

**CITY OF WASILLA
ORDINANCE SERIAL NO. 01-56**

AN ORDINANCE OF THE WASILLA CITY COUNCIL AMENDING WASILLA MUNICIPAL CODE CHAPTER 5.12 CONCERNING THE INVESTMENT POLICY FOR CITY FUNDS.

WHEREAS, the City recently awarded a contract for banking services to Wells Fargo Bank Alaska, N.A.; and

WHEREAS, among the banking services that are to be provided to the City under this contract is the maintenance of an account for custody of investments of City funds, with such investments to be selected by an investment manager under a separate contract with the City; and

WHEREAS, the City's current investment policy, set forth in Chapter 5.12 of the Wasilla Municipal Code, is outdated and does not allow the investment of City funds at the highest return while providing for the preservation of principal.

NOW, THEREFORE, BE IT ENACTED:

* **Section 1. Classification.** This ordinance is of a general and permanent nature and shall become part of the city code.

* **Section 2. Amendment of section.** WMC 5.12.010, Definitions, is amended to read as follows:

5.12.010 Definitions

A. For the purposes of this chapter, unless the context otherwise requires:

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

"Bank" means a state or federally chartered commercial or mutual bank, savings and loan association or credit union located in the United States and having insurance of accounts through the appropriate [FEDERAL]insuring agency of the United States.

["CAPITAL" MEANS COMBINED CAPITAL, SURPLUS AND UNDIVIDED PROFITS INCLUDING RESERVES FOR LOAN LOSSES WHEN APPLIED TO COMMERCIAL BANKS OR STOCK SAVINGS AND LOAN ASSOCIATIONS AND MEANS RESERVES AND UNDIVIDED PROFITS INCLUDING RESERVES FOR LOAN LOSSES WHEN APPLIED TO MUTUAL BANKS, MUTUAL SAVINGS AND LOAN ASSOCIATIONS OR CREDIT UNIONS.]

"Certificate of deposit" means a nonnegotiable certificate of deposit or other depository agreement issued or to be issued to the city by a bank.

"Government Obligations" means interest-bearing obligations of the United States, or for the payment of principal and interest on which the full faith and credit of the United States are pledged.

["LOAN" MEANS A LOAN SECURED BY A FIRST DEED OF TRUST ON REAL PROPERTY LOCATED IN ALASKA.]

"Moody's" means Moody's Investors Service, its successors and assigns, or, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating organization, any other nationally recognized securities rating organization designated by the finance director.

"Rated bank" means **a bank**:

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

1. [A BANK ALL OF] W[w]hose short term obligations [DEBT ISSUES] are rated, at all times, A-1 or better by S&P, and P-1 or better by Moody's [AT LEAST "A" OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE];

2. [A BANK] W[w]hose letters of credit secure third-party debt issues rated at least A by S&P or Moody's [OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE.]; or

3[B]. [A BANK] W[w]hich is a subsidiary of a one-bank holding company all of whose commercial paper has the highest rating given by S&P or Moody's [A NATIONALLY RECOGNIZED RATING SERVICE] or whose long term debt issues are rated at least A by S&P or Moody's [OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE].

"S&P" means Standard & Poor's Ratings Group, its successors and assigns, or, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating organization, any other nationally recognized securities rating organization designated by the finance director.

* **Section 3. Amendment of section.** WMC 5.12.020, Authorized investments, is amended to read as follows:

5.12.020 Authorized investments.

[A. THE FINANCE DIRECTOR, UNDER THE DIRECTION OF THE MAYOR WILL INVEST ALL AVAILABLE CITY FUNDS TO OBTAIN MAXIMUM SECURITY AT THE HIGHEST YIELD POSSIBLE UNDER THE FOLLOWING CRITERIA:

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

1. INVESTMENTS WILL ALWAYS BE COLLATERALIZED ONE HUNDRED (100) PERCENT IF AMOUNT INVESTED IS MORE THAN INSURANCE PROVIDED;

2. INVESTMENTS WILL BE LIMITED TO ALASKA BANKS, CREDIT UNIONS, BROKERS, AND THE ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC.;

3. THE CITY WILL REQUIRE SECURITY AGREEMENTS (TRI-PARTY) ON FILE FOR EACH INSTITUTION ELIGIBLE TO BID ON INVESTMENTS.]

[B.]In order to provide maximum security for the investment of city [PUBLIC] funds and to provide the greatest interest revenue consistent with safety, only the following investments of city funds will be authorized:

A[1]. Government o[O]bligations, [OF, OR OBLIGATIONS INSURED OR GUARANTEED BY, THE UNITED STATES OR AN AGENCY OR INSTRUMENTALITY OF THE UNITED STATES;]

B. Shares of SEC registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations of the United States and repurchase agreements backed by those obligations, and rated in the highest category by S&P and Moody's.

