



CITY OF
FORESTPARK

Investment Management Policy

The City shall invest public funds in such a manner as to comply with Federal and State laws and within the authority granted by the Mayor and Council; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of this policy in the priority order of safety, liquidity, and return on investment (yield).

A. Objectives

The City's investment philosophy sets the tone for the policies, practices, procedures, and objectives that control the investment function. The investment of funds will be guided by the primary objectives of safety, liquidity, and a reasonable market rate of return, in this order of priority:

1. **Safety** - Safety of principal is the foremost objective of the investment program. The City will undertake investments in a manner that ensures the preservation of capital in the portfolio taken as a whole. To ensure the safety of principal, the City will seek to minimize credit risk (defined as the risk of default on the part of the issuer of a security) by diversification and by investing in high quality investments.
2. **Liquidity** - The City will maintain sufficient cash and short-term investment instruments which, together with projected revenues, will provide sufficient liquidity to meet all cash flow requirements which might be reasonably anticipated.
3. **Return on Investment (yield)** - The City's investment portfolio will be designed with the objective to attain a market rate of return throughout economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is a secondary objective.

B. Delegation of Authority

The overall management of the investment program is the responsibility of the City Manager. Responsibility for the daily investment activities will be assigned to the Finance Director. The City Manager may designate an employee or employees to assist with the management and implementation of the City's investment program if needed. Responsibilities to fulfill this authority include opening accounts with banks, brokers, and dealers; arranging for the safekeeping of securities; and executing necessary documents. A system of internal controls over investments is established and approved by the City's independent auditors. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentation by third parties, unanticipated changes in financial markets, and/or imprudent action by staff and City officials. No person may engage in an investment transaction except as provided for under the terms of the policy.

C. Authorized Investments

All investment activity shall comply with Georgia law. O.C.G.A. 36-83-1 to -8ⁱ establishes guidelines for local government investment procedures. The City of Forest Park may only invest in obligations of the United States Treasury or Agencies, Banker's acceptances, repurchase agreements, the State of Georgia Local Government Investment Pool (Georgia Fund I), and certificates of deposit in national and state banks insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than FDIC coverage must be collateralized by securities with a market value equal to at least 110% of the deposit. Only those securities described in Georgia Code 50-17-59ⁱⁱ can be pledged as collateral.

D. 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. Under the “prudent person” standard, investments shall be made with judgment 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 revenue to be gained. The City Manager and all designees acting in accordance with 1) written procedures, 2) this investment policy, and 3) 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 development.

E. Diversification

The City of Forest Park agrees with the premise that diversification is an important component of portfolio security. Therefore, the City shall endeavor to maintain an adequate level of diversification among its investments. The City shall not be over invested in any one type of instrument or financial institution. No more than 25% of the total investment portfolio shall be placed with a single issuer. This limitation shall not apply to the Local Government Investment Pool or direct obligations of the United States government.

F. Maturities

To achieve the objective of adequate liquidity within the City’s portfolio, the City shall attempt to match investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the maximum maturity of any instrument in the City’s portfolio may not exceed two years from the date of acquisition by the City. To preserve liquidity and to lessen market risk, not more than 25% of the total portfolio may mature more than one year beyond the date of calculation. The maturity of non-negotiable time deposits may not exceed one year.

G. Safekeeping and Custody

All investment securities purchased by the City of Forest Park shall be delivered against payment and shall be held in a third-party safekeeping account by the trust department of a bank insured by the Federal Deposit Insurance Corporation. The City Manager, or his/her designee, shall be responsible for the selection of a financial institution for this purpose, as well as the execution of a written safekeeping agreement with the trustee.

H. Ethics and Conflict of Interest

Officers and employees involved in the investment process will refrain from personal business activity that would conflict with proper execution of the investment program, or which would impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the City Manager any material financial interests in financial institutions that conduct business with the City, and they will further disclose any large personal financial/investment positions that would be related to the performance of the City’s portfolio. Employees and investment officials will subordinate their personal investment transactions to those of the City—particularly regarding the time of purchases and sales.

I. Reports on Deposits and Investments

Periodic investment reports will be submitted to the City Manager and shared with the City Council upon request. Reports should include the following: an average daily balance of

investment in each investment category; a current portfolio yield for each investment type and for the portfolio as a whole; and a percentage of available funds invested. The report shall also provide a list of investments and accrued interest as of the last day of the quarter.

J. Performance Evaluation

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The basis used by the City Finance Director or his/her designee to determine whether market yields are being achieved shall be to compare the city's results with the one-year Treasury bill or any other appropriate industry standard benchmark.

ⁱ JUSTIA US LAW, 2022 Georgia Code Title 36 - Local Government Chapter 83 - Local Government Investment Pool

- [§ 36-83-1. Short Title](#)
- [§ 36-83-2. Legislative Findings; Purpose of Chapter](#)
- [§ 36-83-3. Definitions](#)
- [§ 36-83-4. Authorized Investments; Delegation of Investment Authority to Financial Officer; Objective of Investment](#)
- [§ 36-83-5. Pledge of Collateral From Depository Institutions](#)
- [§ 36-83-6. Interfund Pooling for Investment Purposes](#)
- [§ 36-83-7. State Technical Assistance](#)
- [§ 36-83-8. Local Government Investment Pool](#)

ⁱⁱ JUSTIA US LAW, 2022 Georgia Code Title 50 - State Government Chapter 17 - State Debt, Investment, and Depositories

- [§ 50-17-59. Deposit of Securities in Lieu of Bond](#)