

Introduced May 28, 1996, by Councilwoman
Livaudais, seconded by Councilman
Callahan (both by request of Administration)

Item No. 96-05-1864

ORDINANCE NO. 2687

An ordinance establishing an investment policy for the City of Slidell.

BE IT ORDAINED by the Slidell City Council that in accordance with the provision of R.S. 33:2965(D), as enacted by Act. No. 374 of 1995, the City of Slidell hereby adopts this Investment Policy.

INVESTMENT POLICY

PREAMBLE

The City of Slidell shall operate under the "Prudent Person" rule, exercising judgment and care, under the circumstances prevailing, which people of ordinary prudence would employ in the management of their own affairs - not in regard to speculation, but as to the permanent disposition of their funds, considering both income and safety of capital.

The assets of the City of Slidell shall be held in trust by the fiduciary (fiduciaries) designated by the City of Slidell.

This policy is not intended to remain static. The City of Slidell will review this policy at least annually and, if deemed advisable, recommend changes. Recommendations from outside professionals leading to improvements in policies, procedures, and operations are welcome.

OBJECTIVES

The primary investment objective of the City of Slidell is to ensure that the current and future obligations are adequately funded in a cost effective manner. The goals of this investment policy shall be (1) safety of principal, (2) liquidity, and (3) yield.

Preservation of capital and the realization of sufficient total return to ensure the ongoing financial integrity of the funds are essential. Preservation of capital encompasses two goals:

- Managing the risk of loss of principal for the fund as a whole.
- Managing the erosion of principal value through inflation.

5 The City of Slidell shall establish internal controls for any derivatives in use
6 to ensure that the risks inherent in derivatives are adequately managed. For purposes of
7 this policy, "derivative" means any financial instrument created from or whose value
8 depends on the value of one or more underlying assets or indexes of asset value.

9 **RESPONSIBILITY**

10 The investment of funds shall be managed by the Director of Finance.

11 **GUIDELINES**

12 The assets of the City of Slidell shall be invested, as provided in R.S.
13 33:2955(A)(1), as amended, in any of the following:

- 14 1. Direct U.S. Treasury obligations, the principal and interest of which
15 are fully guaranteed by the U.S. government.
- 16 2. Bonds, debentures, notes or other evidence of indebtedness issued
17 or guaranteed by federal agencies and provided such obligations are
18 backed by the full faith and credit of the U.S., including U.S. Export
19 Import Bank, Farmers Home Administration, Federal Financing Bank,
20 Federal Housing Administration Debentures, General Services
21 Administration, Government National Mortgage Association
22 (guaranteed mortgage-backed bonds and guaranteed pass-through
23 obligations), U.S. Maritime Administration (guaranteed Title XI
24 financing), and U.S. Department of Housing and Urban Development.
- 25 3. Bonds, debentures, notes, or other evidence of indebtedness issued
26 or guaranteed by U.S. government instrumentalities, which are
27 federally sponsored, including Federal Home Loan Bank System,
28 Federal Home Loan Mortgage Corporation, Federal National
29 Mortgage Association, Student Loan Marketing Association, and
30 Resolution Funding Corporation.
- 31 4. Direct security repurchase agreements of any federal bank entry only
32 securities enumerated in paragraphs (1) through (3) above. "Direct
33 security repurchase agreement" means an agreement under which

5 the political subdivision buys, holds for a specified time, and then
6 sells back those securities and obligations enumerated in paragraphs
7 (1) through (3).

8 5. Time certificates of deposit of state banks organized under the laws
9 of Louisiana, or national banks having their principal offices in the
10 state of Louisiana, savings accounts or shares of savings and loan
11 associations and savings banks, or share accounts and share
12 certificates accounts of federally or state chartered credit unions
13 issuing time certificate of deposit; provided that the rate of interest
14 paid for time certificates of deposit shall be not less than fifty basis
15 points below the prevailing market interest rate on direct obligations
16 of the U.S. Treasury with a similar length of maturity. Funds invested
17 in accordance with this paragraph shall not exceed at any time the
18 amount insured by the Federal Deposit Insurance Corporation in any
19 one bank, or in any one savings and loan association, or by the
20 National Credit Union Administration in any one credit union, unless
21 the uninsured portion is collateralized by the pledge of securities in
22 the manner provided in R.S. 39:1221.

