

ORDINANCE NO. 827

AN ORDINANCE ADOPTING AN INVESTMENT POLICY FOR CITY FUNDS

WHEREAS, Section 24-75-601.1(3)(b), C.R.S., authorizes home rule cities to adopt by ordinance policies for the investment of city funds; and

WHEREAS, the City Council desires to adopt the attached policy to guide the investment decisions of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG AS FOLLOWS:

Section 1. That the attached "City of Craig Investment Policy" attached hereto and made a part hereof by reference, is hereby adopted.

Section 2. Effective Date. This Ordinance shall take effect immediately upon the expiration of ten (10) days from and after the final date of publication, as provided by Charter.

Section 3. Severance Clause. If any section, subsection, sentence, clause, or phrase of this Ordinance is, for any reason held to be invalid, such decision shall not effect the validity of the remaining portion of this Ordinance.

READ AND ORDERED published, as provided by law, by the City Council of the City of Craig, at it's regular meeting held on the 10 day of October, 1995.

Robert D. Quillen  
Robert D. Quillen, Mayor

ATTEST:  
x Shirley M. Seely  
Shirley M. Seely, City Clerk

FINALLY READ, PASSED AND APPROVED this 21 day of October, 1995.

Robert D. Quillen  
Robert D. Quillen, Mayor

ATTEST:  
x Shirley M. Seely  
Shirley M. Seely, City Clerk

## CITY OF CRAIG INVESTMENT POLICY

### I. SCOPE

The purpose of this investment policy is to establish guidelines for the purchase and sale of investments for the financial assets of all funds of the City of Craig, with the exception of the City of Craig 401(A) and 457 Employee Retirement Plans and the City of Craig Police Pension Fund.

### II. INVESTMENT OBJECTIVES

Financial assets of the City will be invested in accordance with this policy. The City's investment portfolio shall be managed in a manner and by order of precedence so as to (1) preserve and protect capital in the overall portfolio and (2) maintain liquidity to insure adequate funds are available to meet city financial obligations and (3) maximize income provided safety and income constraints are met.

The City recognizes the standard of prudence and due diligence as essential components of an effective investment policy. Accordingly, the City investment policy specifically prohibits the active engagement in rate speculation, i.e. actively trading (buying and selling) securities in anticipation of realizing capital gains (or losses). This practice is contrary to the City's primary investment objective, the preservation of capital and overall protection of investment funds. In general, the City's policy is to buy and hold investments to maturity. However, from time to time it may be necessary to liquidate an investment before maturity.

The City investment portfolio should be adequately diversified so as to minimize risks inherent in overstating specific securities and individual financial institutions. Further, maturity selection should be guided by the specific operating and liquidity needs of the City (refer to Article III below). The security selection process should be secured in the most cost effective manner possible in order to maximize investment returns.

### III. AUTHORIZED INVESTMENTS

As specified in Colorado statutes, public funds may be invested in one or more of the following permitted securities, provided the period from the date of purchase of such security to its maturity date is five (5) years or less:

1. U.S. Government Securities - either U.S. Treasury obligations or obligations of federal agencies which carry the highest rating of at least one national rating service.

2. U.S. Treasury State and Local Government Series obligations, "SLGS."
3. Bank and Savings and Loan Investment Agreements, such as time certificates and other accounts, of State and National Banks and chartered Savings and Loan Associations located in Colorado and insured by FDIC or other federal agency, and which are approved as public fund depositories by the State of Colorado. Deposits exceeding the insured amount shall be collateralized as required by the Public Deposit Protection Act.
4. Commercial Paper with the highest rating (A-1, P-1) by one of the national rating agencies.
5. Shares of local government surplus funds or trust funds created under the provisions of 24-75-701, C.R.S. as amended. (Colotrust, CSafe, etc.)
6. Investments into an open-end, no-load money market mutual fund whose investments are strictly regulated by the S.E.C. These funds should be fully invested in high quality instruments and seek to maintain a constant one dollar (\$1) per share net asset value. Fund objectives should stipulate investment in securities that mature in less than 18 months and maintain an average weighted maturity of 120 days or less.
7. Any security which has been specifically approved by the City Council.

Any security not specifically listed or approved in advance of purchase by the City Council under criterion #7 above is specifically prohibited. However, investments held on the date of the adoption of this policy may be retained in the City's portfolio.

#### IV. DELEGATION OF AUTHORITY AND INDEMNIFICATION

The responsibility for this investment program is hereby delegated to the Finance Director and subject to the review and approval of the City Manager. Both parties agree to review the City's investment portfolio on a quarterly basis to ensure availability of operating funds and compliance set forth by this policy. The City Manager and/or his delegate, acting in accordance with this policy, shall not be held personally responsible for losses incurred by the investment portfolio.

V. INTERNAL CONTROLS AND SAFEKEEPING

The Finance Director shall establish a system of written internal controls, approved by the City Manager, which shall be reviewed annually by independent auditors to ensure compliance to City Policy. The controls shall be designed to prevent loss of public funds caused by fraud, error, misrepresentation, or imprudent actions. All investments will be registered in the name of the City of Craig, or in the custody of a third party on behalf of the City of Craig, or in a custodial account with an eligible depository or securities firm on behalf of the City of Craig.

VI. ETHICS AND CONFLICTS OF INTEREST

The Finance Director shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the Director's ability to make impartial investment decisions. The Finance Director shall disclose to the City Manager any material financial interest in financial institutions that conduct business with the City, and the Director shall further disclose any personal financial or investment positions that could be directly or indirectly related to the performance of the City's portfolio.

VII. REPORTS

The Finance Director shall prepare an investment report on a monthly basis that provides a clear picture of the status of the current investment portfolio, returns and transaction costs over the past month. This report shall be prepared in a manner which will allow the City Manager and City Council to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the City Manager and to the Members of the City Council on an on-going basis.

VIII. CONFLICT BETWEEN THIS POLICY AND STATE LAW

Any conflict between this policy and Colorado statutes shall be decided in favor of this policy.