C. Commercial paper (i) having original maturities of not more than 270 days and rated, at all times, A-1 or better by S&P, and P-1 or better by Moody's; and (ii) bearing interest at a rate at least 25 basis points (0.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

D. Interest bearing obligations of a corporation, or of any state of the United States of America or any political subdivision thereof, which obligations at all times are rated at least AA by S&P or Moody's; provided that any such obligation of a corporation shall bear interest at a rate at least 25 basis points (0.25%) above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.

E. Certificates of deposit of any rated bank, provided that such certificates of deposit are (i) fully insured by an the appropriate insuring agency of the United States; and (ii) to the extent not so insured, collateralized with Government Obligations held by a third party custodian, in an amount equal to 102% of the uninsured principal and unpaid accrued interest.

F. Repurchase agreements with primary dealers or rated banks, collateralized with Government Obligations held by a third party custodian, in an amount equal to 102% of the principal and unpaid accrued interest.

[2. NEGOTIABLE CERTIFICATES OF DEPOSIT ISSUED BY RATED BANKS;

3. CERTIFICATES OF DEPOSIT SECURED AS PROVIDED IN SECTION 5.12.030(A)(1); AND

A. ISSUED BY BANKS WITH A MAIN OR BRANCH OFFICE WITHIN THE STATE OF ALASKA;

4. REPURCHASE AGREEMENTS SECURED BY OBLIGATIONS INSURED OR GUARANTEED BY THE UNITED STATES OR AGENCIES OR INSTRUMENTALITIES OF THE UNITED STATES;

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

5. FEDERALLY INSURED DEPOSITS IN BANKS WITH A MAIN OR BRANCH OFFICE WITHIN THE STATE OF ALASKA;]

G[6]. The Alaska Municipal League Investment Pool, Inc.

* **Section 4. Repeal of sections.** WMC 5.12.030, Collateral Requirements; WMC 5.12.040, Certificate of Deposit Restrictions, and 5.12.050, Bid Provisions for Certificates of Deposit; are repealed as follows:

[5.12.030 COLLATERAL REQUIREMENTS.

A. COLLATERAL REQUIRED TO SECURE CERTIFICATES OF DEPOSIT.

1. ELIGIBLE COLLATERAL. PAYMENTS OF THE PRINCIPAL AND INTEREST DUE UPON MATURITY OF A CERTIFICATE OF DEPOSIT IN EXCESS OF INSURANCE OF ACCOUNTS THROUGH THE APPROPRIATE FEDERAL INSURING AGENCY OF THE UNITED STATES MUST BE SECURED BY COLLATERAL VALUED AS SET FORTH IN THIS PARAGRAPH, AND CONFORMING TO THE OTHER REQUIREMENTS OF THIS SUBSECTION.

A. THE FOLLOWING COLLATERAL WILL BE VALUED AT CURRENT MARKET VALUE DETERMINED BY THE BANK (SUBJECT TO AUDIT BY THE CITY) IN A MANNER CONSISTENT WITH THAT USED BY THE BANK IN PREPARING ITS FEDERAL AND/OR STATE BANK REPORTS, ON THE DATE OF PLEDGE AND RE-EVALUATED AT THE THEN CURRENT MARKET VALUE AS OF THE END OF EACH CALENDAR QUARTER:

I. OBLIGATIONS OF, OR OBLIGATIONS INSURED OR GUARANTEED BY, THE UNITED STATES or an agency or instrumentality of the United States;