23 6. Mutual or trust fund institutions erected as Massachusetts business
24 trusts which are registered with the Securities and Exchange
25 Commission under the Securities Act of 1933 and the Investment Act
26 of 1940, and which have underlying investments consisting solely of
27 and limited to securities of the U.S. government or its agencies.
28 Such investment in mutual funds shall be limited to 25% of the
29 monies considered available for investment.

30 Cash and cash equivalents are comprised of daily cash balances above the
31 day-to-day needs and funds set aside for portfolio strategy reasons. Short term
32 investments of cash and cash equivalents may be placed in:
33

- 4
- 5 • Obligations of the U.S. Treasury, federal agencies, or U.S.
- 6 government instrumentalities (as provided herein) with maturities of
- 7 less than 2 years.
- 8 • Time certificates of deposit, as provided herein.
- 9 • Money market mutual funds, as provided herein.
- 10 • The Louisiana Asset Management Pool, Inc. as provided in Op. Atty.
- 11 Gen. 94-186.

12 PROHIBITED TRANSACTIONS

13 The following transactions are expressly prohibited:

- 14 • Any transactions not authorized by this policy.
- 15 • The purchase of securities on margin.
- 16 • Director purchases of single family or commercial mortgages.
- 17 • Purchases of foreign bonds.
- 18 • The short sale of securities.
- 19 • As provided in R.S. 33:2955(A)(1)(b)(iii) - enacted by Act No. 1126
- 20 of 1995, investment in obligations issued or guaranteed by federal
- 21 agencies or U.S. government instrumentalities which are
- 22 collateralized mortgage obligations that have been stripped into
- 23 interest only or principal only obligations, inverse floaters, or
- 24 structured notes. "Structured note" means securities of U. S.
- 25 government agencies, instrumentalities, or government-sponsored
- 26 enterprises which have been restructured, modified, and/or reissued
- 27 by private entities.

28 REPORTING REQUIREMENTS

29 The Director of Finance is required to provide reports to the City of Slidell

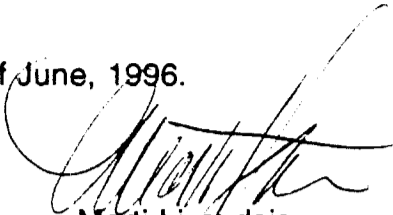
30 on a quarterly basis and in the format of the attached exhibits "A" and "B"..

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33

6 **Adopted this 25th day of June, 1996.**



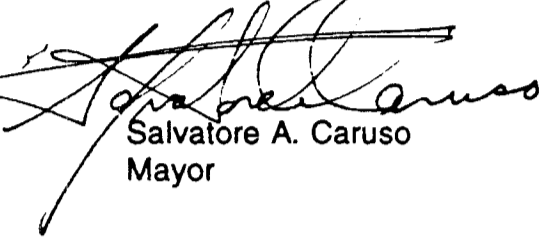
Marti Livaudais
Councilwoman, District E
President of the Council

