

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

BANKING AND PUBLIC FUNDS INVESTMENT POLICY

EFFECTIVE DATE

The effective date of this policy is July 1, 2017.

PURPOSE

The purpose of this policy is to establish adequate safeguards for the investment of public funds owned by the Des Moines Area Metropolitan Planning Organization (MPO) and to promote efficient, effective procedures to this end.

OVERALL POLICY AND SCOPE

The MPO is to maintain sufficient cash or liquid investments, which can be converted to cash when needed to meet the MPO's expenses. It is the MPO's policy and obligation to invest so as to maintain the safety of principal, maintain the necessary liquidity to fund expected liabilities, and obtain a reasonable return. This investment policy is intended to comply with Chapter 12B, Code of Iowa, and to incorporate the provisions of Chapter 12C, Code of Iowa, where applicable. Transactions made pursuant to this policy shall be in the best interest of the MPO and shall not afford special advantages to any individual or corporate member of the financial or investment community, or any employee.

PRUDENCE

The MPO Secretary/Treasurer, when investing or depositing public funds of the MPO, shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to attain the goals of investment prudence set forth herein. This standard requires that, when making investment decisions, the MPO shall consider the role the investment or deposit plays within the portfolio of assets of the MPO and the goals of investment prudence set forth herein.

GOALS

The primary goals of investment prudence which apply to the investing and depositing of public funds of the MPO are based in the following order of priority:

1. Safety of principal;
2. Maintaining the necessary liquidity to fund expected liabilities; and,
3. Obtaining a reasonable return.



STATUTORY REQUIREMENTS AND GUIDELINES

All investments shall be made in accordance with Chapters 12B, 12C, and 97B.7, Code of Iowa; any other applicable state laws; federal arbitrage regulations, where applicable; and applicable federal grant regulations. More specifically:

INVESTMENT INSTRUMENTS

The MPO may invest in the following instruments:

1. Obligations of the United States government, its agencies and instrumentalities;
2. Certificates of deposit and other evidences of deposit at federally insured depository institutions approved and secured pursuant to Chapter 12C, Code of Iowa;
3. A joint investment trust organized pursuant to Chapter 28E to which the MPO is a party, provided that the joint investment trust shall either be rated within the two highest classifications by at least one of the standard rating services approved by the Superintendent of Banking by rule adopted pursuant to Chapter 17A and operated in accordance with 17 CFR '270.2a-7, or be registered with the Federal Securities and Exchange Commission under the Federal Investment Company Act of 1940, 15 USC '80(a), and operated in accordance with 17 CFR '270.2a-7. The manager or investment advisor of the joint investment trust shall be registered with the Federal Securities and Exchange Commission under the Investment Advisor Act of 1940, 15 USC '80(b); and,
4. Iowa Public Agency Investment Trust (IPAIT).

Instruments and practices specifically prohibited for investments are:

1. Reverse repurchase agreements;
2. Futures and options contracts; and,
3. Trading securities for speculation or to realize short-term trading gains.

INVESTMENT OF OPERATING FUNDS

The investment of operating funds is subject to the provisions of Chapter 12B, Code of Iowa. Operating funds are those funds that are reasonably expected to be expended during a current budget year or within fifteen (15) months of receipt. Operating funds must be identified and distinguished from all other funds available for investment. Operating funds may only be invested in investments which mature within three hundred ninety-seven (397) days or less and which are authorized by law.

INVESTMENT OF NON-OPERATING FUNDS

The investment of non-operating funds is subject to the provisions of Chapter 12B, Code of Iowa. Currently, all MPO funds are considered operating funds and are reasonably expected to be expended during a current budget year or within fifteen (15) months of receipt. Until such time as the funds of the MPO are designated otherwise by a resolution adopted by the MPO Executive Committee, the provisions indicated under **Investment of Operating Funds** will be followed.



GENERAL INVESTMENT REQUIREMENTS

All investments of public funds shall be subject to the following:

1. Each investment must be authorized by applicable law and comply with this investment policy;
2. If the investments by the MPO involve the use of a public funds custodial agreement, as defined in Section 12B.10C, Code of Iowa, the MPO shall comply with the rules adopted pursuant to Section 12B.10C to those investments. All contracts providing for the investment of public funds shall be in writing and shall contain a provision requiring that all investments shall be made in accordance with laws of the State of Iowa; and,
3. A contract for the investment or deposit of public funds shall not provide for compensation of an agent or fiduciary based upon investment performance.

DELIVERY OF POLICY

This policy shall be delivered to all of the following:

1. The MPO Secretary/Treasurer;
2. All depository institutions or fiduciaries for public funds of the MPO; and,
3. The auditor of the MPO.

PUBLIC FUNDS CUSTODIAL AGREEMENTS


All public funds custodial agreements entered into by the MPO shall include the provisions necessary to prevent loss of public funds set forth in and shall otherwise comply with the rules adopted by the State Treasurer. Such agreements shall also include necessary provisions for compliance with the audit requirements of Section 11.6, Code of Iowa.

