

1. Agenda

Documents:

[2023-11-06 INVESTMENT COMMITTEE - PUBLIC AGENDA-1851.PDF](#)

2. Meeting Materials

Documents:

[2023-11-06 INVESTMENT COMMITTEE - FULL AGENDA-1851.PDF](#)

AGENDA

Special Meeting of the
Nichols Hills Investment Policy Committee
Monday, November 6, 2023 at 4:00 PM
City Hall, 6407 Avondale Drive
Nichols Hills, OK 73116

If special assistance is needed for this meeting by any person wishing to attend, please contact the City Clerk's office no later than 48 hours prior to the meeting, and such assistance will be provided.

Official action may be taken by the Investment Policy Committee only on items that appear on this Agenda. The Investment Policy Committee may dispose of the business set out on this Agenda by accepting, approving, adopting, rejecting, amending, or postponing action as to each item, as determined by the Investment Policy Committee.

1. Call to Order
2. Roll Call
3. Minutes
 - a. November 29, 2022 Minutes
4. Report by the City Treasurer concerning investments and the status of relationships with approved depository institutions
5. Items for Separate Vote - General
 - a. Review amended list of approved broker/dealers.
 - b. Recommend an amended list of approved depository institutions pursuant to the Investment Policy.
 - c. Recommend an amended list of approved broker/dealers pursuant to the Investment Policy.
 - d. Recommend changes to the existing Investment Policy.
6. Adjournment

I certify that the forgoing was filed in the Office of the City Clerk at 4:19 PM on the 1st day of November, 2023 and posted in prominent view on the window at City Hall, 6407 Avondale Drive, at 4:30 PM on the 1st day of November, 2023; posted to the City of Nichols Hills website at <http://www.nicholshills.net> at 5:00 PM on

the 1st day of November, 2023; and transmitted by email at 5:00 PM on the 1st day of November, 2023 to those persons who have requested to be included on such notices pursuant to the Open Meeting Act and to those who have requested such notice.



City Clerk
City of Nichols Hills, Oklahoma

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City Clerk
City of Nichols Hills, Oklahoma

MINUTES

Special Meeting of the
Nichols Hills Investment Policy Committee
Tuesday, November 29, 2022 at 4:00 PM
City Hall, 6407 Avondale Drive
Nichols Hills, OK 73116

**Original agenda filed in the Office of the City Clerk at 9:19 AM on
the 23rd day of November, 2022.**

1. Call to Order

Attendee Name	Title	Status	Arrived
Johnson Hightower		Present	
Greg Wheeler		Present	
Patrick Rooney		Present	4:03 PM
Amanda Copeland		Present	
John Waldo		Present	

3. Minutes

a. April 7, 2022 Minutes

MOTION: Wheeler moved to approve the April 7, 2022 minutes as presented. Waldo seconded the motion.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Greg Wheeler
SECONDER:	John Waldo
AYES:	Hightower, Wheeler, Rooney, Copeland, Waldo

4. Report by the City Treasurer concerning investments and the status of relationships with approved depository institutions

5. Items for Separate Vote - General

- a. Recommend amendments to the list of approved depository institutions pursuant to the Investment Policy for further action by Council.

Chairman Hightower reviewed the current list of approved depository institutions and recommended the addition of Valliance

Bank.

MOTION: Rooney moved to add Valliance Bank to the list of approved depository institutions. Waldo seconded the motion.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Patrick Rooney
SECONDER:	John Waldo
AYES:	Hightower, Wheeler, Rooney, Copeland, Waldo

- b. Recommend amendments to the list of approved broker/dealers pursuant to the Investment Policy for further action by Council.

Chairman Hightower reviewed the list of approved broker/dealers and recommended adding Raymond James through Kirkpatrick Bank.