10 **DELIVERED** 2:20 pm

11 6/26/96 to the Mayor

14 **RECEIVED** 2:30 pm

15 7/2/96 from the Mayor



Salvatore A. Caruso
Mayor



20 Davis Dautreuil
21 Council Administrator/Clerk of the Council
22

EXHIBIT A

The City

Recap of Securities Held

April 30, 1995

	<u>COST</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>	<u>WEIGHTED AVERAGE MATURITY</u>	<u>% PORTFOLIO</u>	<u>BOND Equivalent YIELD</u>
CASH EQUIVALENT	4,864,541.43	4,864,541.43	4,864,541.43	0.00	1 Days	5.20 %	5.77 %
REPURCHASE AGREEMENT	7,708,717.01	7,708,717.01	7,708,717.01	0.00	1 Days	8.30 %	5.95 %
US TREASURY	70,844,575.84	71,005,565.60	71,116,677.86	111,112.28	473 Days	75.70 %	6.01 %
US AGENCY/INSTRUMENTALITY	9,002,187.50	8,912,097.44	8,868,125.00	(43,972.44)	391 Days	9.70 %	6.11 %
OTHER	1,000,006.91	1,000,006.91	895,219.64	(104,787.27)	1 days	1.10 %	6.20 %
TOTAL	93,420,028.69	93,490,928.39	93,453,280.94	(37,647.45)	396 Days		

