

OKLAHOMA COUNTY
INVESTMENT POLICY AND GUIDELINES
FY 2023-2024

OKLAHOMA COUNTY

INVESTMENT PROCEDURES

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INTRODUCTION TO INVESTMENTS

Investment instruments that are legal for Oklahoma County's participation are described in the Oklahoma State Statutes, Section 348.1 through 348.3 of title 62. When making investment and money management decisions, the County Treasurer shall make all decisions in accordance with the above referenced Statutes and all other applicable Statutes.

The purpose and main objective of an investment is to assure the safety, liquidity and return on investment of county funds. The bank balance and investments are maintained and monitored on a daily basis to insure safety, liquidity and yield. Whenever practicable, the utilizations of a competitive bid process exist. The County Treasurer's responsibility is to maintain accurate and timely records of all investments and bank balances. The County Treasurer shall develop and maintain procedures for obtaining competitive rate quotes for investment instruments.

The County Treasurer shall invest the maximum amount of funds under his control, with respect to his good judgment and good business practice. The excess funds in the custody of the County Treasurer, for any given fiscal year, and not immediately necessary for expenditure, shall remain at a minimum investment level of eighty-five to ninety percent, under usual circumstances. In an attempt to assure all excess funds are invested, the County Treasurer utilizes a repurchase agreement as an investment option.

Before the County Treasurer may invest money in any financial institution, he must be furnished with a copy of the institution's charter, which states that the institution is insured by the Federal Deposit Insurance Corporation (FDIC).

Also, the Board of County Commissioners approves a list of all financial institutions that the County wishes to invest monies on a fiscal year basis. County deposits and/or investments may be deposited at any depository institution in Oklahoma County, providing they meet all the requirements mentioned above.

The County Treasurer manages and maintains all of the investments for Oklahoma County on a fiscal year basis. The Board of County Commissioners will approve a resolution authorizing the County Treasurer along with other persons to maintain and invest County funds.

AUTHORIZED INVESTMENTS

There are several types of negotiable investment instruments. The County maintains a mixed, liquid portfolio which includes: U.S. Treasury Obligations (Bills, Bonds, Notes, Zero Coupons), Corporate Obligations (Bonds, Notes, Zero Coupons), Certificate of Deposits, Prime Commercial Paper, Banker Acceptance, Savings Accounts, Money Market Accounts, Repurchase Agreements, etc.

- A. Obligations of the United States Government, it's agencies and instrumentalities.
- B. Collateralized or insured certificates of deposits and other evidence of deposit at banks, savings bank, savings and loan associations and credit unions located in this state.
- C. Negotiable certificates of deposits issued by a nationally or state-chartered bank, savings bank, savings and loan

associations or a state licensed branch or a foreign bank.

- D. Prime banker's acceptances which are eligible purchase by the Federal Reserve System.
- E. Prime commercial paper
- F. Investment grade obligations of state and local governments.
- G. Repurchase agreements provided that such agreements have underlying collateral consisting of those items and those restrictions specified in paragraph A thru F of this section. A signed Master Repurchase Agreement with counter parties is required and kept on file.
- H. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items and restrictions specified in paragraphs A through G of this section. Money market mutual funds will be selected on a competitive basis after a thorough investigation, and reviewed on a regular basis.

LIMITATIONS

PRIME COMMERCIAL PAPER: Financial institutions issue commercial paper to raise capital. Commercial paper shall **not** have a maturity that exceeds one hundred eighty (180) days nor represent more than ten-percent (10%) of the outstanding paper of the issuing corporation. The issuer of commercial paper promises to pay the fixed amount of money on a specific date. The guarantee of commercial paper is the issuer's liquidity and earning power. Purchases of commercial paper must have a P1, P2 or P3 rating by Moody's.

PRIME BANKERS' ACCEPTANCE: A short-term self-liquidating negotiable draft with a maturity that does **not** exceed two hundred seventy (270) days. The instrument eligible for purchase by the Federal Reserve is guaranteed by the institution on which it is drawn. A Bankers' Acceptances are not guaranteed by deposit insurance or by the government, the pledge of this document showing evidence of ownership is the security. Also, security is given by the issuance of the goods financed. Purchases of prime bankers' acceptance shall not exceed ten-percent (10%) surplus of the County funds. No more than one-half (1/2) of the ten-percent (10%) limit shall be invested at any one institution. Purchases of banker's acceptance must have a comparable rating as commercial paper.