MOTION: Hightower moved to add Raymond James to the list of approved broker/dealers. Waldo seconded the motion.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Johnson Hightower
SECONDER:	John Waldo
AYES:	Hightower, Wheeler, Rooney, Copeland, Waldo

- c. Recommend changes to the existing Investment Policy.

No action taken.

6. Adjournment

MOTION: There being no further business, Waldo moved to adjourn the meeting. Rooney seconded the motion.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	John Waldo
SECONDER:	Patrick Rooney
AYES:	Hightower, Wheeler, Rooney, Copeland, Waldo

 Chairman
 City of Nichols Hills, Oklahoma

 City Manager
 City of Nichols Hills, Oklahoma

 City Clerk
 City of Nichols Hills, Oklahoma

Attachment: November 29 2022 Minutes (6876 : November 29, 2022 Minutes)

RESOLUTION

(No. 1510)

A RESOLUTION AMENDING THE CITY'S LIST OF APPROVED BROKER/DEALERS

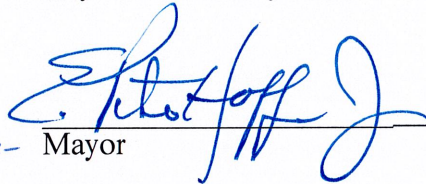
WHEREAS, the Council of the City of Nichols Hills, Oklahoma deems it advisable to maintain a written investment policy to direct investments of the City's funds, and adopted the current revision of the City's Investment Policy on March 12, 2019, pursuant to Section 348.3 of Title 62 of the Oklahoma Statutes, which authorizes the adoption of a written investment policy to govern investments by the City Treasurer;

WHEREAS, pursuant to the Investment Policy, the City maintains a list of approved broker/dealers; and

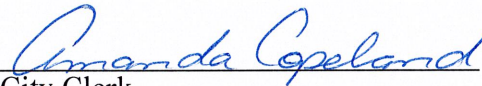
WHEREAS, the Council desires to adopt an amended list of approved broker/dealers to add BancFirst, which amended list is attached hereto as **Exhibit A**.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Nichols Hills, Oklahoma, hereby adopts the amended list of approved broker/dealers attached hereto as **Exhibit A**.

ADOPTED by the Council and SIGNED by the Mayor of the City of Nichols Hills, Oklahoma, this 8th day of August, 2023.

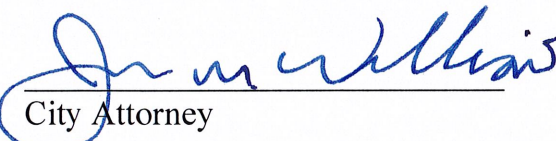

Vice-Mayor

(SEAL)
ATTEST:


City Clerk



Reviewed as to form and legality:


City Attorney

Attachment: Res 1510 Broker Dealers (6877 : List of Approved Broker/Dealers)

EXHIBIT A

Nichols Hills, Oklahoma

LIST OF APPROVED BROKER/DEALERS

Approval includes subsidiaries and other related entities

1. The Baker Group
2. BOK Financial Services, Inc.
3. Raymond James
4. BancFirst

EXHIBIT B

Nichols Hills, Oklahoma

LIST OF APPROVED DEPOSITORY INSTITUTIONS

Approved by the City Council on June 13, 2017 and confirmed and ratified by the City Council on January 14, 2020.

1. BancFirst
2. Midfirst Bank
3. Bank of Oklahoma, NA
4. First Fidelity Bank, NA
5. Kirkpatrick Bank
6. NBC Oklahoma, a/k/a NBC Bank
7. Quail Creek Bank, N.A.
8. First National Bank of Oklahoma

EXHIBIT A

Nichols Hills, Oklahoma

LIST OF APPROVED BROKER/DEALERS

Approval includes subsidiaries and other related entities

1. The Baker Group
2. BOK Financial Services, Inc.
3. Raymond James
4. BancFirst

EXHIBIT A

Nichols Hills, Oklahoma
INVESTMENT POLICY

Approved by the City Council on March 12, 2019 and confirmed and ratified by the City Council on January 14, 2020.

