



**City of Mexico, Missouri  
City Council Meeting Agenda  
City Hall • 3<sup>rd</sup> Floor Council Chambers**

**300 N. Coal Street  
Mexico, Missouri 65265**

**November 22, 2021  
6:00 p.m.**

**REGULAR SESSION**

- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Minutes**
  - A. November 8, 2021 – Work/Regular Session
- 4. Ordinance (Reading By Title Only and Passage)**
  - A. Bill No. 2021 – 74. An Ordinance Authorizing the City Manager to Execute an Agreement with the Missouri Highways and Transportation Commission for the Traffic Engineering Assistance Program (TEAP52). Two Readings By Title Only and Passage.
- 5. Resolutions (Reading By Title Only and Passage)**
  - A. Bill No. 2021 – 75. A Resolution Authorizing the City Manager to Execute an Engineering Services Contract with Bartlett & West for the Clark Street Corridor Study (TEAP52). Reading By Title Only and Passage.
  - B. Bill No. 2021 – 76. A Resolution Adopting an Investment Policy for Operating Funds of the City of Mexico, Missouri. Reading By Title Only and Passage.
- 6. Other Business**
  - A. Claims
- 7. Comments**
  - A. Council
  - B. Public (*Please state name and address for the record and keep comments to a maximum of three minutes*).
- 8. Adjournment**

**CITY OF MEXICO, MISSOURI  
CITY COUNCIL REGULAR MEETINGS MINUTES  
NOVEMBER 8, 2021**

The Council of the City of Mexico, Missouri met in work/regular session on November 8, 2021 at 6:00 p.m., in the Council Chambers of City Hall, with the following members present: Chairman Pro Tem Vicki Briggs; Council Member Chris Williams; Council Member Dr. Ayanna Shivers; Council Member Steve Haag. Also present were Bruce Slagle, City Manager; Roger Haynes, Deputy City Manager; Russell Runge, Assistant City Manager/Economic Development; Rita Jackson, Community Development Director; Kensey Russell, Public Works Director; Chad Shoemaker, Parks & Recreation Director; Chief Susan Rockett, Department of Public Safety; Drew Williford, City Engineer; Louis J. Leonatti, City Attorney; Patrick Shaw, IT Specialist; Marcy LeCount, City Clerk; as well members of the media and interested citizens. Absent, Mayor Chris Miller

The Work/Regular Session Council Meetings were also live streamed on the City's Facebook account, City of Mexico – City Hall.

The Work Session Meeting was called to order with Chairman Pro Tem Briggs presiding.

**COUNCIL DISCUSSION – DISCUSSION OF USING ELECTRONIC DEVICES FOR CITY COUNCIL MEETING PACKETS**

Chairman Pro Tem Briggs called upon City Manager Slagle to provide the report.

City Manager Slagle presented information to Council Members indicating that all Council packets are available as e-packets. All Department Directors receive a council e-packet unless the Director specifically requests a paper packet. Council Members held discussion regarding receiving a council e-packet. Chairman Pro Tem Briggs and Council Member Shivers each indicated that would prefer to receive paper packets. Council Member Haag and Council Member Williams would prefer to receive e-packets. City Manager Slagle indicated that Staff would research and the City would purchase tablets for Council Members' use in receiving e-packets.

**COUNCIL DISCUSSION – DISCUSSION AUTHORIZING GOLF CARTS ON PUBLIC STREETS**

Chairman Pro Tem Briggs called upon City Manager Slagle to provide the report.

City Manager Slagle indicated that the Executive Summary, was included in the Council's packet regarding allowing the operation of golf carts on city streets within the city limits of Mexico, Missouri. City Manager Slagle stated that Staff did not have any additional information to present to Council at this time. Council Members held discussion regarding allowing golf cars/carts on city streets. Council Member Williams and Chairman Pro Tem Briggs commented on several Missouri communities which allow golf carts on public streets, safety precautions and street qualified golf carts. City Council Members held discussion regarding golf carts being allowed on public streets. Council Member Shivers and Chairman Pro Tem Briggs discussed concerns regarding safety of the use of golf cars/carts. City Attorney Leonatti presented additional information to City Council Members on the City's liability for golf cars/carts on roadways. Council Members did not reach a general consensus to advance an Ordinance that would allow golf carts on City streets.

**OTHER BUSINESS**

None

**ADJOURNMENT INTO REGULAR SESSION**

Council Member Haag made a motion to close the Work Session. The motion was seconded by Council Member Williams. The Chair called for a vote and motion carried with the vote as follows: Ayes, Haag, Briggs, Shivers, Williams. Nays, none. Absent, Miller.

The Regular Session Meeting was called to order by Chairman Pro Tem Vicki Briggs.

#### **APPROVAL OF MINUTES – OCTOBER 25, 2021 –REGULAR SESSION MEETING**

Council Member Haag moved for approval of the October 25, 2021 Regular Session minutes as presented. Council Member Williams seconded the motion. On a call by the Chair for ayes and nays, the motion carried, with the vote on passage as follows: Ayes, Briggs, Shivers, Williams, Haag. Nays, none. Absent, Miller. The Minutes were approved as presented.

#### **NEW BUSINESS – RESOLUTION**

***Bill No. 2021 – 73. A Resolution Authorizing the City Manager To Enter Into An Agreement with the Mexico Area Chamber of Commerce To Assist in Marketing Activities for the City of Mexico.***

City Manager Slagle called upon Deputy City Manager Haynes to present the report.

Bill No. 2021 - 73 authorized the City Manager to enter into an agreement with the Mexico Area Chamber of Commerce to assist in marketing activities in the City of Mexico for the budget year 2021 – 2022. The City of Mexico would contribute to the Mexico Area Chamber of Commerce the sum of Thirteen Thousand and No/Dollars (\$13,000.00) for use in the cost of marketing activities. Deputy City Manager Haynes recommended Council proceed with reading by title only and passage of Bill No. 2021 – 73.

Dana Keller, Executive Director of Mexico Chamber of Commerce, expressed appreciation to City Council Members for their continued support. Keller reported on the Chamber's Work Force Specialist activities and introduced Council Members to the Chamber's recently developed Mighty MexMO App.

Council Member Shivers moved for reading by title only of Bill No. 2021 – 73. Council Member Haag seconded the motion. On a call by the Chair for ayes and nays, the motion carried, with the vote on passage as follows: Ayes, Briggs, Shivers, Williams, Haag. Nays, none. Absent, Miller. Reading By Title Only was given to Bill No. 2021 – 73 by Council Member Shivers.

Council Member Shivers moved for passage of Bill No. 2021 – 73. Council Member Williams seconded the motion. On a call by the Chair for ayes and nays, the motion carried, with the vote on passage as follows: Ayes, Briggs, Shivers, Williams, Haag. Nays, none. Absent, Miller. Bill No. 2021 – 73 was passed as Resolution No. 4045.

#### **OTHER BUSINESS**

##### ***Claims***

The list of claims was presented for approval.

Council Member Williams moved for approval of the list of claims as presented. Council Member Shivers seconded the motion. On a call by the Chair for ayes and nays, the motion carried, with the vote on passage as follows: Ayes, Briggs, Shivers, Williams, Haag. Nays, none. