**Town of Rolling Hills
Statement of Investment Policy**

**I. General**

This Statement of Investment Policy is adopted pursuant to the requirement of W.S. § 9-4-831(h). It is the policy of the Town of Rolling Hills to invest public funds in a manner which will provide a reasonable rate of return while assuring the maximum security of principal, meeting the daily cash flow demands of the Town of Rolling Hills, and conforming to all federal, state and local laws and regulations governing the investment of public funds.

**II. Scope**

This investment policy applies to all financial assets of the Town of Rolling Hills. These funds are accounted for in the Town’s financial statements and include:

 General Funds

 Special Revenue Funds

 Capital Project Funds

 Enterprise Funds

 Water Fund

 Trust and Agency Funds

 Economic Development Funds

 Loan Funds

 Funds Held for Other Agencies

Any new fund created will also be subject to this investment policy, and to the requirements of W.S. § 9-4-831(h).

**III. Objectives**

The primary objectives in priority order of the Town of Rolling Hills’ investment activities shall be safety, liquidity, and yield.

 ***A. Safety***

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

 1. Credit Risk

The Town of Rolling Hills will minimize credit risk, which is the risk of loss due to the failure of the security or backer, by:

* Limiting investments to the safest types of securities and those allowed by Wyoming State Statute.
* Pre-qualifying and maintaining a list of the financial institutions, broker / dealers, intermediaries, and advisers with whom the Town of Rolling Hills will do business.
* Diversifying the investment portfolio so that the impact of the potential losses from any one type of security or from any one individual issuer will be minimized.

 2. Interest Rate Risk

The Town of Rolling Hills will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

* Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
* Investing operating funds primarily in shorter term securities, WyoClass, Peaks Investments/LPL, WYOSTAR, or WGIF, and limiting the duration of the portfolio in accordance with this policy.

 ***B. Liquidity***

 The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds, WyoClass, Peaks Investments/LPL, WGIF or WYOSTAR which offer same day liquidity for short-term funds. The Town of Rolling Hills will not directly invest in securities maturing more than five (5) years from the date of settlement in accordance with state law.

 ***C. Yield (Return on Investment)***

 The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

* A security with declining credit may be sold early to minimize loss of principal.
* A security swap would improve the quality, yield, or target duration in the portfolio.
* Liquidity needs of the portfolio require that the security be sold.

**IV. Standards of Care**

 ***A. Prudence***

 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. The Treasurer, acting in accordance with written procedures and this 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 the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

 The “prudent person” standard states that “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.”

 ***B. Ethics and Conflicts of Interest***

 Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and the Treasurer shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial / investment position that could be related to the performance of the investment portfolio.

 ***C. Delegation of Authority***

 Responsibility for the operation of the investment program is hereby delegated to the Town of Rolling Hills Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Town of Rolling Hills Treasurer. The Town of Rolling Hills Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

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

All financial institutions, broker / dealers and registered investment advisors who desire to become qualified bidders for investment transactions must supply the Town of Rolling Hills with the following:

* Audited financial statements
* Proof of membership with FINRA, the Securities Exchange Commission (SEC), or other authorities
* Evidence of adequate insurance coverage
* Signed statement of having read and agreeing to abide by the Town of Rolling Hills’ investment policy
* Other appropriate information such as ADV, privacy policy, business continuity plan, and wrap fee brochure

**VI. Statement of Compliance**

The Town of Rolling Hills’ investment portfolio will be managed with a commitment toward the benefit of the Town. To this end, investing in local institutions, domestic instruments offered by brokers, or through approved registered investment advisors will be the preferred investment strategy. Brokers and registered investment advisors are subject to the requirements of W.S. § 9-4-831(h) and shall sign a statement indicating that they have read the policy and agree to abide by applicable state law with respect to advice they give and the transactions they undertake on behalf of the Town.

**VII. Safekeeping and Custody**

 ***A. Delivery v. Payment***

 All trades of marketable securities will be executed by delivery v. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

 ***B. Internal Controls***

 The Town Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town of Rolling Hills are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

 Accordingly, the Town Treasurer shall establish the following controls:

* Control of collusion
* Separation of transaction authority from accounting and bookkeeping, when possible
* Custodial safekeeping
* Avoidance of physical delivery securities
* Clear delegation of authority to subordinate staff members
* Written confirmation of transactions for investments and wire transfers
* Dual authorizations of wire transfers, when possible
* Development of a wire transfer agreement with the lead bank and third-party custodian

**VIII. Investment Parameters**

 ***A. Diversification***

 The investment portfolio shall be diversified by:

* Limiting investments to avoid overconcentration in securities from a specific issued or business sector (excluding US Treasury securities)
* Laddering the portfolio
* Continuously investing a portion of the portfolio in readily available funds such WyoClass, Peaks Investments/LPL, WGIF, WYOSTAR, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

 ***B. Maximum Maturities***

 To the extent possible, the Town of Rolling Hills shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Town of Rolling Hills will not direct investments in securities more than five (5) years from the date of settlement or in accordance with state and local statutes and ordinances.

