

PLAINFIELD TOWN COUNCIL ORDINANCE NO. 29-2018

**AN ORDINANCE AUTHORIZING THE INVESTMENT
OF PUBLIC FUNDS PURSUANT TO IC 5-13-9 ET SEQ.**

WHEREAS, the Town of Plainfield, Hendricks County, Indiana (the "Town") desires to establish an investment committee, provide investment objectives and guidelines for the management of funds, safeguard funds on behalf of the Town, assure the availability of funds when needed and investment said funds according to and consistent with I.C. 5-13-9 et seq.;

NOW, THEREFORE, BE IT ORDAINED BY THE PLAINFIELD TOWN COUNCIL, PLAINFIELD INDIANA, THAT:

1. Pursuant to IC 5-13-9 et seq., the Plainfield Town Council hereby approves the Investment Policy which is attached hereto as Exhibit A and made a part hereof by reference.

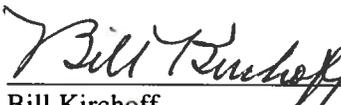
2. This Ordinance shall be in full force and effect upon adoption by the Town Council of the Town of Plainfield, Indiana.

ALL OF WHICH IS ORDAINED by the Town Council of the Town of Plainfield, Indiana this 10th day of September, 2018.

TOWN COUNCIL, TOWN OF PLAINFIELD
HENDRICKS COUNTY, INDIANA



Robin G. Brandgard, President



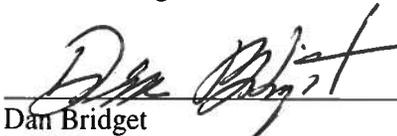
Bill Kirchoff



Kent McPhail



Lance K. Angle



Dan Bridget

Attested by:



Mark J. Todisco, Clerk-Treasurer
of the Town of Plainfield, Indiana

EXHIBIT A

Town of Plainfield

Investment Policy

I. Purpose

The purpose of this Policy is to establish an investment committee, provide investment objectives and guidelines for the management of public funds, to safeguard funds on behalf of the Town of Plainfield, Indiana (the "Town"), to assure the availability of funds when needed, and, at all times, invest according to and consistent with state law, IC 5-13-9 et seq., as amended.

II. Scope

This Policy applies to the investment of all funds, unless the investment of certain defined funds are governed by a separate statute or agreement. The Town may consolidate all cash and reserve balances, except for cash in certain restricted and special funds, to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. General Objectives

The primary objectives of investment activities shall be safety, liquidity, and return:

1. *Safety*

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

The Town will minimize credit risk, which is the risk of loss of all or part of the investment portfolio due to the failure of the security issuer or backer, by limiting investments to the types of securities as listed in Section VI of this Policy and by diversifying the investment portfolio so

that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

The Town will minimize interest rate risk, which is the risk that the market value of securities in the investment portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the investment portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

3. *Return*

Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

IV. Standards of Care

1. *Prudence*

The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall investment portfolio. The Investment Officer (defined below) and its designees acting in accordance with written procedures and this 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 the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

2. *Ethics and Conflicts of Interest*

The Investment Committee (defined below), the Investment Officer and its designees involved in the implementation of the Investment Plan (defined below) shall refrain from personal business activity that could conflict with the proper execution and management of the investment portfolio, or that could impair their ability to make impartial decisions. The Investment Committee, the Investment Officer and its designees shall disclose any material interests in financial institutions with which they conduct business, in accordance with applicable laws and this Policy. The Investment Committee, the Investment Officer and its designees shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. The Investment Committee, the Investment Officer and its designees shall refrain from undertaking personal investment transactions with the same individuals or businesses with whom business is conducted on behalf of the Town.

3. Delegation of Authority

Authority to manage the investment portfolio is granted to the Investment Committee and shall consist of a five member team: 1) the Clerk-Treasurer, 2) the Town Manager, 3) the Assistant Town Manager 4) the Town Council President and 5) Staff Accountant.

The Town shall defend and hold harmless the Investment Committee, the Investment Officer and its designees from and against any and all claims, losses, costs or damages (including, without limitation, attorney's fees) they may incur relating to or arising out such person's actions pursuant to this Section, except to the extent caused by such person's gross negligence or willful misconduct.

4. Investment Committee Duties

The Investment Committee shall meet quarterly to discuss performance of investments, ongoing cash needs, determine the portfolio amount and to create, review and update an Investment Plan. The investment portfolio amount will be an amount that the Investment Committee deems acceptable to invest pursuant to the Investment Plan which shall be approved by the Investment Committee. The Investment Plan shall detail the percentage of the investment portfolio to be invested in different types of securities and the terms for each investment. The Clerk-Treasurer shall be the Investment Officer and will be responsible for the execution of the Investment Plan and shall establish a system of controls to regulate the activities of any persons designated by the Investment Officer to carry out the Investment Plan. No person may engage in an investment transaction that is not provided for in the Investment Plan.

V. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of local financial institutions that are approved depositories for the receipt of public funds according to the State Board for Depositories. The Town may pass a resolution pursuant to IC 5-13-9-5 expanding the list of approved financial institutions to include all Indiana depositories approved for the receipt of public funds according to the Indiana State Board for Depositories.

- Primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule);
- Capital of no less than \$10,000,000;
- Registered as a dealer under the Securities Exchange Act of 1934;
- A member of the National Association of Securities Dealers (NASD); and
- Proof of state registration

VI. Suitable and Authorized Investments

The Investment Committee will only invest the Town's funds in investments permitted by the State of Indiana IC 5-13-9, which include:

- (1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
 - (A) The United States Treasury.
 - (B) A federal agency.
 - (C) A federal instrumentality.
 - (D) A federal government sponsored enterprise.
- (2) Securities fully guaranteed and issued by any of the following:
 - (A) A federal agency.
 - (B) A federal instrumentality.
 - (C) A federal government sponsored enterprise.
- (3) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase in accordance with IC 5-13-9.2.
- (4) Money market mutual funds rated AAAM, or its equivalent, by Standard and Poor's Corporation or Aaa, or its equivalent, by Moody's Investors Service, Inc. in accordance with IC 5-13-9-2.5.

- (5) Repurchase agreements in accordance with IC 5-13-9-3.
- (6) Transaction accounts, certificates of deposit and deposit accounts issued or offered by a designated depository of the Town's political subdivision. The investing officer making a deposit in a certificate of deposit shall obtain quotes from each designated depository in accordance with IC 5-13-9-4.
- (7) Certificates of deposit authorized by a resolution of the Town in accordance with IC 5-13-9-5 and 5-13-9-5.3.
- (8) Local government investment pools in accordance with IC 5-13-9-11.

VII. Investment Diversification & Constraints

1. *Diversification*

To eliminate risk of loss resulting from the overconcentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all Town funds shall be diversified by maturity, issuer, and security type.

The following diversification limitations shall be imposed on the investment portfolio:

- **Maturity:** No more than twenty-five percent (25%) of the investment portfolio may be invested beyond 24 months.
- **Default risk:** No more than five percent (5%) of the overall investment portfolio may be invested in the securities of a single issuer of Section VI. Suitable and Authorized Investments item (3).
- **Liquidity risk:** Based on liquidity needs, at least twenty percent (20%) of the overall portfolio shall be invested in overnight instruments or in marketable securities which can be converted to cash within one day.

2. *Maximum Maturities*

The Town's investments must have a stated final maturity of not more than two years pursuant to IC 5-13-9-5.6. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the investment portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

The Town may adopt an ordinance, pursuant to IC 5-13-9-5.7, appointing and authorizing the Investment Officer to make investments having a stated final maturity that is more than two (2) years but not more than five (5) years after the date of purchase. The total investments of the Town with maturities of two (2) to five (5) years outstanding at the time of purchase may not exceed twenty-five percent (25%) of its total portfolio of public funds invested, including balances in transaction accounts. Such ordinance expires on the date on which this Policy expires, which may not exceed four (4) years.

3. Competitive Bids

The Investment Officer or its designee shall obtain competitive bids for investment with financial institutions in accordance with IC 5-13-9-4. The Investment Officer or its designee shall obtain bids from at least two brokers or financial institutions on all purchases of investment instruments on the secondary market. Overnight sweep investment instruments shall not be subject to this Section.

VIII. Reporting

The Clerk-Treasurer shall prepare an investment portfolio report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. The report will include the following:

- Listing of individual securities held at the end of the reporting period including type, acquisition cost, book cost, and market value.
- Percentage of the total portfolio represented by each type of investment.

IX. Policy Considerations

1. Adoption and Expiration

This Policy shall be adopted by the Town at a public meeting and shall expire four (4) years from the date of adoption in accordance with IC 5-13-9-5.7.

2. Exemption

Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

3. Amendments

This Policy shall be reviewed periodically. Any changes must be approved by the Investment Officer and the Town Council.

X. List of Attachments

The following documents, as applicable, are attached to this Policy:

- Sample Investment Plan
- Sample Investment Committee meeting summary
- Uniform Prudent Investor Act