Table of Contents

I. Policy 1

II. Scope 2

III. Standard of Care 2

IV. Ethics and Conflicts of Interest 2

V. Objectives..... 2

VI. Delegation and Restriction of Authority 3

VII. Depository Institutions/Financial Dealers/Depository Banking Services.. 3

VIII. Authorized and Suitable Investments..... 4

IX. Collateralization 6

X. Safekeeping and Custody 7

XI. Delivery vs. Payment (DVP)..... 7

XII. Maturities and Diversification 7

XIII. Investment Committee 9

XIV. Investment Procedures 9

XV. Record Keeping and Reporting 9

XVI. Competitive Selection of Investment Instruments 9

XVII. General Obligation Bond Fund Proceeds..... 9

XVIII. Advance Refunding Escrows..... 9

XIX. Certification Certificate 9

XX. Investment Policy Adoption and Amendment 10

Attachment 1: 62 O.S. Supp.2016 § 348.1; 62 O.S. 2011 § 348.3.

I. Policy

It is the policy of Nichols Hills, Oklahoma (the “City”) and the duty of the City Treasurer to invest the public funds in the custody of the City Treasurer to provide the highest investment return consistent with the primary objective of maximum security while meeting the daily cash flow demands of the City in conformance with the constitution and laws of the State of Oklahoma and the City Charter of Nichols Hills.

This policy is intended to be in compliance with Sections 348.1 and 348.3 of Title 62 of the Oklahoma Statutes. All provisions of this Policy shall be interpreted and applied, to the extent possible, in a manner consistent with such statutory provisions, as amended.

II. Scope

This Policy applies to funds of the City and related Public Trusts that have also adopted this policy.

III. Standard of Care

The standard of care to be used by the City shall be the statutory "prudent person" standard and shall be applied in the context of managing the public operating funds of the City described within this Policy. The "prudent person" standard as it relates to the investing of public funds is defined as follows:

Investments shall be made with judgment 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.

IV. Ethics and Conflicts of Interest

Any officers or employees of the City involved in the investment process shall refrain from personal business activity that could conflict or give the appearance of conflict with the proper execution of the investment program or impair their ability to make impartial investment decisions and shall annually advise the City Manager or City Manager designee of any personal financial interest in any financial institution that conducts business with the City. Such officers or employees shall refrain from undertaking personal investment transactions with the same individual or broker/dealer office with which business is conducted on behalf of the City.

V. Objectives

The City Treasurer (City Treasurer and any assistants) will follow three major, prioritized objectives in investing the operating funds:

- 1 Safety - Safety of principal is the foremost objective of the City's investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital of the portfolio. This objective will be to minimize credit risk.
- 2 Liquidity - The investment portfolio shall at all times be sufficiently liquid to enable the City to meet all of its operating cash flow needs that are reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- 3 Return on Investments - The City's investment portfolio shall be designed with the objective of attaining a competitive rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints, liquidity needs and cash flow characteristics of the portfolio. Return shall be subordinated to safety and liquidity.

VI. Delegation and Restriction of Authority

The ultimate authority and responsibility for the investment of surplus funds of the City is granted by Oklahoma State statutes to the City Treasurer. The City Treasurer and any City personnel involved in the investment process shall act responsibly as custodians of public funds. The City Treasurer shall be responsible for all transactions undertaken and if additional City personnel have authority to engage in investment activities, the City Manager shall establish a system of controls and procedures to regulate the activities of assistants.

City personnel who have authority to invest public funds, make wire transfers or who have signatory authority for depository accounts shall be required to be bonded in accordance with the bonding requirement for the City Treasurer set forth in the Nichols Hills Charter. All investment transactions shall be reviewed by the Finance Director or a designee of the City Manager's Office.

