

TOWN OF WOODWAY  
COUNCIL SPECIAL MEETING AGENDA

TUESDAY, OCTOBER 25, 2022  
12:00 P.M.

Woodway Town Hall | 23920 113<sup>th</sup> Place W. | Woodway, WA

- 12:00 P.M.            Call to Order, Flag Salute, & Roll Call
- 12:00 P.M.    I    Ordinance 2022-643: Investment Policy
- 12:05 P.M.            Adjournment

*Council agendas are subject to change before or during the council meetings upon motion. All times are approximate.*

*\*Anyone with a disability requiring special accommodations or anyone wishing to make a public comment for this meeting via video or audio connection should contact the Town Clerk's Office at Town Hall or call (206)542-4443 before 1:00 p.m. the Thursday preceding the Council Meeting. For TDD relay service, call (206)587-5500, or outside the Seattle area #1-800-833-6388.*

# TOWN OF WOODWAY

## ORDINANCE 2022-643

AN ORDINANCE OF THE TOWN OF WOODWAY ADOPTING THE TOWN OF WOODWAY INVESTMENT POLICY; PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND AUTHORIZING SUMMARY PUBLICATION BY ORDINANCE TITLE ONLY.

WHEREAS, in August 2005, the Town Council passed Resolution 05-294, adopting a policy for investment of Town funds; and

WHEREAS, the Town Council desires to adopt a new policy that meets the requirements of state law and, consistent with current state law, provides additional investment options not available under the Town's existing investment policy;

NOW, THEREFORE, the Town Council of the Town of Woodway does hereby ordain as follows:

Section 1. The Town Council adopts the Town Investment Policy as stated in Exhibit A.

Section 2. The Town Council ratifies and confirms the prior actions of the Mayor, Town Administrator, and Clerk-Treasurer in investing the Town's excess funds in such investments currently authorized by RCW Section 35.39.030, including 36.29.020, 43.84.080, and 43.250 and the Town's Investment Policy as stated in Exhibit A.

Section 3. The Town's Investment Officer shall adopt and maintain procedures implementing the Town's Investment Policy, consistent with the Town's Investment Policy and the procedures shown in Exhibit B.

Section 4. If any part or portion of this Ordinance is declared invalid for any such reason, such declaration of invalidity shall not affect any remaining portion.

Section 5. This Ordinance shall take effect 5 days after date of publication by ordinance title only.

PASSED this 25<sup>th</sup> day of October 2022 by the Town Council of the Town of Woodway.

TOWN OF WOODWAY

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Michael S. Quinn, Mayor

ATTEST:

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Heidi K. S. Napolitano, Clerk-Treasurer

APPROVED AS TO FORM:

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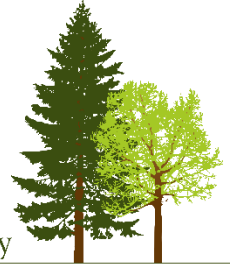
Greg Rubstello, Town Attorney

Date Passed by the Town Council:

Date Published:

Effective Date:

Draft



## INVESTMENT POLICY

### Purpose:

This policy is established to protect the safety of the Town's investable funds, to produce the highest investment return while meeting the cash requirements of the Town, and to ensure that the Town's actions in investing public funds conform to all applicable Washington State laws.

### Scope:

This investment policy applies to all financial assets of the Town of Woodway.

### References:

#### Revised Code of Washington (RCW)

- 35.39
- 36.29.020
- 43.84.080
- 43.250

#### Woodway Municipal Code (WMC) 3.24

### Definitions:

- A. "Investment Officer" The Clerk-Treasurer is designated as the Investment Officer for the Town of Woodway and is responsible for implementing investment decisions and activities as directed by the Town Council. In the absence of the Clerk-Treasurer, the duties of the Investment Officer may be performed by the Mayor or Mayor's designee.
- B. "Excess Funds" are cash balances that are more than sufficient to meet the Town's budgeted and forecasted expenditures.

### Policies:

#### A. *Investment Philosophy:*

1. Prudence: The standard of prudence to be applied by the Investment Officer in managing the Town's overall portfolio shall be the "Prudent Person Rule," which states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Investment Officer, acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

2. **Public Trust:** All participants in the investment process will seek to act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public scrutiny and evaluation. In addition, the overall investment program shall be designed and administered with a degree of professionalism worthy of the public trust. Investment officials shall also refrain from any transaction that might knowingly impair public confidence in the Town's ability to govern effectively.
  3. **Ethics and Conflicts of Interest:** Officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make unbiased investment decisions. Employees and investment officials shall disclose to the Town Council the type of financial relationship, not specific dollar amounts, in financial institutions that conduct business for the Town, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Town's portfolio.
- B. *Investment Objectives:* The funds of the Town of Woodway will be invested in accordance with the Constitution of the State of Washington, applicable provisions of the RCW, Town ordinances, resolutions, and Council direction. The objectives below are listed in order of importance.
1. **Safety:** Safety of principal is the primary objective of the Town's investment program. Investments of the Town shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
  2. **Liquidity:** The Town of Woodway's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating and capital requirements that reasonably might be anticipated. Investments may be organized according to a laddered maturity schedule.
  3. **Return on Investment:** The Town's investment portfolio will be designed with the goal of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

