

**CITY OF LA VISTA
COUNCIL POLICY STATEMENT**

INVESTMENT OF CITY FUNDS

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The purpose of this document is to establish policies and procedures that enhance opportunities for prudent and systematic investments and to organize and formalize investment-related activities.

The investment policies and practices of the City of LaVista are based on state law and careful cash management. All funds will be invested in accordance with the City's investment policy and Nebraska statutes 19-1304, 77-2341 and La Vista code 1-916.

SCOPE

This investment policy applies to all cash-related assets included within the scope of the City of LaVista's audited financial statements and held directly by the City. These funds include:

- ◆ General Funds
- ◆ Enterprise Funds (Sewer Funds, Golf Funds)
- ◆ Debt Service Funds
- ◆ Capital Project Funds
- ◆ Lottery Proceed Funds
- ◆ Sinking Funds

DELEGATION OF AUTHORITY

The City Treasurer is the designated investment officer, and has the authority to make certain investment decisions, under the review of the City Administrator as noted below.

The City Administrator has general supervisory responsibility over the City Treasurer and has direct responsibility for the preparation and administration of the city budget. In order to fulfill these duties, the Administrator must work closely with the Treasurer regarding investment decisions. Accordingly, any determination made by the Treasurer regarding the timing, amount, and type of investments made with City funds should be made only after the City Administrator has been given an opportunity to review and comment on any such intended investment.

The City Treasurer shall monitor and review all investments for compliance with this investment policy.

PRUDENCE

The standard of prudence to be used for managing the City's investments is the "prudent investor" rule, which states, "Investments shall be made with judgement 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 their capital as well as the probable income to be derived.”

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City shall recognize that no investment is totally riskless and that the investment activities of the City are a matter of public record.

The City Treasurer and authorized investment officer(s) acting in accordance with written procedures and exercising due diligence shall be relieved of the personal responsibility for an individual security's credit risk or market price change, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

As used herein, *capital stock financial institutions* shall include state and national banks, capital stock state building and loan associations, capital stock federal savings and loan associations, capital stock federal savings banks, capital stock industrial and investment companies and capital stock savings banks (§ 77-2366).

INVESTMENT OBJECTIVES

The City will limit investment activities in order to achieve the following objectives:

- 1.) **Safety.** The City's funds will be invested in such a manner as to ensure preservation of capital and protection of principal.
- 2.) **Legality.** All investments will be in conformance with federal, state and other legal requirements.
- 3.) **Liquidity.** The City's investment portfolio will remain sufficiently liquid to enable the City to meet its cash flow requirements.
- 4.) **Yield.** Investment of City funds will be executed with the objective of attaining a market rate of return consistent with the constraints imposed by its safety objective and cash flow considerations.

INSTRUMENTS

Funds of the City of LaVista may be invested in the following instruments:

- ◆ U.S. Treasury securities;
- ◆ Short-term obligations of U.S. government agencies and instrumentality's;
- ◆ Fully insured or collateralized certificates of deposit of banks and capital stock financial institutions;
- ◆ A-1P-1 rated commercial paper secured by an irrevocable line of credit or collateralized by government securities (within the list of acceptable investments under the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council as required by §77-2341(1) of the Nebraska Statutes);
- ◆ Banker's acceptances issued by the 10 largest domestic banks and the 20 largest international banks (within the list of acceptable investments under the Nebraska Capital Expansion Act and

the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council as required by §77-2341(1) of the Nebraska Statutes).

The maximum maturity on any investment made with City funds is not to exceed a period of three years.

DIVERSIFICATION

It is the policy of the City of LaVista to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of funds in a specific maturity, a specific issuer or specific class of securities.

Maturities will be staggered to meet all projected obligations of the City and will be selected to provide stability of income and reasonable liquidity.

SAFEKEEPING AND CUSTODY

To protect against potential fraud and embezzlement, the investments of the City of LaVista shall be secured through third party custody and safekeeping procedures. The City Treasurer shall be bonded in an amount no less than \$25,000 to protect the public against the risk of embezzlement and misappropriation of funds. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third party custodial safekeeping.

DEPOSIT OF CITY FUNDS

In order to protect the liquidity and security of City funds, policies related to the deposit of City funds in any bank or depository will be as follows:

- 1.) No funds of the City shall be deposited in any bank or capital stock financial institution not insured by the Federal Deposit Insurance Corporation (FDIC).
- 2.) In accordance with Nebraska Statute §16-713, City funds on deposit with any bank or capital stock institution will be collateralized by such bank in an amount equal to 110% of the funds on deposit, less the amount that is insured by the FDIC. Where the amount on deposit exceeds the FDIC insurance, the amount in excess shall be secured with a pledge of suitable securities to meet the required level of collateral.
- 3.) The amount of collateral pledged by each bank or depository shall be monitored by the City Treasurer on a monthly basis to ensure it is adequate to cover all funds on deposit at such institution.

LIMIT AND COLLATERALIZATION OF DEPOSITS

Time deposits and certificates of deposit in banks or capital stock financial institutions in excess of FDIC insurance shall be collateralized by bond in accordance with the requirements of §§16-713 through 16-716, inclusive R.R.S. Neb., and shall not exceed the limits as to amount prescribed by §16-716, R.R.S. Neb. 1943.