II. GENERAL OBLIGATION BONDS AND NOTES ISSUED AND INSURED

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

OR GUARANTEED BY THE STATE OF ALASKA, AN AGENCY OR INSTRUMENTALITY OF THE STATE OF ALASKA, OR OTHER POLITICAL SUBDIVISION OF THE STATE OF ALASKA, EXCEPT THAT, COLLATERAL WILL BE ACCEPTED AT DOUBLE VALUE ON BONDS OF INDEBTEDNESS OF THE CITY OF WASILLA AND ALL OTHER MUNICIPALITIES WITHIN THE MATANUSKA-SUSITNA BOROUGH;

III. REVENUE BONDS ISSUED BY THE STATE OF ALASKA, AN AGENCY OR INSTRUMENTALITY OF THE STATE OF ALASKA, OR THE CITY;

IV. REVENUE BONDS ISSUED BY OTHER POLITICAL SUBDIVISIONS OF THE STATE OF ALASKA WHICH ARE RATED AT LEAST "A" OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE;

V. CORPORATE DEBT SECURITIES RATED AT LEAST "AA" OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE;

VI. GENERAL OBLIGATION BONDS OR REVENUE BONDS ISSUED BY STATES AND MUNICIPALITIES IN THE UNITED STATES OUTSIDE OF ALASKA RATED AT LEAST "A" OR ITS EQUIVALENT BY A NATIONALLY RECOGNIZED RATING SERVICE.

B. THE FOLLOWING COLLATERAL WILL BE VALUED AT ITS OUTSTANDING PRINCIPAL BALANCE EACH MONTH:

I. THE INSURED PORTION OF A FEDERALLY INSURED OR GUARANTEED LOAN;

II. A PRIVATE MORTGAGE-INSURED LOAN SECURED BY PROPERTY LOCATED IN ALASKA, PROVIDED THE PRIVATE MORTGAGE INSURANCE

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

COMPANY IS LICENSED UNDER THE ALASKA INSURANCE CODE TO DO BUSINESS IN ALASKA.

C. UNINSURED LOANS OR UNINSURED PORTIONS OF LOANS WILL BE VALUED AT SEVENTY-FIVE (75) PERCENT OF THE OUTSTANDING PRINCIPAL BALANCE EACH MONTH (0.75 X OUTSTANDING PRINCIPAL BALANCE).

D. NEGOTIABLE CERTIFICATES OF DEPOSIT ISSUED BY RATED BANKS WILL BE VALUED AT EIGHTY-THREE (83) PERCENT OF PRINCIPAL (0.83 X PRINCIPAL).

2. LOAN RESTRICTIONS. THE FOLLOWING RESTRICTIONS APPLY TO LOANS PLEDGED BY A BANK AS COLLATERAL TO SECURE CERTIFICATES OF DEPOSIT:

A. LOANS SHALL NOT SECURE IN EXCESS OF SEVENTY-FIVE (75) PERCENT OF THE PRINCIPAL AND INTEREST DUE UPON MATURITY OF CERTIFICATES OF DEPOSIT.

B. THE OUTSTANDING LOAN BALANCE ON THE DATE OF PLEDGE OF ANY ONE LOAN PLEDGED AS COLLATERAL BY A BANK SHALL NOT EXCEED FIFTEEN (15) PERCENT OF THE BANK'S CAPITAL.

C. A LOAN DELINQUENT IN THE PAYMENT OF EITHER PRINCIPAL OR INTEREST OR OTHERWISE IN DEFAULT, A LOAN WHOSE TERM OF PAYMENT HAS BEEN EXTENDED, OR A LOAN THAT HAS BEEN CLASSIFIED BY INTERNAL OR EXTERNAL AUDITORS OR STATE OR FEDERAL BANKING REGULATORS SHALL NOT BE ELIGIBLE COLLATERAL.

3. OWNERSHIP, ENCUMBRANCE OF COLLATERAL. PLEDGED

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

COLLATERAL MUST BE OWNED BY THE BANK AND, EXCEPT FOR THE ASSIGNMENT REQUIRED UNDER SUBDIVISION 5 OF THIS SUBSECTION, THE BANK MUST KEEP THE PLEDGED COLLATERAL FREE AND CLEAR OF LIENS, SECURITY INTERESTS OR ENCUMBRANCES AND WILL NOT RELEASE, ASSIGN, SELL, MORTGAGE, LEASE, TRANSFER, PLEDGE OR GRANT A SECURITY INTEREST IN, ENCUMBER, SUBSTITUTE OR OTHERWISE DISPOSE OF OR ABANDON ANY PART OR ALL OF THE PLEDGED COLLATERAL WITHOUT THE WRITTEN AUTHORIZATION OF THE CITY.