MONEY MARKET ACCOUNT: An account which enables you to earn the current market return on the money, and allows the funds to be readily available to meet various obligations or to make other investment decisions. There is no minimum deposit or withdrawal for a money market account. There is no penalty assessed to this account unless the balance falls below the minimum account balance. (One-Thousand Dollars)

REPURCHASE AGREEMENTS: Repurchase agreements must utilize the underlying collateral described above (Treasury obligations, prime commercial paper, prime bankers' acceptances, collateralized certificate of deposits, negotiable certificate of deposits, and investment grade obligation of state and local government).

TYPES OF FUNDS

There are several types of funds held by the County Treasurer for the purpose of investing, depositing, apportioning and disbursing. The fund from which an investment is made or renewed must be identified before arriving at a decision as to what type of investment to make. Due to various exceptions and instructions for each individual fund, the list below will describe basic instructions for investing available funds:

COUNTY GENERAL FUND: The county general fund is a fund composed of taxes and fees collected by the county. Before investing any monies for the general fund, caution should be taken to assure that sufficient monies are on hand when needed to pay various obligations as they become due. During the months of November through April, the collection of taxes is larger and the term of investment should be made at the best possible rate. However, during the months of May through October, tax collections are smaller, and the term of investments should be centered around apportionment dates. In order to determine if monies are needed to meet any obligations, check with the Treasurer's Bookkeeping Department to determine what money is necessary. This will enable you to maintain the cash flow position necessary to meet various obligations. All of the described negotiable investment instruments are available for purchase by the County General Fund.

The County General Fund consists of several special revenue and trust funds. These funds are described as follows:

WORKERS COMPENSATION FUND: This fund was established by the County for self insuring workers. All workers compensation claims are presented to the Board of County Commissioners for approval then mailed to the respective claimant. Interest received on the investment can be rolled into the original investment or deposited into the same fund through miscellaneous receipt.

EMPLOYEES BENEFITS: The employees' benefits fund is established by the County to provide for the self insuring of medical and dental benefits. All claims for employees' benefits are presented to a third-party administrator for processing and the checks registered by the County Treasurer, upon approval from the Board of County Commissioners. All interest received from the investment are to be deposited back to the same fund through of miscellaneous receipt.

PROTEST TAX: This fund consists of all the monies received from taxpayers for the payment of taxes under protest. The monies in this fund will remain with this fund until the County Treasurer receives notification that the protest has been settled or released. The term for investing this fund is primarily the County Treasurer's responsibility. The County Treasurer's responsibility is making sure that investments for this fund are competitive, and the investment is made in a timely manner. The interest for this fund is deposited directly to the fund (either combined with the original investment or written on a miscellaneous receipt and combined with another investment). Upon the notification, that protest has been settled, the County Treasurer responsibility is

to release the funds along with interest to the respective school districts, and other entities, through the apportionment system.

CAPITAL PROJECTS FUND: This fund consists of all monies set aside for any major capital contract in which the county may enter into. For example, a Capital Project may involve the building a bridge, roads, or any facilities necessary for use by Oklahoma County. The Treasure's responsibilities for this fund include investing funds around the contract due dates or payment date. The interest received from the investments of this fund is deposited on miscellaneous receipt and apportioned to this fund.

COUNTY SINKING FUND: The county sinking fund is set aside to retire bonds and coupon indebtedness. A representative of the County Clerks office will advise the County Treasurer's office of the amount of monies and the term for this investment.

DEPOSITORY FUND: This fund consists of any monies received from all County Officer's. Monies received from any County Officer are deposited on a daily basis to this fund and all disbursements from this fund must be registered with the bookkeeping department in the County Treasurer's Office. Each county office is responsible for checks being registered. The fund balance is monitored on a daily basis by the Treasurer's Office. Investments for this fund are made as monies become available. The interest from all investments of this fund is deposited into the General Fund through a miscellaneous receipt.

COURT FUND: Monies in the court fund consists of all monies fees, fines, forfeitures, etc.), deposited directly with the Court Clerk's Office. The Court Clerk's Office deposits the Court Fund monies with the County Treasurer's Office. The County Treasurer's Office then deposits the monies for the court in an interest-bearing account. These funds are collateralized separately and the balance is monitored on a daily basis. It is the responsibility of the County Treasurer to assure that the Court Fund bank balance is monitored on a daily basis. The court fund utilizes a repurchase agreement for excess funds that are available for investment.