VII. Depository Institutions, Depository Banking Services and Broker/Dealers

a. Approved Depository Institutions

Any financial institution which desires to become an approved depository shall notify the Finance Director, who shall notify the Investment Committee. The Investment Committee shall review materials submitted by such institution and make a recommendation to the City Council as to whether the institution should be placed on the list of approved depository institutions. By resolution of the City Council, an approved listing of depository institutions authorized to receive deposits of City funds may be established, and such resolution may rescind all prior resolutions approving depository institutions or supplement an existing list of approved depository institutions. No institution will be placed on the list of approved depository institutions unless, at the time of approval by the City Council, such institution is on a list of official depositories for Oklahoma County or the State of Oklahoma and has equity capital equal to no less than twenty five million dollars (\$25,000,000.00).

No new deposit of public funds shall be made except in an approved and qualified public depository headquartered and authorized to do business in the State of Oklahoma and with a branch or office located within Oklahoma County, Oklahoma.

Funds may be invested in certificates of deposit (CDs) and savings accounts in institutions which have been approved by the City Council as depository banking institutions; which meet competitive bidding requirements discussed in this policy and which meet the following requirements:

- 1 sufficient collateral to equal the amount of 110 percent of the CD principal shall be pledged prior to the deposit of the funds and maintained for the terms of the CD, in accordance with this policy;
- 2 collateral agreements must be approved prior to deposit of the funds as provided for in the "Security for Local Public Deposits Act".

b. Routine Depository Banking Services

Any financial institution on the list of approved depository institutions may be selected to serve as a provider of routine depository banking services (“Banking Services”). Every five years the Finance Committee and City Council will evaluate Banking Services needs of the City, and consider the development and issuance of a request for proposals. At the recommendation of the Finance Committee or on its own initiative, the City Council may issue such requests for proposals on a more frequent basis.

c. Approved Broker/Dealers

Any broker/dealer or institution which desires to become an approved broker/dealer for investment transactions shall notify the Finance Director, who shall notify the Investment Committee. The Investment Committee shall review materials submitted by such dealer or institution and make a recommendation to the City Council as to whether the dealer or institution should be placed on a list of approved broker/dealer institutions. By resolution of the Council, an approved listing of broker/dealers may be established for the purchase and sale of investment securities, and such resolution may rescind all prior resolutions approving broker/dealers or supplement an existing list of approved broker/dealers. A new list of approved broker/dealers will be established as needed and at least every five years.

The broker/dealers approved by the City Council shall be registered to do business within the state, and the list of approved broker/dealers may include a combination of primary, regional, and local dealers that qualify under the Securities and Exchange Commission Rule 15C3-1.

An audited or publicly available financial statement shall be on file for each approved broker/dealer from which the City obtains investment services, which statement shall be no older than 15 months.

VIII. Authorized and Suitable Investments

Investments of the City's operating funds shall be limited to such investments and securities as are authorized by the Constitution and the laws of the State of Oklahoma for the investment of public funds.

This Policy is more restrictive than state statutes. The investments authorized by the approval of this policy shall be:

- 1 direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged;
- 2 fully collateralized certificates of deposit and other evidences of deposits at FDIC insured financial institutions located within

Oklahoma County, Oklahoma, when secured by appropriate collateral as provided in the Security for Local Public Deposits Act;

- 3 repurchase agreements that have underlying collateral of direct obligations of the United States Government, its agencies or instrumentalities;
- 4 money market funds regulated by the Securities and Exchange Commission and which invest in direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged; and
- 5 City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided such are prudent investments.

Investments in direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged may be through approved broker/dealers or approved depository institutions.