4. SUBSTITUTION OF COLLATERAL.

A. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, THE CITY RESERVES THE RIGHT TO REVIEW FROM TIME TO TIME ANY AND ALL COLLATERAL PROPOSED OR SUBMITTED BY A BANK TO SECURE CERTIFICATES OF DEPOSIT, AND IF THE CITY DETERMINES THAT THE COLLATERAL DOES NOT MEET THE REQUIREMENTS OF THIS SECTION OR OTHERWISE DETERMINES THAT THE PUBLIC FUNDS ARE NOT ADEQUATELY SECURED BY THE COLLATERAL THE CITY MAY DEMAND ADDITIONAL COLLATERAL OR A SUBSTITUTION OF COLLATERAL.

B. IF:

I. THE AGGREGATE VALUE OF THE FEDERALLY INSURED PORTIONS OF CERTIFICATES OF DEPOSIT AND THE VALUE OF PLEDGED COLLATERAL AS DETERMINED PURSUANT TO SUBDIVISION 1 OF THIS SUBSECTION FALLS BELOW OR IS LESS THAN THE TOTAL AMOUNT OF PRINCIPAL AND INTEREST DUE UPON MATURITY OF CERTIFICATES OF DEPOSIT ISSUED BY A BANK,

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

II. IF A LOAN SHALL BECOME INELIGIBLE AS COLLATERAL BY REASON OF IT BEING MORE THAN SIXTY (60) DAYS DELINQUENT IN PAYMENT OF PRINCIPAL OR INTEREST, BEING OTHERWISE IN DEFAULT, BEING EXTENDED OR BEING CLASSIFIED BY INTERNAL OR EXTERNAL AUDITORS OR STATE OR FEDERAL BANKING REGULATORS, OR

III. ANY OTHER PROPERTY PLEDGED BY THE BANK NO LONGER IS ELIGIBLE AS COLLATERAL TO SECURE THE CERTIFICATES OF DEPOSIT; THE BANK SHALL, WITHIN THREE BUSINESS DAYS, NOTIFY THE CITY IN WRITING OF SUCH DECLINE IN VALUE AND/OR DELINQUENCY AND PLEDGE EITHER ADDITIONAL OR SUBSTITUTE COLLATERAL MEETING THE REQUIREMENTS OF THIS SECTION.

5. SECURITY AGREEMENT—TRI-PARTY AGREEMENT.

A. A BANK ISSUING CERTIFICATES OF DEPOSIT SHALL ENTER INTO A SECURITY AGREEMENT WITH THE CITY FOR ALL LOANS OR OTHER PROPERTY PLEDGED AS COLLATERAL, WHICH SHALL ASSIGN TO THE CITY THE BANK'S INTERESTS IN THE LOANS AND OTHER PROPERTY. THE SECURITY AGREEMENT WILL IDENTIFY ALL LOANS AND OTHER PROPERTY PLEDGED TO THE CITY, AND SET OUT THE AUTHORITY OF THE CITY TO DEMAND A SUBSTITUTION OF COLLATERAL, TO EXERCISE ASSIGNMENT OR OTHER RIGHTS UNDER THE SECURITY AGREEMENT OR TO TAKE OTHER ACTION AS PROVIDED UNDER SUBDIVISION 7 OF THIS SUBSECTION. THE SECURITY AGREEMENT AND ARRANGEMENTS AND MAINTENANCE THEREFOR WILL BE AT THE EXPENSE OF THE BANK ISSUING THE CERTIFICATES OF DEPOSIT.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