COURT CASES: Monies placed in the possession of the County Court Clerk, pending settlements of various court cases, are invested by the County Treasurer. The monies deposited into this fund remains in the County's Depository account, and are collateralized separately. The County Treasurer must invest the monies deposited with the Court Clerk's Office for court case investment. The County Treasurer must be furnished with a copy of the filed court case, (filed as lawsuits pending), along with a letter from the County Court Clerk stating the amount of money deposited into the case for investment. According to Title 19§682 of the Oklahoma State Statutes, when investing monies for court cases, this provision shall only apply to deposits in excess of one thousand dollars (\$1,000.00). Instructions for investments are noted in the filed case, such as the type of investment, term, or a specific financial institution. A check is written by the County Court Clerk's Office, and given to the County Treasurer's Office for the investment. A copy of all checks and

correspondence are on file. When a court order has been received by the County Treasurer's Office to disburse monies for a pending lawsuit that has been resolved a copy of the court order is taken to the participating bank to cash in the investment. The check or checks are received by the Treasurer's Office and taken to Court Clerk's Office for deposit to the case from which the investment was made. On a monthly basis, a letter is given to the County Court Clerk, describing all pending cases for which monies are invested pending outstanding lawsuits.

MECHANICS LIENS: This fund consists of monies placed in the possession of County Clerk pending settlements of filed liens. Monies available for investment, as well as monies necessary for payment of a release, are monitored by the County Clerk's office. Currently this money is invested in a money market type account so that the money is available on a daily basis. The interest received for the investment of this fund remains with the fund unless otherwise instructed. All decisions regarding increase/decrease of this fund are made by the County Clerk's office. A copy of the monthly statement is given to clerk's office.

COUNTY CLERKS UCC CENTRAL FILING FUND: This fund shall consist of all fees and penalties collected pursuant to Title 12A O.S.1-9-525.1. A representative of the County Clerks office will advise the County Treasurer's office of the amount and the term for this investment.

COUNTY CLERKS RECORD MGMT & PRESERVATION FUND: This fund shall consist of fees collected for each instrument recorded with the Registrar of Deeds pursuant to Title 28 O.S. 32.C for preserving, maintaining, and archiving recorded instruments. A representative of the County Clerks office will advise the County Treasurer's office of the amount of monies and the term for this investment.

TINKER CLEARING 2002 FUND: This fund is from a 2002 \$20 million dollar General Obligation Bond issued for the preservation of Tinker Air Force Base. The Treasure's responsibilities for this fund include investing funds around the contract due dates or payment date. The interest received from the investments of this fund is deposited on miscellaneous receipt and apportioned to this fund.

D.A. COMMIT/HOLD FUND: This fund consists of money seized in drug busts, pending distribution to various agencies. A representative of the District Attorney's office will advise the County Treasurer's office of the amount of monies to be deposited and withdrawn from the investment.

GUIDELINES FOR MAKING INVESTMENTS

When renewing an investment, all institutions are asked to verify the interest amount and to verify that interest check is mailed so that it is received on the

day of maturity.

When cashing-in or purchasing any investment, principal checks are to be handled by a messenger, a representative of the County Treasurer's Office or provisions are now in the place that allows electronic transfers for funds. The principal is **not** to be mailed. Interest checks however can be mailed.

When making a new investment, contact all institutions that may have competitive rates and /or available collateral. The new investment instrument must have the same date as the principal check or date of electronic transfer.

When setting a maturity date on any investment, no investment should mature on a weekend or a holiday. Before making any investment decisions, refer back to each individual fund. U. S. Treasury Obligations may be purchased that have a weekend or holiday maturity if the higher yield is obtained as compared to other investment alternatives.

After deciding on what institution an investment is made, confirm the purchase by verifying fund from which the investment is made, the amount, the maturity date, interest rate, and the purchase date. After confirming an investment, notify the Treasurer's Bookkeeping Department for the proper disbursement of monies from a specific fund. This can either be done by issuing a check or electronic funds transfer.

As investments are made, each transaction is recorded daily to a Personal Computer, for the County Treasurer's record of investments. Safekeeping receipts are mailed from the institution and matched against the transaction that has been recorded in the County Treasurer's record of investment. A copy of the safekeeping receipt is necessary to record all investments to investment ledger for balancing purposes.