Repurchase agreements will only be entered into upon the execution of an approved master repurchase agreement between the City and appropriate financial institutions. Such master repurchase agreements will provide, among other things, for the delivery of securities to either the City or an approved third party safekeeping organization. The securities will be limited to those types approved for the investment of City funds. Market value of the securities will equal to at least 102% of the amount of the repurchase agreement at the time of execution of the agreement. The City Treasurer may require a higher margin ratio, depending on the amount of time until the completion of the repurchase transaction or the nature of the securities involved. Substitution of securities during the term of repurchase agreements may be allowed from time to time, if each substitution meets the requirements of the statutory law and this policy.

Money market mutual funds shall only be selected as an investment option upon a favorable recommendation by the Investment Committee. Prior to the recommendation of a money market mutual fund as an investment option, a thorough investigation of the fund by the Investment Committee will be required. The Investment Committee must evaluate various factors, including but not limited to: the fund's prospectus and statements of additional information to determine the integrity and experience of the investment company offering the fund; sale fees and operation of expenses; fundamental portfolio policies composition and objectives; investment income calculations and how income is distributed to participants; how gains and losses are treated; evaluation of how securities are safeguarded;

frequency of security pricing and auditing; limitations as to size and frequency of purchasing and selling; schedule for receiving statements; composition of the portfolio for the fund; and compliance and registration pursuant to the Investment Company Act of 1940 and Rule 2a-7 under the Investment Company Act. Even if a money market mutual fund is favorably recommended by the Investment Committee, the City Treasurer shall not be required to make the investment.

The three following types of investments are not authorized under the terms of this policy:

1. reverse repurchase agreement;
2. derivative instruments which are created from, whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values and/or has no call options prior to the City's desired maturity or is a variable rate instrument;
3. callable agency securities.

IX. Collateralization

The City Treasurer is authorized by statute to make certain investments when those investments are collateralized, as evidenced by pledge of joint custody. In all cases of collateralization, the collateral shall be held by a third party custodian with whom the City has a current custodial agreement or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma or the Federal Home Loan Bank of Topeka. The custodian shall issue a custody receipt to the Finance Director identifying the security and stating that it is pledged to the City.

The amount of collateral to be pledged for the security of the City's deposits and securities shall be consistent with the provisions of the "Security for Local Public Deposits Act" and additional standards established by the Finance Director for the purpose of securing public funds and deposits of the City.

Collateralization shall be required as follows:

	<u>Level</u>
1 surplus cash in demand deposit account	110%
2 certificates of deposits	110%
3 repurchase agreements	102%

Acceptable instruments for collateralization of surplus cash, certificates of deposits and repurchase agreements are listed below. This listing is more restrictive than the state statute. In cases in which instruments may be authorized by state statute but not by the list below, this list shall prevail.

Acceptable collateral of surplus cash in demand deposit accounts and certificates of deposit:

- (a) direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
- (b) letters of credit issued by a federal home loan bank.

Acceptable collateral for repurchase agreements:

- (a) United States Treasury Bills, Notes, Bonds or Treasury Certificates;
- (b) Federal Home Loan Bank obligations.

The Finance Director shall verify as appropriate and, at least quarterly, that the market value of collateral pledged is sufficient to cover the securities and any additional deposits at an institution. The Finance Director shall have discretion to refuse any instrument as appropriate collateral, notwithstanding the tenets of this Policy.

Acceptable collateral will be subject to a recognized and readily available market pricing.

X. Safekeeping and Custody

All investment securities purchased (except for judgments and certificates of deposit), including collateral for repurchase agreements, shall be held in safekeeping at a designated third party custodian. The institution shall issue a safekeeping receipt for each security, listing the specific instrument, par value, rate, CUSIP and any other pertinent information. In addition, the safekeeping institutions shall send a statement on at least a quarterly basis listing all securities held in each safekeeping account with market values that shall be verified. Third party custodians shall not release collateral without written authority from the Finance Director.

XI. Delivery vs. Payment (DVP)

Written delivery instructions shall be provided to broker/dealers. All security transactions shall be accomplished on a delivery versus payment (DVP) basis. Securities being purchased shall be delivered to the City's designated safekeeping agent, in the name of City, before payment is released. The Finance Director will provide written notification to the safekeeping agent of the expected delivery of securities with all specific information. The safekeeping agent will then forward an original written confirmation of the security by an acceptable means of delivery.

