

**City of Urbandale, Iowa**  
**Investment Policy**  
**Originally Adopted June 2, 2009**  
**(Reviewed 2011, 2012, 2013, 2014, 2015, 2016, 2018, 2020)**  
**(Last Reviewed November 2021)**

**SECTION 1 – SCOPE OF INVESTMENT POLICY**

The Investment Policy for the City of Urbandale shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the City of Urbandale. Applicable law and this written Investment Policy must authorize each investment made pursuant to this 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.

Upon passage and upon future amendment, if any, copies of this Investment Policy should be delivered to all of the following:

1. The City Council and all staff members involved in the investment of City funds, including not limited to the City Manager, City Clerk, Finance Director, and Water Manager.
2. All depository institutions or fiduciaries for public funds of the City of Urbandale.
3. The certified public accountant engaged to audit any fund of the City of Urbandale.

**SECTION 2 - DELEGATION OF AUTHORITY**

In accordance with Section 12B.10, the responsibility for conducting investment transactions resides with Finance Director of the City of Urbandale. Only the Finance Director and those authorized by resolution may invest public funds and a copy of any empowering resolutions 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 or investment of public funds, or acting in a fiduciary capacity for the City of Urbandale, shall require the outside person to notify the City in writing within thirty days of receipt of all communications 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 services being provided to the City of Urbandale by the outside person. The records of investment transactions made by or on behalf of the City of Urbandale, whether those investments are in the custody of the City or in the custody of a fiduciary or other third party, shall be retained by the City of Urbandale.

The City Manager shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent loss of public funds, to document the roles and responsibilities of those officers and employees of the City of Urbandale that are involved in the investment process and to address the capability of investment management. The controls shall provide for the receipt and review of the audited financial statement and related report on 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 Finance Director of the City of Urbandale and all other employees authorized to place investments shall be bonded in an amount no less than \$500,000.

### SECTION 3 – OBJECTIVES OF INVESTMENT POLICY

It is the general goal of the City of Urbandale to maximize its return on all cash investments, while minimizing its potential for loss. These goals must be achieved while operating within the restrictions provided in this policy. The primary objectives of the City's investment program, in order of priority, shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities.
3. **Return:** Obtaining a reasonable return on City investments

The collection, deposit and disbursement of all funds will be scheduled to ensure maximum cash availability. The Finance Director will perform a periodic cash flow analysis to ensure that this objective is met.

### SECTION 4 – PRUDENCE

The Finance Director, and other appropriate staff, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the City's investment objectives. This standard requires that when making investment decisions, the staff should consider the role that the investment or deposit plays within the overall portfolio of assets for the City of Urbandale and the investment objectives listed above. When investing the City's assets, the staff shall request competitive investment proposals for comparable credit and term investments from a minimum of three providers when possible. All providers shall be listed on the current depository resolution, as approved by City Council. Less than three proposals may be solicited if one or more local providers have reached the depository limit established by the City Depository Resolution. When investing the

City of Urbandale's assets, preference should be given to banks and savings and loan associations with offices in Urbandale. Investment proposals may be received from outside institutions, including authorized investment trusts, if competitive rates cannot be received from the local institutions included on the current approved by the Depository Resolution.

## SECTION 5 – INSTRUMENTS ELIGIBLE FOR INVESTMENT

The City of Urbandale's assets may be invested in the following:

1. Interest bearing savings accounts, interest bearing money market accounts and interest bearing checking accounts as a bank, savings and loan association or credit union in the State of Iowa. Each financial institution shall be properly declared as a depository by the governing body of the City of Urbandale, which is approved by resolution. No bank shall be included on the list of financial institutions that are ineligible to accept public deposits, as published by the Iowa Treasurer under Iowa Code 12C.6A (2)
2. Obligations of the United States government, its agencies and instrumentalities.
3. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12C.
4. The Iowa Public Agency Investment Trust (IPAIT).
5. Repurchase agreements, provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and that the City of Urbandale takes delivery of the collateral either directly or through an authorized custodian.
6. An open-end management investment company registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80 (a) and operated in accordance with 17 C.F.R. Section 270.2a-7, whose portfolio investments are limited to direct obligations of the United States government, its agencies and instrumentalities.

All other provisions of this Investment Policy and the Iowa Code further qualify all instruments eligible for investment.

## SECTION 6 – PROHIBITED INVESTMENT AND INVESTMENT PRACTICES

The City of Urbandale's assets shall not be invested in the following:

1. Reverse repurchase agreements.
2. Future and options contracts.
3. Prime bankers' acceptances.
4. Commercial paper or other short-term corporate debt.
5. An open-end management investment company not authorized by Section 5 of this policy.

The City of Urbandale's assets shall not be invested pursuant to the following investment practices:

1. Trading of securities for speculation or the realization of short-term trading gains.
2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.

## SECTION 7 – 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 Funds 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 Finance Director and other appropriate staff may invest funds of the City of Urbandale that are not identified as Operating Funds in investments with maturities, longer than three hundred ninety-seven (397) days. However, all investments of the City of Urbandale shall have maturities that are consistent with the needs and uses of the City of Urbandale.

## SECTION 8 – DIVERSIFICATION

Where possible, it is the policy of the City of Urbandale 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 issue, 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. Maturities will also reflect the City's anticipated cash flow needs.
2. Liquidity practices to ensure that the next disbursement and payroll date are covered through maturing investments or cash on hand shall be used at all times.

## SECTION 9 – SAFEKEEPING AND CUSTODY

All invested assets of the City of Urbandale involving the use of a public fund custodial agreement, as defined in Section 12B.10 of the Code of Iowa, 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 are provided in accordance with the laws of the State of Iowa.

All invested assets of the City of Urbandale eligible for physical delivery shall be secured by having them held by a third party custodian. All purchased investments shall be held pursuant to a written third

party custodial agreement-requiring delivery versus payment and compliance with all rules set out elsewhere in this Investment Policy.

#### SECTION 10 – ETHICS AND CONFLICT OF INTEREST

The Finance Director and all officers and employees of the City of Urbandale involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

#### SECTION 11 – REPORTING

The Finance Department shall prepare a monthly investment report that summarizes current investments and market conditions. The investment report shall set out the current portfolio in terms of maturity, rates of return and other appropriate features and summarize all investment transactions that have occurred during the reporting period.

#### SECTION 12 – INVESTMENT POLICY REVIEW AND AMENDMENT

The Finance Director and other appropriate City staff shall review the Investment Policy every year and recommend any changes to the City Audit Committee for approval. Additionally, the auditor engaged to audit any fund of the City of Urbandale shall review the City's compliance with the policy. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.