In case of an emergency, (collateral shortages, bank failure, etc.), it is the County Treasurer's responsibility to act accordingly, with respect to good judgment and good business practices for any funds in his custody

When purchasing a new investment for the County Court Fund, the procedure remains as previously stated, however the Court Clerk's office is responsible for providing the check to the County Treasurer's Office for the new investment. The check for the new investment will be delivered to the proper institution by a representative of the County Treasurer's Office and the check or checks for the maturing investment will be picked up simultaneously by the representative of the

County Treasurer's Office and delivered to the proper deputy of said office for re-depositing.

The bookkeeping department records all transactions from investments as described below:

DISBURSEMENTS

The Treasurer's Bookkeeping Department will issue a check for investments unless using electronic transfer. The check is made payable to the proper institution, along with amount of the investment and the fund for which it was purchased.

DEPOSIT

Checks received (principal and interest) by the investment department are immediately given to the Treasurer's Bookkeeping for proper depositing. The Bookkeeping Clerk prepares a miscellaneous receipt based on the complete description (fund, investment number, amount, issuing bank, etc.) written on the back of interest check by the Investment Department. All principal checks are deposited to each respective fund for which investment is made. If electronic transfer is made, the same information is written on the notice and a copy is given to bookkeeping and a copy kept with the investment.

BALANCES

Allocation of the total (disbursements and deposits) of all fund balances must be identified on the Treasurer's Monthly Report. The deposits and disbursements must be reported as to what type of bank account and/or investment as follows:

- Demand Deposit
- Savings Account
- Certificate of Deposit
- Treasury (Bills, Notes, etc.)
- Money Market Accounts
- Commercial Paper
- Banker's Acceptance
- Corporate'

COLLATERAL

Collateral is authorized and offered for the sole purpose of securing the uninsured funds within any depository bank.

Due to the current economic outlook, the risk of security for retirement funds has become a major concern. The list of acceptable collateral to secure public funds is provided below:

- U.S. Treasury Obligations
- General Obligation Bonds (State)
- General Obligation Bonds (City-County School District)
- Letter of Credit
- Surety Bond

U.S. Treasury Bills are short-term (1 year or less) bills issued by the Treasury of the United States with full faith and credit of the United States.

U.S. Treasury Notes and U.S. Treasury Bonds are long term (1 year or longer) certificates or bonds issued by the Treasury of the United States with full faith and credit of the United States. U.S. Treasury Zero-Coupons is three months to thirty years, issued by the U.S. Treasury with full faith and credit of the United States.

General Obligation Bonds are bonds issued by an agency of the State of Oklahoma with full faith and credit of the State of Oklahoma. General Obligation Bonds (state, county, city, and school district) are bonds issued by any county, city, and school districts in the State of Oklahoma. Generally all General Obligation Bonds are rated monthly and will have a one, two, or three rating, depending on the financial situation of each respective entity. To maintain proper coverage, the deposits in any one institution should be matched against the market value of the collateral, less the amount insured by the FDIC. However, should the market value fall below the amount of deposits in any one institution, then the deposit should be lowered accordingly.

Letter of Credit or "LOC" means a definite undertaking in writing by a federal agency or instrumentality and authenticated by an authorized signature, to a local public entity as beneficiary, as requested of a financial institution with local public entity funds on deposits, to honor the financial institution's duty to return such funds on demand or on a date certain for time deposits.

Surety Bond means a bond or insurance policy which guarantees the obligations of a financial institution holding local public entity funds on deposit, to make payment on such deposits or the local public entity when due.

Pledging collateral instruments:

Upon authorization by the County Treasurer, a financial institution shall place required collateral securities in a restricted account at a Federal Reserve Bank or a Federal Home Loan Bank which serves Oklahoma or with another financial institution located in this state that is not owned or controlled by the same institution or holding company.

The financial institution depositing collateral securities shall deliver to the County Treasurer a power of attorney authorizing the treasurer to transfer or liquidates the securities in the event of a default, financial failure or insolvency of a financial institution.

When providing collateral instruments as security for public entity deposits the:

A. The financial institution shall:

1. Complete the original instrument Pledge Form
2. Attach a copy of the Pledge Form
3. Obtain the signature of the Duly Authorized Officers of the Pledgor Bank of the collateral Instruments Pledge Form

B. The treasurer shall:

1. Review the documents, and if approved, execute the Pledge Form and attach a copy of the collateral instrument, and retain original Pledge Form and collateral instrument.

