

CITY OF DOTHAN, ALABAMA
STANDARD OPERATING GUIDELINE - NO. 3
INVESTMENTS AND PLEDGED SECURITIES

I. PURPOSE

- A. To establish an operating guideline to maximize investment returns of surplus City funds by the Finance Director.
- B. To insure that City funds held on deposit are safely secured by collateral pledged as specified by and mandated by the Alabama Legislature.

II. INVESTMENT GUIDELINE

- A. Investment of city surplus funds will be placed in local financial institutions having place of business in Dothan, Alabama, unless special permission is granted by the City Manager to invest surplus funds outside of the city limits.
- B. Investments will be made in certificates of deposit, U. S. obligations and other investments authorized by the laws of the State of Alabama and the City of Dothan.
- C. Institutions will be solicited on a confidential basis to quote their interest rates for planned investments. The rate quoted by an institution will NOT be used as leverage in promoting a better interest rate from another institution.
- D. Investments will be verbally awarded and placed the same day with the institution offering the highest interest rate quoted. All participating institutions will be informed of the results in writing, on the work day immediately following solicitation.
- E. Tie bids will be broken by the flip of a coin by the City Manager, City Clerk or Finance Director in the presence of two witnesses. The results of the toss will be documented and signed by the participants of the toss.
- F. The Finance Director shall oversee and approve all investments for the purpose of maximizing investment returns utilizing money market, sweep accounts, and the like to earn optimum interest and maintaining availability. The Finance Director shall adhere to all requirements for segregation of funds as required by law.

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III. RETIREMENT FUND INVESTMENTS AND SECURITIES

The Retirement Board is the sole authority for the investments and securities for said investments as specified in the Retirement Act.

IV. SECURITIES

- A. Any financial institution holding/accepting public City of Dothan funds on deposit is required to qualify, become a member and pledge securities to the Security for Alabama Funds Enhancement (SAFE) collateral pool established in the Office of the State Treasurer. The pool insures each deposit that is designated on a bank's books as public funds. In the event of the failure of the bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, then every bank participating in the pool would share the liability for the remaining balance.
- B. The City of Dothan, as a public entity, must request confirmation from the financial institution on new accounts established to insure that they have been accurately designated as public funds. Each financial institution will provide the City of Dothan a Certificate of Qualified Public Depository confirming that the financial institution has become a qualified member of the SAFE pool, in order to insure full recovery of all deposits in the event of default.

V. RESERVATION OF AUTHORITY

The City Manager reserves the right to change, amend or modify this operating guideline.

VI. APPROVAL AND EFFECTIVE DATE

This operating guideline is adopted and approved by the City Manager on this ____ day of _____, _____

ATTEST BY:

APPROVED:

CITY CLERK

CITY MANAGER