"Public funds custodial agreement" is defined as any contractual arrangement pursuant to which one or more persons, including but not limited to, investment advisors, investment companies, trustees, agents and custodians, are authorized to act as custodian of or to designate another person to act as a custodian of public funds or any security or document of ownership or title evidencing public funds investments other than custodial agreements between an open-end management investment company registered with the Federal Securities and Exchange Commission under the Federal Investment Company Act of 1940, 15 USC '80(a) and a custodian bank.

STATUTORY REQUIREMENTS FOR DEPOSIT OF FUNDS

All MPO funds deposited and held in a depository shall be in depositories approved by the MPO Executive Committee. A depository is a bank or savings and loan association whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or a credit union insured by the National Credit Union Administration (NCUA). Financial institutions, which serve as depositories of MPO funds, shall comply with all prevailing provisions of State statutes.

The depositories shall be located within the county in which the MPO is located, or any adjoining county. All public monies will be deposited as soon as reasonably possible. Public funds, which are invested with a depository, shall draw interest at a rate not less than the minimum rate established by a state committee which is published on/or about the first of the each month in the Iowa administrative bulletin.



Chapter 12C, Code of Iowa, requires that public funds be invested in institutions that demonstrate a commitment to serve the needs of the local community (Community Reinvestment Act [CRA]). A list of eligible institutions that may accept public funds is established by a committee composed of the Superintendent of Banking, the Auditor of the State or a designee, and the Treasurer of the State.

It will be the policy of the MPO that once an institution receives its CRA rating, the MPO will do business with that institution only if its rating is in the top two rating categories. [Reference only: The four CRA rating categories are (1) outstanding, (2) satisfactory, (3) needs to improve, and (4) substantial non-compliance.]

All investment interest or earnings shall be credited to the General Fund with the exception of specific funds that are otherwise governed by state and federal law and/or grant regulations. Investment earnings on those specified funds may be credited back to each of the source funds.

If deposits at a depository institution exceed that portion covered by insurance of a federal agency or instrumentality, a pledge of collateral for that portion which exceeds the limit shall be required.

Chapter 12C, Code of Iowa, exempts the MPO, its agents, and MPO employees from personal liability for any loss resulting from the loss of a depository in absence of negligence, malfeasance, misfeasance, or nonfeasance when deposits are made in accordance with Chapter 12C, Code of Iowa.

Various federal and state grants have their own unique regulations. Generally, they require the funds must retain identification and their investment income must be credited back to their source. The investment income sometimes can be used for the same purpose for which the grant is intended or which reduces the grant amount in equal amounts. A thorough review of grants will always be made. The investment officer and the grant administrator will ensure that the investment procedures and treatment conform to the specific requirements.

DELEGATION OF AUTHORITY

The MPO Executive Committee will approve, from time-to-time, investment guidelines to be carried out by the MPO Secretary/Treasurer and the MPO Executive Director. The responsibility for conducting investment transactions resides with the MPO Secretary/ Treasurer and the MPO Executive Director. The MPO Secretary/Treasurer and the MPO Executive Director shall jointly execute all agreements and documents related to the investment and withdrawal of public funds.

INVESTMENT MANAGEMENT

The MPO Secretary/Treasurer's authorized designee shall select investments that comply with state law, offer diversification, maturity, quality and capability of investment, while at the same time obtaining reasonable return. The MPO's investment portfolio may consist of any combination of those authorized instruments set out in this policy, with no one instrument making up 100 percent of the MPO's investments, except for U.S. Government obligations which may equal 100 percent of the investments.



SELECTION OF APPROPRIATE INVESTMENTS

In addition to analyzing the type of instrument that is added to the MPO's investment portfolio, MPO staff will make every attempt to ensure that transactions are conducted with only institutions and their personnel that are financially sound, established and reputable, as well as in compliance with the Federal Community Reinvestment Act, where applicable.

INTERNAL CONTROLS

The MPO Treasurer shall insure that proper internal controls are in place to reduce the risk of losses of public funds due to fraud, error, misrepresentation, unforeseen financial market changes, disregard of applicable laws, or collateral requirements. The MPO Executive Committee is authorized and directed to obtain and maintain fidelity bonds covering MPO personnel having responsibilities for handling funds under control of the MPO.

REPORTING

The MPO's objective is to establish and maintain the highest standard of financial reporting, auditing, and planning of the MPO's public funds investments. This shall be accomplished by:

1. An annual audit to be performed by an independent public accounting firm;
2. Financial accounting and reporting maintained in conformance with methods prescribed by the National Committee on Governmental Accounting of the Municipal Finance Officers Association and by the American Institute of Certified Public Accountants; and,
3. Full disclosures in the financial statements.

OPEN RECORDS

The records of investment transactions made on behalf of the MPO are public records and the property of the MPO. If such public records are in the custody of another party pursuant to a public funds custodial agreement, the MPO shall retain all rights to inspect and to obtain any such public records requested under Chapter 22, Code of Iowa. If a party to a public funds custodial agreement fails to produce public records within a reasonable period of time as requested by the MPO, the MPO shall terminate and not renew the custodial agreement.

REVIEW

The MPO will review this policy at least once annually.