

RESOLUTION NO. 23-21

"CITY OF WELTON INVESTMENT POLICY"

SECTION 1- SCOPE OF INVESTMENT POLICY

The Investment Policy of the City of Welton shall apply to all operating funds, bond proceeds, and other funds accounted for in the financial statements of the City of Welton, 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.

This Investment Policy is intended to comply with Iowa Code Chapter 12B & 12C.

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 Welton to which the Investment Policy applies.
2. All depository institutions or fiduciaries for public funds of the City of Welton.
3. The auditor engaged to audit any fund of the City of Welton.

SECTION 2- DELEGATION OF AUTHORITY

The responsibility for conducting investment transactions resides with the City Clerk of the City of Welton. Only the City Clerk, and 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 of investment of public funds or acting in a fiduciary capacity for the City of Welton shall require the outside person to notify in writing the City of Welton within thirty days of receipts 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 service being provided to the City of Welton by the outside person.

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

The City Clerk 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 Welton responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipts and 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.

The City Clerk, of the City of Welton and all employees authorized to place investments shall be bonded in the amount of \$25,000.00.

SECTION 3- OBJECTIVE OF INVESTMENT POLICY

The primary objective, in order of priority, of all investment activities involving the financial assets of the City of Welton 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 City Clerk of the City of Welton, when investing or depositing public funds, shall exercise the care, skill, prudence, and diligence under the circumstances when prevailing that a person acting in a like capacity and familiarity with such matters would use to attain the Section 3 Investment Objectives. This standard requires that when making investment decisions, the City Clerk shall consider the role that the investment or deposit plays within the portfolio of assets of the City of Welton and the investment objectives stated in Section 3.

SECTION 5- INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of the City of Welton may be invested in the following:

1. Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings, and loan association or credit union in 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 Welton. Deposits in any financial institution shall not exceed the maximum amount approved by the governing body of the City of Welton.
2. Certificate of deposits and other evidence of deposit at a federally insured Iowa depository institution approved and secured pursuant to Chapter 12C.
3. Iowa Public Agency Investment Trust (IPAIT) or Iowa Schools Joint Investment Trust (ISJIT) as appropriate.

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 SIX- 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 Fund 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 City Clerk may invest funds of the City of Welton that are not identified as Operating Funds in investment with maturities longer than three hundred ninety-seven (397) days. However, all investments of the City of Welton shall have maturities that are consistent with the needs and use of the City of Welton.

SECTION SEVEN- DIVERSIFICATION

Where possible, it is the policy of the City of Welton to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration 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.

SECTION 8- SAFEKEEPING AND CUSTODY

All invested assets of the City of Welton involving the use of a public funds custodial agreement as defined in Section 12B.10C shall comply with all rules adopted pursuant to 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 9- ETHICS AND CONFLICT OF INTEREST

The City Clerk and all officers and employees of the City of Welton 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.

SECTION 10- REPORTING

The City Clerk shall submit during July, an investment report that summarizes the recent market conditions and investment strategies employed since the last investment report. 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 and compare that with the investment results with the budgetary expectations.

SECTION 11- INVESTMENT POLICY REVIEW AND AMENDMENT

This investment policy shall be reviewed during July every two years or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties, notes in Section 1.

Passed by the City Council of the City of Welton on August 8th, 2023 and approved this 8th day of August 2023.

Ayes: Marlome, Demoss, Mickey

Nayes: NONE

Ashley Paulsen

Ashley Paulsen, Mayor

ATTEST

Melissa Conner

Melissa Conner, City Clerk