C. *Investment Policy Adoption, Review, Implementation, and Internal Control/Reporting:*

1. *Policy Adoption and Review:* The Town's Investment Policy shall be adopted by Ordinance of the Town Council. As needed, the Town Council will review the overall Investment Policy as it relates to the Town's financial objectives and make any necessary modifications to the Policy. Council review may include general strategies; investment results; economic outlook; portfolio diversification and maturity structure; potential risks to the Town's funds; authorized depositories; and the target rate of return on the investment portfolio.
2. *Implementation:* The Investment Officer shall establish and maintain written procedures for the operation of the investment program consistent with this Investment Policy.
3. *Internal Control/Reporting:* The Investment Officer shall report on the investment portfolio pursuant to RCW 35.39.032 and submit a quarterly summary report to the Town Council.

D. *Authorized and Suitable Investments:* The Investment Officer is authorized by RCW 35.39.032 to invest excess funds in such investments authorized by RCW Section 35.39.030, including 36.29.020, 43.84.080, and 43.250, as may be amended. No other person may engage in an investment transaction, except as provided under the terms of this Policy.

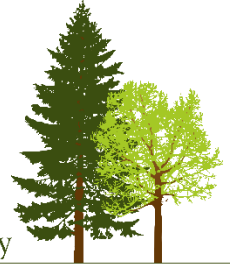
E. *Safekeeping and Custody:* Securities will be held by a financial institution to serve as a third-party custodian acting on the Town's behalf. The institution should issue a safekeeping receipt to the Town listing the specific instrument, rate, maturity, and all other pertinent information. All securities purchased by the Town shall be properly designated by the custodian as an asset of the Town.

F. *Maximum Maturities:* Unless authorized by the Town Council, the Investment Officer will not directly invest in securities having a maturity date of more than three years from the date of purchase.

G. *Interest Earnings:* Interest earnings from all investments authorized by this Policy shall be apportioned as provided in WMC Chapter 3.24 – Funds.

Approved by:

Effective date: 11/01/2022



## INVESTMENT PROCEDURES

### Purpose:

These procedures are established to implement the Town's Investment Policy.

### Scope

These procedures apply to all financial assets invested by the Town of Woodway.

### References:

Revised Code of Washington (RCW)

- 35.39
- 39.58

### Definitions:

- A. "Investment Officer" The Clerk-Treasurer is designated as the Investment Officer for the Town of Woodway and is responsible for implementing investment decisions and activities as directed by the Town Council. In the absence of the Clerk-Treasurer, the duties of the Investment Officer may be performed by the Mayor or Mayor's designee.
- B. "Excess Funds" are cash balances that are more than sufficient to meet the Town's budgeted and forecasted expenditures.

### Procedures:

- A. *Investment Transactions:* The Investment Officer will notify the Mayor or Mayor's designee in writing of all scheduled investment transactions before the transactions are completed.
- B. *Diversification:* The Investment Officer should diversify the Town's investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.
- C. *Financial Institutions:* When purchasing a certificate of deposit (CD), the selection of the Town's bank(s) shall be made from the list of Qualified Public Depositories approved by the Washington Public Deposit Protection Commission as authorized to provide investment services. (RCW 39.58.080). The Investment Officer shall limit the investment in a CD to \$250,000 per bank.

*D. Reporting*

1. Monthly:
  - a. The Investment Officer shall report all investment transactions to the Town Council, as required by RCW 35.39.032.
  - b. The Investment Officer should include a copy of the investment report in the Town's monthly reconciliation packet, which is reviewed by the Mayor or Mayor's Designee.
2. Quarterly: The Investment Officer should submit to the Town Council a quarterly investment report that includes a listing of individual securities held at the end of the reporting period, including their final maturity date and coupon, discount, or earnings rate.
3. Annually: These funds are accounted for in the Town of Woodway's Annual Report to the State of Washington.

*E. Internal Control/Audit:* The Mayor or Mayor's Designee should complete an annual review of the Town's investment activity and compliance with the Town's Investment Policy concurrent with the review of the Town's Annual Report.

1. The Investment Officer will provide:
  - a. All monthly and quarterly reports;
  - b. Documentation of new investment notifications
2. The Mayor or Mayor's Designee should review all documentation and sign an acknowledgment that they have completed the review and note any discrepancies found.

Approved by:

Effective date: 11/01/2022