XII. Maturities and Diversification

To the extent practicable, the City Treasurer shall attempt to match investments with anticipated cash flows. The City Treasurer shall consider whether investments should be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer or an individual class of

investments. Unless matched to a specific projected cash flow, investments shall not be made in securities maturing more than two (2) years from the date of purchase.

The City Treasurer shall, to the extent practicable, avoid investment transactions which result in greater than 15% of the City’s total investable assets being held in a single depository institution, provided that the percentage may be increased to 30% for a depository institution with equity capital equal to at least fifty million dollars (\$50,000,000.00), and provided further that the percentage may be increased to 50% for a depository institution with equity capital equal to at least five hundred million dollars (\$500,000,000.00). For purposes of this paragraph, the City’s total investable assets shall include the average daily balance in the City’s operating accounts.

Certificates of deposit shall not be purchased with maturities greater than 18 months from the date of purchase. Money market funds shall not be purchased if at the time of the City’s first investment in a fund, the weighted average maturity of the fund’s underlying investments exceeds 91 days. Except in cases of specifically matched cash flows, for debt service payments, payroll, to comply with yield restrictions and arbitrage rebate provisions of the Internal Revenue Code and United States Treasury regulations, or other cash flow considerations as determined by the Finance Director, the portfolio will be structured within the following guidelines:

Maturity Limitations by
Percentage of Total Invested Principal

	Maximum %	Minimum %
0 - 1 Year	100%	10%
1 - 3 Years	50%	0%

Investment Type Limitations
Percentage of Total Invested Principal

	Maximum %	Minimum %
Repurchase agreements	25.0%	0%
Treasury securities	100.0%	0%
Certificates of deposit	100.0%	0%
Money market funds	100.0%	0%
Judgments	50.0%	0%

The Finance Director may accept collateralization of the City’s surplus cash, certificates of deposit and repurchase agreements using longer-dated securities provided such maturity dates do not exceed ten (10) years.

XIII. Investment Policy Committee

The City Council shall originate an investment policy committee composed of the Finance Director, City Treasurer and three (3) City Council designees. The investment committee shall meet when necessary to review and make recommendations with respect to the requests of institutions to become approved as depository institutions or broker/dealers, or as required by the City Manager or City Council.

XIV. Investment Procedures

The Finance Director may develop and maintain detailed operational procedures for the investing functions of the City as described within this Policy.

XV. Record Keeping and Reporting

The City Treasurer shall submit to the City Council a monthly report showing the cash investment positions of the City by fund.

XVI. Competitive Selection of Investment Instruments

Before investments of surplus funds are placed, a competitive telephone or email "bid" process (consisting of quoted interest or yield rates, dollar prices, or discount rates) shall be conducted. Certificates of deposit will be bid among City Council approved depository banking institutions. The City Treasurer will attempt to secure bids from at least three institutions. Bidders are required to bid a firm price or yield, which will remain effective for a reasonable period of time. Typically, awards will be made to the bidder offering the highest effective yield consistent with this Policy; however, transaction costs, diversification requirements, extraordinary events and other factors may be considered by the City Treasurer when awarding investments.

XVII. General Obligation Bond Fund Proceeds

General obligation bond fund proceeds shall be invested pursuant to applicable laws, relevant bond indenture requirements and relevant tenets of this policy. Proceeds from tax-exempt general obligation bonds shall be invested, recorded and reported in the manner set forth by the U.S. Treasury and Internal Revenue Service to preserve the tax-exempt status of the bonds. The Finance Director shall maintain systems to ensure that these requirements are met.