B. WITH THE EXCEPTION OF LOANS, COLLATERAL PLEDGED BY A BANK SHALL BE KEPT IN ESCROW ACCOUNTS WITH ANOTHER BANK (THE "ESCROW BANK") ACCEPTABLE TO THE CITY PURSUANT TO AN AGREEMENT BETWEEN THE BANK, THE ESCROW BANK AND THE CITY, WHICH AGREEMENT SHALL GIVE THE CITY CONTROL OVER PLEDGED COLLATERAL SUBMISSIONS TO AND WITHDRAWALS FROM THE ESCROW ACCOUNT. THE RECEIPT OF THE COLLATERAL BY THE ESCROW BANK SHALL BE FURTHER EVIDENCED BY A DEPOSITORY RECEIPT RECEIVED BY THE CITY WITHIN A REASONABLE TIME FOLLOWING AWARD OF THE BID OR NOTIFICATION OR DEMAND FOR SUBSTITUTE COLLATERAL. THE ESCROW AGREEMENT AND ARRANGEMENTS AND MAINTENANCE THEREFOR WILL BE AT THE EXPENSE OF THE BANK THAT ISSUED THE CERTIFICATES OF DEPOSIT.

6. REPORTS—ACCESS TO RECORDS.

A. A BANK BIDDING ON CERTIFICATES OF DEPOSIT OR WHICH HAS OUTSTANDING CERTIFICATES OF DEPOSIT SHALL PROVIDE WITHIN NINETY (90) DAYS OF THE END OF EACH FISCAL YEAR A COPY OF ITS BALANCE SHEET PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES CONSISTENTLY APPLIED, OR IF A BANK DOES NOT PREPARE ITS REPORTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, SUCH REPORTS PREPARED IN ACCORDANCE WITH STATE OR FEDERAL REGULATORY REQUIREMENTS.

B. ON OR BEFORE THE TENTH DAY OF EACH MONTH, A BANK WHICH HAS OUTSTANDING CERTIFICATES OF DEPOSIT SHALL DELIVER TO THE CITY A

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

LIST PREPARED AS OF THE LAST DAY OF THE PREVIOUS MONTH AND CERTIFIED BY AN OFFICER OF THE BANK SETTING FORTH THE THEN CURRENT PRINCIPAL BALANCE OF LOANS AND NEGOTIABLE CERTIFICATES OF DEPOSIT PLEDGED. ON OR BEFORE THE TWENTY-FIRST DAY OF EACH MONTH A LIST SHALL BE PROVIDED SETTING FORTH THE CURRENT MARKET VALUE OF OTHER PLEDGED COLLATERAL DETERMINED AS OF THE END OF A CALENDAR QUARTER ENDING FORTY-FIVE (45) DAYS PRIOR TO THE END OF THE MONTH FOR WHICH THE REPORT IS DUE. A BANK WILL PROVIDE SUCH OTHER INFORMATION WHICH THE CITY MAY REQUIRE FROM TIME TO TIME WITH AT LEAST SEVEN DAYS NOTICE TO THE BANK.

C. THE CITY WILL, TO THE EXTENT NOT EXPRESSLY PROHIBITED BY LAW, AT ALL TIMES DURING NORMAL BUSINESS HOURS HAVE FREE ACCESS TO, THE RIGHT OF INSPECTION OF, AND THE RIGHT TO MAKE EXTRACTS FROM, ANY RECORDS OF THE BANK RELATING TO PART OR ALL OF THE COLLATERAL, AND THE BANK WILL DELIVER TO THE CITY THE ORIGINALS OR TRUE COPIES OF SUCH PAPERS AND INSTRUMENTS RELATING TO ANY OR ALL OF THE COLLATERAL AS THE CITY MAY REQUEST.

D. UPON REQUEST, A BANK BIDDING ON CERTIFICATES OF DEPOSIT OR WHICH HAS OUTSTANDING CERTIFICATES OF DEPOSIT SHALL PROVIDE THE CITY WITH REPORTS OF EXAMINATIONS BY STATE OR FEDERAL REGULATORY AGENCIES, AND REPORTS BY THE BANK'S INDEPENDENT AUDITORS.

7. NONCOMPLIANCE. IN THE EVENT A BANK DEFAULTS IN THE

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

PAYMENT OF PRINCIPAL OR INTEREST DUE UPON MATURITY OF A CERTIFICATE OF DEPOSIT, OR OTHERWISE FAILS TO COMPLY WITH THE PROVISIONS OF THIS SECTION, INCLUDING THE SECURITY AND ESCROW AGREEMENTS PROVIDED FOR IN SUBDIVISION 5 OF THIS SUBSECTION, THE CITY MAY:

