

MUNICIPAL ORDER NO. 1994-001

CITY OF DRY RIDGE, KENTUCKY

A MUNICIPAL ORDER OF THE MAYOR AND CITY COUNCIL OF THE CITY OF DRY RIDGE, KENTUCKY, FOR AND ON BEHALF OF THE CITY OF DRY RIDGE, KENTUCKY, HEREBY ADOPTING AND ESTABLISHING AN INVESTMENT POLICY AND STRATEGY FOR THE INVESTMENTS OF THE CITY OF DRY RIDGE, KENTUCKY, PURSUANT TO KRS 66.480(3).

The Mayor and City Council of the City of Dry Ridge, Kentucky, in concert joint, by this Municipal Order duly passed and ordered entered at a Regular Meeting of the Dry Ridge City Council had and held on September 12, 1994, hereby adopts the following investment policy and strategy with respect to the investment of all funds of the City of Dry Ridge, Kentucky, as required by KRS 66.480(3), to-wit:

1. The city hereby authorizes and empowers the following parties and individuals to invest the city's funds, pursuant to the terms and conditions of this Municipal Order: The duly elected Mayor and the duly engaged City Clerk/Treasurer of the City of Dry , Kentucky, acting in concert joint only, whom may act or otherwise enlist the advice and counsel of the city's engaged auditors/accountants and/or the city attorney, with the funds and investments being as hereinafter provided.

A. Available funds of the city not needed for current expenses, projected expenses, required to meet obligations of the city or required to be maintained in reserve or in a special account, may be invested in any of the following:

(1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided the delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. The investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky.

(2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- (a) United States Treasury;
- (b) Export-Import Bank of the United States;
- (c) Farmers Home Administration;
- (d) Government National Mortgage Corporation;
- (e) Merchant Marine bonds.

(3) Obligations of any corporation of the United States government, including but not limited to:

- (a) Federal Home Mortgage Corporation;
- (b) Federal Farm Credit Banks;
- (c) Bank for Cooperatives;
- (d) Federal Intermediate Credit Banks;
- (e) Federal Land Banks;
- (f) Federal Home Loan Banks;
- (g) Federal National Mortgage Association;
- (h) Tennessee Valley Authority.

(4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized to the extent uninsured, by any obligation as allowed or permit-

ted by KRS 41.240(4).

(5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

(6) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

(7) Commercial paper rated in the highest category by a nationally recognized rating agency.

(8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.

(9) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

B. The investment authority outlined above, shall be subject to the following limitations:

(1) The amount of money invested at any time by the city in one (1) or more of the categories of investment authorized by subsections 1(A)(5), 1(A)(6), 1(A)(7) and 1(A)(8) of this section shall not exceed ten percent (10%) of the total amount of the money invested by the city; and

(2) The city shall not purchase any investment on a margin basis or through the use of any similar leveraging technique.

C. The city hereby adopts the following standards for written agreements pursuant to which investments are made:

(1) The city council shall determine on an ad hoc basis, whether a written agreement as a whole needs to be approved by the city council and who or whom shall be authorized to sign a written agreement, whether that agreement needs to be signed by more than one party.

(2) Such written agreements, shall be reviewed by the city's attorney or its auditors/accountants or by an engaged investment advisor prior to execution and investment.

D. The city hereby adopts the following procedures for monitoring controls, deposit or retention of investment and collateral.

(1) Reports on the city's investments shall be made by the city clerk/treasurer or the mayor, as the case may be, when received or requested at each regular meeting of city council and by written summary quarterly.

(2) All written agreements of investment, certificates or token choses evidencing investment shall at all times be maintained in a safe and secure place by the city clerk/treasurer including the city's safe/vault or lock box maintained by the city, or the same may kept or maintained in the possession, control or custody of the city's bank or trustee or a third-party custodian, where the terms of the investment indenture so requires, providing that there exists written proof and due receipt for the tender and delivery of the token chose evidencing the investment and the city has the right of immediate access to or the possession of the token chose or the right of remedy to enforce immediate tender, delivery or return of the token chose evidencing investment.

(3) Where possible, the city should take possession and control of any investment security or collateral or have such investment security/collaterally evidenced by executed mortgage, security agreement or financing statement.

E. The city hereby adopts the following standards for diversification investments, including diversification with respect to the types of investments and firms with which the city transacts business.

(1) Except as provided in subsection 1(B)(1) above, and with regard to fully insured or fully collateralized investments, and except as to authorized investment pools, no more than twenty percent (20%) of the city's total investment portfolio shall be invested in a single security type or with a single financial institution.

(2) Where possible, the city's investment funds shall be diversified by security type and institution.

(3) Where practicable, the city will attempt to match its investments with anticipated cash flow requirements; and unless matched to a specific cash flow need, the city's funds shall not, in general, be invested in securities maturing more than five (5) years from the date of purchase. The city may collateralize its repurchase agreements using longer-dated investments not to exceed ten (10) years to maturity. Reserve funds may be invested in securities exceeding ten (10) years, if maturity of investments are made to coincide as nearly as practicable with the expected use of funds.

(4) The maximum term to maturity of uncollateralized certificates of deposit shall not exceed twenty-four (24) months.

(5) Investment firms desiring to transact business with the city or with whom the city determines to engage in business must be duly licensed by the state; authorized to transact business within this state; be bonded; be a member in good standing with the exchange(s) with which it transacts; be rated AAAA; and provide all data, information and documents requested by the city.

F. This investment policy applies to all financial assets held directly by the city, accounted for in the city's annual financial report and shall include monies available for use as investment in the following funds:

General Fund
Special Revenue Fund
Debt Service Fund
Capital Project Fund
Enterprise Fund
Utility Fund
Utility Depreciation Fund
Agency Fund
Any fund existing or created by the city

2. The actions of the herein designated officials authorized to make investment for and on behalf of the city and any party of individual engaged to render advice or service as to any such investment, regarding or concerning the performance of his, her, their or its duties as the manager of the city's funds shall be evaluated using the "prudent person/investor" standard. Investments shall be made with the judgement and care under prevailing circumstances which persons/investors 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 probable income to be derived.

ADOPTED AND DULY ORDERED AND ORDERED ENTERED INTO THE RECORDS OFFICIAL OF THE CITY OF DRY RIDGE, KENTUCKY, ON THIS THE 12th DAY OF September, 1994.



NORMAN FERGUSON, MAYOR

ATTEST:



CINDY L. HARRIS, CITY CLERK