

OFFICE OF THE MAYOR  
TULSA, OKLAHOMA

Executive Order No. 90-21  
November 27, 1990

ESTABLISHMENT OF AN  
INVESTMENT POLICY FOR  
THE CITY OF TULSA

By virtue of the power vested in me as Mayor of the City of Tulsa, it is hereby ordered:

1. Objective:

It is the objective of the City of Tulsa to pool and invest public funds in accordance with current legislation and the Charter of the City. Criteria for investing will adhere to the following order of priority: (1) Safety, (2) Liquidity, (3) Yield.

A. Safety. Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.

B. Liquidity. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

C. Return. The City's investment portfolio shall be designed with the objective of attaining the most favorable rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

2. Delegation of Authority:

Responsibility for the investment program is vested with the Director of Finance. The Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include but not be limited to safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for the management of the investment program. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance or his designee. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### 3. Prudence:

Investments shall be made with judgement 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. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### 4. Authorized Dealers and Institutions:

The Director of Finance will maintain a list of financial institutions authorized to provide investment services, "Eligible Investment Institutions". The Director of Finance or his designee will investigate the financial soundness, experience and personnel of all institutions and brokerage firms before committing any funds on behalf of the City and will document each investigation. A current financial statement is required to be on file for each financial institution and broker/dealer in which the City invests. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must provide such information as the Director shall require. Any financial institution desiring to be designated as an Eligible Investment Institution must execute a depository agreement. A master repurchase agreement is also required if the financial institution desires to offer the City quotes on repurchase agreements.

A. Investments with a single financial institution shall not exceed the lesser of 25% of total available funds for investment or 10% of the equity capital of the institution, unless approved in writing by the Director of Finance.

B. Dealers must have assets in excess of one billion dollars and been in business for a minimum of five years. Dealers, or their subsidiaries, must be included on the "List of the Government Securities Dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York."

5. Authorized Investments:

The Director of Finance or his designee is empowered to invest in the following types of securities.

A. Legally issued general obligations of the United States, including agencies, to which the full faith and credit of the United States is pledged.

B. Investments, listed below, and fully collateralized in accordance with the provisions specified in Title 38, Chapter 2, Section II, of the Tulsa Revised Ordinances.

1. Demand deposit and certificates of deposit in federally insured banks (FDIC) and savings and loan associations (FSLIC) collateralized as deemed necessary by the Director of Finance. In no event shall the Director accept less than one hundred percent (100%) collateralization of the amount which is not federally insured.

2. Investments in demand deposits and certificates of deposit shall be limited to federally insured local commercial banks and savings and loan institutions within the State of Oklahoma. Similar investments may be made with non-local institutions if they are federally chartered and one of the ten largest financial institutions in the United States based on asset size.

3. Bankers acceptances that are guaranteed by an Oklahoma financial institution and collateralized to an amount equal to or greater than value at maturity.

4. Repurchase agreements executed with a bank or securities dealer and collateralized with eligible securities with a market price greater than the investment amount. Collateral must be deliverable and will be market priced monthly, or more frequently as deemed necessary by the Director of Finance.

5. Commercial Paper with the highest rating backed by an irrevocable letter of credit.

6. Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-vs-payment basis. Securities will be held by a third-party custodian designated by the Director of Finance and

evidenced by safekeeping receipts.

7. Maximum Maturities:

The Director, to the extent possible, will attempt to match investments with anticipated cash requirements. The Director will separate the total portfolio into short-term and long-term divisions. The short-term division shall primarily consist of those investments with maturities less than one year. Investments in the long-term division will be determined by the City's cash flow needs and will consist of bond and reserve funds invested in securities with maturities scheduled to coincide as nearly as practicable with the expected use of the funds.

Investments will be made based upon prevailing market conditions at the time the transaction is executed with the intent to hold the instrument until maturity. This provision shall not, however, preclude the sale of securities prior to their maturity when a gain is possible and reinvestment of sale proceeds can be made and the yield of an investment can be improved by switching sale proceeds to a different type or maturity of investment.

8. Diversification:

While the City may choose to maintain 100% of its investment portfolio at any time in U.S. Treasury Bills, Notes, and Bonds, at no time will the portfolio be comprised of more than one-fifth in any one of the following:

1. Repurchase Agreements over 14 days.
2. Bankers Acceptances.
3. Certificates of Deposit.

9. Accounting and Reporting

All funds shall be pooled for investment purposes. Interest earned on the City's pooled cash and investments shall be allocated monthly to each fund based on the fund's average daily equity in the pool as a percent of the total average daily pooled cash and investments.

All investment transactions shall be accounted for daily by the Controller through journal entries, in accordance with generally accepted accounting procedures and documentation requirements. The Manager of the Finance Department's Treasury Division shall provide the Controller with information necessary to properly record all investment transactions.

The Director of Finance shall include within the Monthly Financial report the following information:

- A. The composition of the current portfolio by type of investment and maturity.
- B. A listing of all investment transactions for the month.
- C. Interest received, gains and losses on the sale of investments, and portfolio yield for the month.
- D. A brief narrative summarizing performance, current investment strategy and other comments deemed relevant to this policy.

An independent audit of investments made and held will be performed as part of the annual audit of the City of Tulsa at the close of each fiscal year.

10. Performance Standards:

The investment portfolio will be designed to obtain a market average rate of return during the budgetary cycle, taking into account the City's investment risk constraints and cash flow needs. The basis used by the Director of Finance to determine whether market yields are being achieved shall be the 30 day U.S. Treasury Bill.

11. Distribution and Revisions:

This policy will be distributed to all agencies, boards, commissions, and authorities which have funds deposited with and administered by the Director of Finance.

The Director of Finance will review this policy annually and recommend revisions deemed necessary to the Mayor. All policy revisions shall be distributed to all agencies, boards, commissions, and authorities which have funds deposited with and administered by the Director of Finance.

12. EFFECTIVE DATE:

This Order shall take effect immediately.

  
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Rodger A. Randle  
Mayor

ATTEST:

  
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City Clerk