A. CALL ALL OR A PORTION OF THE CERTIFICATES OF DEPOSIT ISSUED BY THE BANK;

B. SELL, EXCHANGE, TRANSFER OR OTHERWISE DISPOSE OF THE PLEDGED COLLATERAL TO RECOVER THE PRINCIPAL AND INTEREST DUE UPON MATURITY OF THE CERTIFICATE OF DEPOSIT AND ALL COSTS INCURRED BY THE CITY AS A RESULT OF SUCH SALE, EXCHANGE, TRANSFER OR DISPOSAL;

C. TAKE OTHER ACTION AVAILABLE UNDER THE SECURITY AND ESCROW AGREEMENTS PROVIDED FOR IN SUBSECTION (A)(5) OF THIS SECTION; OR

D. TAKE OTHER ACTION AVAILABLE TO IT AT LAW OR EQUITY. TO THE EXTENT NOT PROHIBITED BY LAW, THE BANK SHALL HOLD THE CITY HARMLESS FROM ANY FORFEITURE OR LOSS OF INTEREST OR OTHER PENALTY OR COST, INCLUDING ATTORNEY'S FEES, IMPOSED UPON OR INCURRED BY THE CITY BY REASON OF ITS EARLY WITHDRAWAL OF ANY OR ALL CERTIFICATES OF DEPOSIT ISSUED BY THE BANK.

5.12.040 CERTIFICATE OF DEPOSIT RESTRICTIONS.

AFTER REVIEWING A BANK'S FINANCIAL POSITION AND DETERMINING

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

THAT SUCH A LIMIT IS NECESSARY TO ASSURE THE SAFETY OF CITY FUNDS, THE CITY MAY LIMIT ANY INCREASE IN THE TOTAL AMOUNT OF PRINCIPAL AND INTEREST DUE UPON MATURITY OF ALL CERTIFICATES OF DEPOSIT ISSUED BY THAT BANK.

5.12.050 BID PROVISIONS FOR CERTIFICATES OF DEPOSIT.

THE CITY, IN ELECTING TO INVEST IN CERTIFICATES OF DEPOSIT, SHALL SOLICIT BIDS IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THIS SECTION. THE CITY WILL NOT BE REQUIRED TO OBTAIN BIDS FOR ANY OTHER TYPE OF INVESTMENT AUTHORIZED BY THIS SECTION.

A. NOTICES TO BID SHALL BE DELIVERED IN PERSON OR BY MAIL, OR BY OTHER ELECTRONIC MEANS, INCLUDING TELEPHONE, AUTHORIZED BY THE CITY TO THOSE ELIGIBLE BANKS WHICH HAVE OFFERED BIDS OR PROVIDED THE CITY WITH A WRITTEN STATEMENT OF INTEREST TO RECEIVE NOTICES TO BID WITHIN SIX MONTHS PRECEDING THE DATE OF NOTICE. EXCEPT AS SET FORTH IN THIS SUBSECTION NO BANK SHALL HAVE A RIGHT TO RECEIVE NOTICES TO BID.

B. NOTICES TO BID SHALL SET FORTH:

1. THE PRINCIPAL AMOUNT, THE MATURITY DATE AND NUMBER OF DAYS FOR WHICH THE CERTIFICATE OF DEPOSIT WILL BE OUTSTANDING;
2. THE DATE, TIME AND PLACE OF BID OPENINGS; AND
3. SUCH OTHER INFORMATION AS THE CITY FROM TIME TO TIME MAY DEEM NECESSARY OR APPROPRIATE.

THE CITY RESERVES THE RIGHT TO CANCEL ANY OR ALL NOTICES TO

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

BID IN WHOLE OR IN PART FOR ANY REASON AT ANY TIME, AND THE CANCELLATION OF A NOTICE TO BID WILL BE BINDING ON THE BANKS SUBMITTING BIDS.

C. BIDS MAY BE DELIVERED TO THE CITY IN PERSON OR BY MAIL, OR BY OTHER ELECTRONIC MEANS, INCLUDING TELEPHONE, AS AUTHORIZED BY THE CITY. NO BID OR ANY AMENDMENT TO A BID WILL BE ACCEPTED AFTER THE TIME SET FORTH IN THE NOTICE. IN THE EVENT NO BIDS ARE RECEIVED FOR A CERTIFICATE OF DEPOSIT, THE CITY MAY NEGOTIATE THE CERTIFICATE OF DEPOSIT WITH ANY ELIGIBLE BANK.

