association or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

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 Council Bluffs 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 investment objective.

3. Return: Obtaining a reasonable return is the third investment objective.

SECTION 4 – *PRUDENCE*

The authorized ~~investment manager~~authority of the City of Council Bluffs, 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 2 investment objectives. This standard requires that when making investment decisions, the authorized ~~investment manager~~authority shall consider

the role that the investment or deposit plays within the portfolio of assets of the City of Council Bluffs and the investment objectives stated in Section 3.

SECTION 5 – *INSTRUMENTS ELIGIBLE FOR INVESTMENT*

Assets of the City of Council Bluffs may be invested in the following:

1. Interest bearing savings accounts, interest bearing money accounts, and interest bearing checking accounts at any bank, savings and loan association or credit union authorized by the State of Iowa. 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 governing body of the City of Council Bluffs. Deposits in any financial institution or designated custodial agency shall not exceed $~~3~~4~~0~~0,000,000 in value.

2. Obligations of the United States government, its agencies and instrumentalities.

3. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Iowa Code Chapter 12C.

4. Iowa Public Agency Investment Trust. (IPAIT)

5. Prime bankers' acceptances that mature within 270 days of purchase and that are eligible for purchase by a federal reserve bank.

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

7. Repurchase agreements, provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and the City of Council Bluffs takes delivery of the collateral either directly or through an authorized custodian.

8. An open-end management investment company registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17 C.F.R. Section 270.2a-7, whose portfolio investments are limited to those instruments individually authorized in Section 5 of the Investment Policy.

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 7 investment maturity limitations and Section 8 diversification requirements.

SECTION 6 – *PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES*

Assets of the City of Council Bluffs shall not be invested in the following:

1. Reverse repurchase agreements.

2. Futures and options contracts.

Assets of the City of Council Bluffs shall not be invested pursuant to the following investment practices:

1. Trading of securities for speculation or the realization of short-term trading gains.

2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.

3. If a fiduciary or other third party with custody of public investment transaction records of the City of Council Bluffs fails to produce requested records when requested by this public body within a reasonable time, the City of Council Bluffs shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

SECTION 7 – *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 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 authorized ~~investment manager~~authority may invest funds of the City of Council Bluffs 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 Council Bluffs shall have maturities that are consistent with the needs and use of the City of Council Bluffs.

SECTION 8 – *DIVERSIFICATION*

Investments of the City of Council Bluffs are subject to the following diversification requirements:

Prime bankers' acceptances:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the City of Council Bluffs shall be invested in prime bankers' acceptances, and

2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the City of Council Bluffs shall be invested in the securities of a single issuer.

Commercial paper or other short-term corporate debt:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the City of Council Bluffs shall be invested in commercial paper or other short-term corporate debt,

2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the City of Council Bluffs shall be invested in securities of a single issuer, and

3. At the time of purchase, no more than five percent (5%) 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.

Where possible, it is the policy of the City of Council Bluffs to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

2. Liquidity practices to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury bills or cash on hand shall be used at all times.

3. Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on Instruments with maturities approaching one year shall not be greater than coupon interest and Investment Income received from the balance of the portfolio.

SECTION 9 - *SAFEKEEPING AND CUSTODY*

All Invested assets of the City of Council Bluffs involving the use of a public funds custodial agreement, as defined in Iowa Code Section 12B.10C, shall comply with all rules adopted pursuant to Iowa Code Section 12B.10C. 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 10 – *ETHICS AND CONFLICT OF INTEREST*

All officers and employees of the City of Council Bluffs 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 of Council Bluffs has declared as a depository or regularly conducts investment business with shall be disclosed in writing to the governing board of the City of Council Bluffs.

SECTION 11 – REPORTING

The Director of Finance shall submit monthly an investment report to the Mayor and City Council. The investment 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.

SECTION 12 – *INVESTMENT POLICY REVIEW AND AMENDMENT*

This Investment Policy shall be reviewed every 3 years or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.