The City
Securities Held

April 30, 1995

Bond Purchase Id	Purchase Date	Desc	Rate/Coupon	Maturity Date	Par		Accrued Interest	Book Value	Market Value	Unrealized Gain (Loss)	Accretion (Amort) for Month	Income Received for Month	Income Earned for Month	Total Accrued Income	Cusip	% Port Cost	Bond Equiv Yield
					Value/Shares	Unit Cost											
4254	04/30/95	BankOne	2.300		1,490.66	1.00	0.00	1,490.66	1,490.66	0.00	0.00	0.00	0.00	0.00		0.00	2.30
303	04/22/95	ColoTrust	5.700		4,863,050.77	100.00	0.00	4,863,050.77	4,863,050.77	0.00	0.00	15,724.81	15,724.81	0.00		5.20	5.77
TOTAL																	
					4,864,541.43		0.00	4,864,541.43	4,864,541.43	0.00	0.00	15,724.81	15,724.81	0.00		5.20	
Purchase Agreement																	
3943 04/20/95 Fuji var open 7,706,717.01 100.00 7,706,717.01 0.00 7,706,717.01 7,706,717.01 0.00 0.00 0.00 0.00 12,572.70 12,572.70 0.00 0.00 8.30 5.95																	
S Treasury																	
437	01/10/94	T-Note	3.875	04/30/95	5,535,000.00	100.12	0.00	5,535,000.00	5,535,000.00	0.00	(436.97)	0.00	17,774.69	107,240.63	912827K50	5.80	3.77
4253	10/02/93	T-Note	3.875	04/30/95	5,000,000.00	100.29	0.00	5,000,000.00	5,000,000.00	0.00	(778.52)	0.00	16,056.63	96,875.00	912827K50	5.30	3.66
622	01/31/94	T-Note	4.250	07/31/95	4,000,000.00	100.60	0.00	4,004,107.14	3,963,750.00	(20,357.14)	(1,336.29)	0.00	14,098.40	41,795.56	912827L59	4.30	3.83
667	01/31/94	T-Strip	0.000	08/15/95	2,145,000.00	84.32	0.00	2,023,206.90	2,106,603.13	(12,967.17)	6,513.00	0.00	0.00	0.00	912838S8	2.20	3.83
2960	01/10/95	T-Note	8.625	10/15/95	5,000,000.00	101.11	0.00	5,033,756.75	5,053,125.00	19,368.25	(6,027.99)	215,625.00	35,445.46	17,674.18	912827W75	5.40	7.07
2422	10/20/94	T-Bill	45.725	10/19/95	2,670,000.00	84.21	0.00	2,556,968.06	2,595,663.77	(1,064.31)	12,736.12	0.00	0.00	0.00	912794T46	2.70	6.07
1409	06/20/94	T-Note	7.500	01/31/96	2,000,000.00	103.01	0.00	2,026,805.56	2,016,875.00	(9,930.56)	(2,913.64)	0.00	12,430.94	36,878.45	912827ZV7	2.20	5.61
1861	08/16/94	T-Note	4.625	02/15/96	2,570,000.00	98.21	0.00	2,545,801.77	2,537,071.88	(8,528.89)	2,515.26	0.00	8,690.48	24,297.85	912827J80	2.70	5.89
1411	05/20/94	T-Note	5.125	03/31/96	2,000,000.00	99.01	0.00	1,990,386.34	1,978,125.00	(12,161.34)	867.29	0.00	6,401.64	6,401.64	912827P30	2.10	5.69
2010	08/29/94	T-Note	5.125	03/31/96	2,000,000.00	98.76	0.00	1,985,698.28	1,978,125.00	(7,573.28)	1,276.94	0.00	6,401.64	6,401.64	912827A36	2.10	5.95
2957	01/10/95	T-Note	7.750	03/31/96	5,000,000.00	100.32	0.00	5,016,210.94	5,060,937.50	46,724.77	(1,080.42)	0.00	31,762.30	31,762.30	912827A36	5.40	7.45
3126	01/30/95	T-Note	5.500	04/30/96	5,000,000.00	96.12	0.00	4,904,250.00	4,957,812.50	48,724.77	6,167.76	0.00	22,780.08	137,500.00	912827P85	5.30	7.09
2719	12/08/94	T-Note	5.875	05/31/96	2,065,000.00	97.80	0.00	2,039,227.73	2,073,923.44	22,450.36	2,533.52	0.00	10,085.64	60,814.72	912827P97	2.20	7.48
3043	01/16/95	T-Note	6.000	06/30/96	2,015,000.00	96.17	0.00	1,978,320.70	2,006,184.36	20,847.36	2,084.05	0.00	10,019.34	40,077.34	912827Q39	2.10	7.35
3333	02/15/95	T-Note	6.125	07/31/96	5,000,000.00	96.74	0.00	4,937,304.69	4,946,025.47	4,961,250.00	3,335.45	0.00	25,378.83	75,283.51	912827Q39	5.30	7.04
1415	05/20/94	T-Note	6.750	02/28/97	1,745,000.00	101.76	0.00	1,775,810.16	1,750,453.13	(14,894.61)	(910.66)	0.00	8,902.24	19,634.56	912827E57	1.90	6.05
1499	08/07/94	T-Note	6.750	02/28/97	3,500,000.00	101.73	0.00	3,560,703.12	3,510,937.50	(29,855.97)	(1,626.56)	0.00	10,259.51	39,161.00	912827E57	3.90	6.05
2776	12/08/94	T-Note	6.750	02/28/97	1,000,000.00	96.15	0.00	994,562.50	1,003,125.00	19,336.21	691.19	0.00	5,902.72	11,106.86	912827E57	1.10	7.66
1727	07/18/94	T-Note	6.875	03/31/97	4,000,000.00	101.40	0.00	4,056,250.00	4,081,250.00	(16,700.61)	(1,708.72)	0.00	22,540.98	22,540.98	912827E73	4.30	6.30
1542	08/10/94	T-Note	6.000	11/30/97	3,000,000.00	99.14	0.00	2,980,601.20	2,946,378.00	(31,426.20)	608.46	0.00	14,635.16	74,670.32	912827H68	3.20	6.26
1543	08/10/94	T-Note	5.125	11/30/98	3,000,000.00	94.85	0.00	2,845,781.25	2,841,562.50	(34,786.23)	2,631.43	0.00	12,671.70	63,760.88	912827N24	3.00	6.47