D. BIDS SHALL BE SUBMITTED SEPARATELY FOR EACH CERTIFICATE OF DEPOSIT IDENTIFIED BY AMOUNT AND MATURITY DATE. UNLESS OTHERWISE SPECIFIED BY THE CITY, INTEREST RATES BID SHALL BE A RATE PER ANNUM CALCULATED ON A THREE HUNDRED SIXTY (360) DAY YEAR. BIDS FOR PORTIONS OF CERTIFICATES OF DEPOSIT MAY BE ACCEPTED BY THE CITY IN ITS DISCRETION.

E. THE CITY IN ITS DISCRETION MAY DENY ELIGIBILITY TO BID ON ANY FUTURE OFFERING TO ANY BANK WHICH:

1. AT THE TIME OF BID OPENING OR AT ANY PREVIOUS TIME HAS VIOLATED THIS SECTION WITH REGARD TO CERTIFICATE OF DEPOSIT, OR WHICH REJECTED A BID AWARD AFTER ITS ACCEPTANCE BY THE CITY; OR

2. IF AWARDED THE BID WOULD HAVE OUTSTANDING CERTIFICATES OF DEPOSIT WHOSE TOTAL AMOUNT OF PRINCIPAL AND INTEREST DUE EXCEEDS A LIMIT ESTABLISHED FOR THAT BANK UNDER SECTION 5.12.040.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

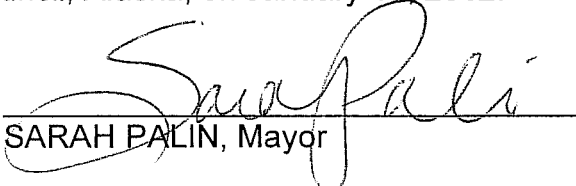
F. THE CITY RESERVES THE RIGHT TO ACCEPT OR REJECT ANY OR ALL BIDS IN WHOLE OR IN PART FOR ANY REASON. A REJECTION OF A BID SHALL BE BINDING ON THE BANK.

G. A BANK AWARDED A BID MUST HONOR ITS COMMITMENT TO ISSUE THE CERTIFICATE OF DEPOSIT PURSUANT TO THE TERMS OF THIS SECTION, THE INVITATION TO BID AND ITS BID.


H. IF IDENTICAL BIDS ARE RECEIVED FROM TWO OR MORE BANKS AND THE CITY IS OTHERWISE PREPARED TO ACCEPT BOTH BIDS, THEN THE CERTIFICATE OF DEPOSIT WILL BE DIVIDED EQUALLY AMONG SUCH BIDDERS IF THE DIVIDED CERTIFICATE OF DEPOSIT AMOUNT WOULD NOT RESULT IN LOSS OF INTEREST. IF THE DIVISION OF THE CERTIFICATE OF DEPOSIT WOULD RESULT IN LOSS OF INTEREST, THEN THE CERTIFICATE OF DEPOSIT WILL BE AWARDED BY LOT TO ONE OF THE BANKS SUBMITTING THE IDENTICAL BIDS.]

Section 5. Effective date. This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council, Alaska, on January 14, 2002.


SARAH PALIN, Mayor

ATTEST:


KRISTIE L. VANGORDER, CMC
City Clerk

[SEAL]

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

SUBJECT: Amendment of Chapter 5.12 concerning the investment policy for City funds.

PREPARED BY: Finance

DATE: November 30, 2001

FOR AGENDA OF: December 10, 2001

SUMMARY:

Ordinance 01-56 amends Wasilla Municipal Code Chapter 5.12 concerning the investment policy for City funds. The City's current investment policy, as set forth in Chapter 5.12 of the Wasilla Municipal Code, is outdated and does not allow the investment of City funds in investment vehicles that would allow the City the means to generate higher rate of returns on its funds. The amendment would allow the investment of City funds at the highest return while providing the maximum assurance of the preservation of principal.

FISCAL IMPACT: No Yes, amount requested:

RECOMMENDED ACTION: Council Consideration


Reviewed by: SARAH PALIN, Mayor

Presented with: Ord 01-56
Date: 1/14/2002 Verified by: fv

Attachments: Ordinance No. 01-56