C. 2. Forward one (1) copy of the Pledge Form to the pledgor bank The federal agency/instrumentality or insurance company issuing the collateral shall provide he the treasurer with a monthly listing

Releasing collateral instruments:

The pledgor bank will only be allowed to release collateral instruments when there is no longer any of the public entity's funds on deposit or when the amount of the remaining collateral instruments and the fair market value of remaining collateral securities is equal to or greater than the required amounts.

When releasing collateral instruments:

- A. The pledgor bank shall complete the release portion on a copy of he original Pledge Form for the collateral instrument and forward it to the treasurer.
- B. The Treasurer shall
 - 1. Review document and if approved, execute the release the portion of the Pledge Form by signing and dating.
 - 2. Return one copy to the Pledge Form to pledgor bank.

GLOSSARY

ACCRUED INTEREST: Interest that has accumulated since the date of issuance or since the last coupon payment period, but not yet received.

BANK BALANCE: The amount of money that is actually in the bank at any given time.

BASIS PRICE: Price expressed in yield to maturity, also known as the annual rate of return on an investment.

BID PRICE: The price that is offered to an owner to sell a particular security.

BLOCK: Securities offered and sold in the form of units.

BOOK BALANCE: The amount of money that is actually on the County's books.

CASH SETTLEMENT: Delivery and payment for securities on the day the transaction takes place.

CLEARING: The process by which credit is received from the collection of checks.

COLLECTED BALANCE: The amount of money that is actually in the bank and available for use.

COLLATERAL: Securities pledged by a financial institution to secure public funds.

CORPORATE SETTLEMENT: Delivery and payment for securities five (5) business days after the transaction.

COUPON: The interest rate (or coupon) of a bond at the stated annual interest rate of the issue and is expressed as a percentage of its face value.

DISCOUNT: When the cost is below par amount, a reduction in the price of a security - the difference between selling price and the face value at maturity when sold below face value. A bond price below its par value is described as being priced at a discount.

FULL FAITH AND CREDIT: The unconditional guarantee of any agency of the United States Government.

INVESTMENT RATE: Rate payable on borrowed monies.

INVESTMENT PORTFOLIO: Collection of all securities, certificate of deposits, savings accounts, etc. held by the County for the purpose of making a profit.

LIQUIDITY: The ability to convert a security into cash within a reasonable time, with a minimum risk of principal.

MATURITY: Date at which the principal becomes due and payable.

PAR AMOUNT: The face value of a security, shown on the face of the document in a specific dollar amount, also the amount due at maturity.

PLEGGED SECURITIES: Securities owned by a financial institution, which are pledged as collateral for funds deposited by the county. Types of pledged assets are specified by law.

PORTFOLIO: The collection of all securities for the purpose of trading, by Oklahoma County.

PREMIUM: The purchase of a security in which the price paid, exceeds the par value, or the amount by which a bond's market price exceeds its face value.

PRINCIPAL AMOUNT: The face or par value of an instrument that does not include any accrued interest. This is usually the amount paid for the security.

REGULAR SETTLEMENT: Delivery and payment for securities the day after the transaction takes place.

RECEIPT DATE: The day the investment or transaction is handled.

ROLL OVER: Reinvesting principal and accrued interest from a matured investment.

QUOTE: The offer to buy, or to sell a security at a particular time.

SAFEKEEPING: A service offered by financial institutions where investments are held in their vault for protection.

SECURITIES: Investment instruments such as bills, bonds, notes, etc.

SETTLEMENT DATE: the day the investment or transaction is actually settled.

SPREAD: The difference between the amount paid when a security is bought and the amount received when a security is sold.

TRADE DATE: The day the transaction is agreed upon.

TRADER: an individual or a representative who buys and sells securities for the purpose of making profits.

YIELD: the yield on a note or bond is the rate of annual income return expressed as a percentage.

OKLAHOMA COUNTY INVESMENT PROCEDURES

COMPETATIVE BID PROCEDURES

The Oklahoma County investment policy is to insure all county funds are safe, liquid and receive a competitive rate of return. When funds to purchase an investment are placed for bid these steps are taken. A minimum of three rate quotes are considered when accepting bids for an investment. Faxed offers from the bidding brokers are the preferred documentation for rate comparisons. Email or other support documentation may be used for documentation when faxed documents are not available. All bid documents will be attached with the purchased investment. Written explanation will accompany any investment that does not follow the tree bid procedure and faxed bid investment documentation.

