



# WILDWOOD

## MEMORANDUM

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To: Administration and Public Works Committee

From: Dawn Kaiser, Finance Officer

CC: Thomas Lee, Interim City Administrator

Date: June 6, 2023

RE: Investment Policy

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As directed by City Council at the March 13, 2023 City Council Work Session, a thorough review of the City of Wildwood Investment Policy has been completed.

The State of Missouri subsequently updated the State's Model Investment Policy since the City's current policy was established. Therefore, several changes have been included in the attached draft City of Wildwood Investment Policy. The proposed City of Wildwood Investment Policy mirrors the current State of Missouri Model Investment Policy with the exception of items unique to the City of Wildwood such as internal controls and other procedures.

The following changes have been made to the City's current policy to maximize allowable investments while focusing on the primary objectives of maintaining legal compliance with the State of Missouri and the safety of City funds.

The Administration Department is seeking the Administration and Public Works Committee's input regarding the proposed new policy and requesting the Committee's recommendation to City Council to approve the revised policy.

### **THE FOLLOWING CHANGES WERE MADE TO THE PROPOSED INVESTMENT POLICY FROM THE CURRENT POLICY**

#### **Section II. General Objectives**

Removed the Section on Legality to match State of Missouri Model Policy as legality is implied.

**B. Liquidity**

Added language regarding under what circumstances securities may be sold prior to maturity.

**Section IV. Investment Transactions**

**A. Authorized Financial Dealers and Institutions**

Added Completed broker/dealer questionnaire to list of items to be supplied.

**B. Internal Controls**

Added list of what should be included in internal controls.

**Section V. Suitable and Authorized Investments**

**1.** Added section regarding Governmental and Agency Debt.

**2.** Added section on Fixed Income Investments - Repurchase Agreements and Collateralized CD's.

**3. Other Fixed Income Debt Issued by Commercial Enterprises:**

**a. Bankers Acceptances**

Changed to 180 Maturity (from 90 days) changed diversification maximum to 25% (from 30%).

**b. Commercial Paper.**

Changed diversification maximum to 25% (from 30%).

**B. Security Selection – Removed:**

- U.S. Government Agency Floating Rate Securities
- U.S. Government Mortgage Backed Securities

**D. Collateralization** - changed from at least 102% to at least 100%.

**E. Repurchase Agreements** – added section.

**Section VI. Investment Parameters**

• **Item A. Diversification**

Diversification changes based on allowable investments to match the State's Model Investment Policy:

Investment Type	Old Policy Maximum	New Policy Maximum
Collateralized Repurchase Agreements	100%	50%
U.S. Government agencies, and government sponsored enterprises	50%	70%
U.S. Government agency callable securities	N/A	50%

• **Item B. Maximum Maturities**

The City of Wildwood shall adopt weighted average maturity limitations that should not exceed three (3) years and are consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as in bank deposits or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

**Section VII. Reporting**

Added list of reporting requirements.

**C. Marketing to Market** – added section.

## **IX. List of Attachments:**

Listing of Authorized Personnel  
Relevant investment statutes and ordinances  
Repurchase Agreements and tri-party agreements  
Listing of authorized broker/dealers and financial institutions  
Safekeeping agreements  
Wire transfer agreements  
Sample investment reports

## **Glossary of Terms**

- Bankers Acceptance (BA) definition changed to 180 maximum maturity.
- Certificate of Deposit (CD) maximum maturity changed from 5 years to 3 years.
- Commercial Paper definition amended to change maximum maturity from 30 to 180 days.

## **THE FOLLOWING ITEMS ARE INCLUDED IN THE PROPOSED CITY OF WILDWOOD INVESTMENT POLICY AND ARE NOT INCLUDED IN THE STATE'S MODEL POLICY**

### **Opening Statement:**

It is the policy of the City of Wildwood to invest reserve funds in conformity with all Missouri state laws. This policy recognizes that investments of all types entail some degree of credit, interest rate, market, or timing risk and establishes realistic parameters to meet the City's objectives.

## **III. Standards of Care**

### **C. Delegation of Authority**

Investment recommendations will be reviewed by the City Administrator and one other signer on the operating checking account. Written approval or rejection will be made as quickly as is reasonably possible since potential investments may only be available for a short period of time. The City's standard wire transfer form will be completed and signed at the same time if it is needed.

Authorized Financial Dealers and Institutions shall provide an end of the month report of current investments.

## **IV. Investment Transactions**

### **A. Authorized Financial Dealers and Institutions**

The Investment Officer shall recommend financial dealers and institutions to the Administration and Public Works Committee. Financial dealers and institutions will only be added to the authorized list upon approval of the City Council.

## **V. Suitable and Authorized Investments**

### **D. Collateralization**

Eligible collateral shall be limited to securities which are on the State of Missouri Office of the Treasurer's list of Acceptable Collateral as per Missouri State Statute Chapter 30 Section 30.270.

**VI. Investment Parameters**

**a. Diversification**

**Added:**

- See also sections on Banker's Acceptances and Commercial Paper

**VII. Reporting**

**A. Methods**

Authorized Financial Dealers and Institutions are required to provide a monthly report of current investments with their firm. Each report shall include:

- Type of investment
- Identification number
- Original cost
- Maturity date
- Current market value
- Value at maturity as appropriate for the type of investment

For those investments where collateralization is required, the same information is required for the collateral.

**VIII. Policy Considerations**

**A. Investment Policy Adoption**

The City's investment policy shall be adopted by resolution of the City Council. The policy may be reviewed on a biannual basis by the Administration and Public Works Committee, or as necessary, and any modifications made thereto must be approved by the City Council.