The City
Securities Held
April 30, 1995

Bond Purchase ID	Date	Desc	Rate/Coupon	Maturity Date	Par Value/Shares	Unit Cost	Total Cost	Accrued Interest Purchased	Book Value	Market Value	Unrealized Gain (Loss)	Accretion (Amort) for Month	Income Received for Month	Income Earned for Month	Total Accrued Income	Coup	% Port Cost	Bond Equiv Yield
1816	09/03/94	T-Note	6.750	05/31/99	150,000.00	100.21	150,326.13	0.00	150,277.85	149,484.36	(783.47)	(5.59)	0.00	634.48	4,200.20	912827021	0.20	6.69
2522	11/03/94	T-Note	6.750	05/31/99	300,000.00	96.96	290,953.13	0.00	291,917.41	290,908.75	7,051.34	162.52	0.00	1,698.96	8,400.42	912827021	0.30	7.54
2775	12/08/94	T-Note	7.750	11/30/99	1,000,000.00	96.76	997,812.50	1,916.21	997,983.45	1,033,437.60	35,454.05	36.11	0.00	6,367.36	32,149.72	912827529	1.10	7.80
2867	12/29/94	T-Note	7.875	11/15/04	1,804,000.00	100.87	1,816,035.00	15,353.20	1,817,580.56	1,691,217.60	73,656.94	(116.86)	0.00	10,468.08	67,923.44	912827987	1.70	7.75
TOTAL					71,319,000.00		70,844,575.84	36,324.04	71,005,565.60	71,116,677.86	111,112.26	25,366.12	216,826.00	324,268.25	1,010,563.23		75.70	

US Agency/Institutionality

301	12/20/91	FNMA	8.800	11/10/95	1,000,000.00	109.43	1,094,375.00	0.00	1,012,884.41	1,011,875.00	(1,009.41)	(1,992.44)	0.00	7,333.33	41,655.64	313590482	1.20	6.04
302	12/30/92	FHLB	5.375	11/27/95	2,000,000.00	100.68	2,013,750.00	0.00	2,002,731.87	1,987,500.00	(15,231.87)	(366.42)	0.00	6,958.33	45,687.48	313398529	2.20	5.12
3942	04/20/95	SLMA-CALL	3.510	07/01/96 (95)	3,000,000.00	96.46	2,894,062.50	31,882.50	2,896,481.16	2,891,250.00	(5,231.16)	2,416.66	0.00	2,825.00	34,907.50	863871PV5	3.10	6.62
1126	04/04/94	FHLMC-FL	Var	10/04/96	2,000,000.00	100.00	2,000,000.00	0.00	2,000,000.00	1,970,000.00	(30,000.00)	0.00	30,708.86	6,320.55	6,068.04	313400E82	2.10	5.50
2798	12/20/94	FHLB-CALL	7.500	12/20/96 (95)	1,000,000.00	100.00	1,000,000.00	0.00	1,000,000.00	1,007,500.00	7,500.00	0.00	0.00	6,663.33	28,527.76	313390025	1.10	7.90
TOTAL					8,000,000.00		9,002,187.50	31,882.50	8,912,097.44	8,869,125.00	(43,972.44)	37.80	30,708.86	35,120.64	158,647.32		9.70	

Other

485	08/22/98	IPIGovMkt			129,367.00	7.73	1,000,006.91	0.00	1,000,006.91	693,219.64	(104,787.27)	0.00	6,094.12	6,097.08	5,097.08		1.10	6.20
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GRAND TOTAL					93,021,625.44		93,420,028.69	70,206.64	93,490,928.39	93,453,260.84	(37,647.45)	25,433.92	287,140.78	394,783.36	1,186,970.31		100.00	
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Collateral for \$7,708,717.01 Repurchase Agreement with Fujl Securities

T-Note 7.995/000 8.675% 02/15/96 912827TF9 - market value principal plus accrued interest = \$7,860,986

Accrued Interest Purchased = accrued interest purchased but not yet received (also included in Total Accrued Income)

Accretion (Amort) for Month = straight line accretion of discounts and amortizations of premiums this month

Income Received for Month = coupon and interest payments actually RECEIVED during this month

Income Earned for Month = Income EARNED this month

Total Accrued Income = Income accrued from last coupon or interest payment (earned but not received)