XVIII. Advance Refunding Escrows

Advance refunding general obligation bond proceeds shall be competitively bid to create a refunding escrow account that will produce savings and is structured efficiently to meet the debt service requirements of the refunded issue or issues. The proceeds will be invested pursuant to applicable laws, relevant bond indenture requirements and relevant tenets of this policy. The Finance Director or designee shall perform administrative oversight of the designated financial advisor or escrow agent as to the structure and yield of the escrow arrangement and to insure that the tax-exempt status of the bond issue is preserved.

To ensure compliance with the Internal Revenue Service regulations, the escrow securities shall be purchased at fair market value and all fees paid to any parties associated with the investment of the escrow securities disclosed to the City. The market value and any "mark-up" of the securities purchased by the City shall be disclosed by the investment broker selling the securities and approved by the City. All fees, securities prices and any "mark-ups" shall be disclosed in the investment agreements and approved by the City Council.

XIX. Certification

A copy of this policy shall be provided upon request to the senior management of any financial institution approved to transact business with the City to ensure familiarity with the policies of the City. The certifications required by Title 62 of the Oklahoma Statutes and the rules of the Office of State Treasurer must be signed and executed by a senior member of the financial institution before any business is conducted.

XX. Investment Policy Adoption and Amendment

This policy may be adopted or amended only by resolution of the City Council.

ATTACHEMENT 1 to Investment Policy

62 O.S. § 348.1 . Authorized Investments - Disposition of Income

A. Except as otherwise provided for by law, a county treasurer, when authorized by the board of county commissioners by a written investment policy, ordinance or resolution or the treasurer of any city or town, when authorized by the appropriate governing body by a written investment policy, ordinance or resolution, shall invest monies in the custody of the treasurer in:

1. Direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
2. Collateralized or insured certificates of deposits of savings and loan associations, banks, savings banks and credit unions located in this state, when the certificates of deposit are secured by acceptable collateral as provided by law, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;
3. Savings accounts or savings certificates of savings and loan associations, banks, and credit unions, to the extent that the accounts or certificates are fully insured by the Federal Deposit Insurance Corporation;
4. Investments as authorized by Section 348.3 of this title which are fully collateralized in investments specified in paragraphs 1 through 3 of this section, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes; or
5. County, municipal or school district direct debt obligation for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value. The income received from that investment may be placed in the general fund of the governmental subdivision to be used for general governmental operations, the sinking fund, the building fund, or the fund from which the investment was made.

B. The provisions of this section shall not apply to investments made by organizations of municipalities created for the purpose of securing benefits and services relating to insurance for Oklahoma municipalities or other political subdivisions.

62 O.S. § 348.3 . Written Investment Policies

A. In addition to the investments authorized by Section 348.1 of this title, the governing body of a city or of a county may adopt a written investment policy directing the investment of the funds of the city or county and any of its public trusts or authorities. If such a policy is adopted by the governing body, such funds shall be invested pursuant to the provisions of the policy. The written policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. To the extent practicable, taking into account the need to use sound investment judgment, the written investment policies shall include provision for utilization of a system of competitive bidding in the investment of municipal funds. The system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested.

B. The written investment policy may authorize the city treasurer or county treasurer to purchase and invest in any or all of the following:

1. Obligations of the United States government, its agencies and instrumentalities;
2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;
3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10%) of the surplus funds of the city or county which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one financial institution specified in this paragraph;
4. Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred seventy (270) days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10%) of the surplus funds of the city or county which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one commercial bank pursuant to this paragraph;
5. Prime commercial paper which shall not have a maturity that exceeds one hundred eighty (180) days nor represent more than ten percent (10%) of the outstanding paper of an issuing corporation. Purchases of prime commercial paper shall not exceed seven and one-half percent (7 1/2%) of the surplus funds of the city or county which may be invested pursuant to this section;
6. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 through 5 of this subsection; and
7. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions specified in paragraphs 1 through 6 of this subsection.

C. Investments shall be made with judgment 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.