**IX. Authorized Investments and Requirements:**

The Town Treasurer is authorized to invest in those securities allowed by W.S. § 9-4-831(h). The Town of Rolling Hills has set maximum maturities and maximum amounts held of each of the following security type to meet its objectives.

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| **Investment** | **Requirements** |
| **U.S. Treasury and U.S. Agency Obligations**U.S. Treasury obligations are bills, notes and bonds issued by and direct obligation of the U.S. while Govt. Agency Obligations are notes and bonds of federal agencies and government sponsored enterprises. Although not direct obligations of the Treasury, they involve federal sponsorship or guarantee. | 1. No limit on the amount in the portfolio2. Needs council approval beyond 5 years3. No minimum credit requirement4. Not to exceed 50% in any one type of agency name |
| **WyoClass, Peaks Investments/LPL, WYOSTAR and WGIF**Investment pool or common fund in which all monies are co-mingled for investment purposes. All investments will conform to W.S. § 9-4-831. | 1. No limit on the amount in the portfolio |
| **Wyoming State Obligations**General obligations of this state and other obligations (revenue bonds of any county, city or any taxing district of the State of Wyoming) | 1. No limit on the amount in the portfolio2. Needs council approval beyond 5 years |
| **Commercial Paper**Short-term, unsecured promissory notes issued by firms in the open market. These notes are generally backed by a bank credit facility, guarantee / bond of indemnity, or some other agreement. | 1. Not to exceed 270 days2. Not to exceed 10% of outstanding paper with one issuer3. Minimum rate of Moody’s P-1 or S&P A-1+, or Fitch A-1 |
| **Repurchase Agreements**These are agreements between an investor (the pool) who agrees to purchase securities and a seller (dealer / broker) who commits to repurchase these securities at a later date at the same price, plus interest. | 1. Market value of the security must be 102% or greater, and adjusted quarterly2. Term of Agreement may not exceed one year |
| **Negotiable Certificates of Deposit**Issued by commercial banks and thrift institutions against funds deposited for specific periods of time and earn specified or variable rates of interest. NCD’s differ from other CD’s because of their increased liquidity as they are actively traded in the secondary market. | 1. No more than $250,000 invested per institution2. Must not exceed 5 year maximum term3. Minimum IDC rate of 150 |
| **Banker Acceptances – Domestic Only**Eligible for purchase by the federal reserve system. A draft or a bill of exchange accepted by a bank or trust company and brokered to investors in a secondary market. Its purpose is to facilitate trade and provide liquidity in the import-export markets. | 1. Not to exceed 180 days2. Not to exceed 40% of portfolio3. Not to exceed 30% of portfolio if done with one commercial bank |

**X. Investment Strategy and Best Price Execution**

Securities will be purchased with the intent of holding the investment until maturity. Every purchase requires a minimum of three bids to execute at best price. The following are the preferred investment strategies.

 ***A. Laddering the Portfolio***

 Securities will be purchased with regularly maturing securities. This provides both dollar cost averaging and a regular flow of available liquidity for the account to protect against rapid changes in rates.

 ***B. Targeting Specific Maturity Dates***

 Using projected spending schedules and its estimated cost to purchase securities that will mature at or around the date those funds will be needed. This reduces the amount of lower yielding “buffer” funds (money markets, etc) that would be needed in the account and helps maximize yield.

**XI. Collateralization**

In addition to the collateralization requirements found in W.S. § 94-27-821, collateralization will also be required on the following types of investments:

* Time deposits
* Repurchase agreements

In order to anticipate market changes, amount of funds on deposit, and provide an adequate level of security for all deposited funds, the collateralization level will be 102%, or higher as required by law, of the higher of the par or market value of the deposits.

* The market value of deposits will include accrued interest.
* The adequacy of the pledged collateral will be measured by the market or par value of the collateral, whichever is the lesser.
* Authorized instruments for collateralization are those found in W.S. § 94-4-821.

**XII. Performance Standards and Reporting**

The investment portfolio is to be reviewed quarterly by the Treasurer to determine objectives are being met. The Treasurer shall also report the status of investments on a semi-annual basis to the Town Council and Mayor. The report will include the following:

* Listing of individual securities held at the end of the reporting period
* Listing of investment by maturity date
* Interest earned for the period

**XIII. Investment Policy Adoption**

The Town’s Statement of Investment Policy shall be adopted by resolution of the Town Council. The policy shall be reviewed at minimum on an annual basis. Any changes must be approved by the Town Council.

This policy shall become effective on its date of adoption by resolution.

**Mayor Treasurer**

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Jon O. Maines Teresa Montgomery

**Town Council**

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Ken Montgomery Donna Weaver

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Anthony Rivera Lori Cielinski

(to be sent to WyoClass, WGIF and WyoStar)

By signing below, I hereby state that I have read and understand the Town of Rolling Hills’ Statement of Investment Policy and agree to abide by the terms set out within as well as all local, state and federal laws pertaining to investments.

Name of Company: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Signor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (please print)

Authorized Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_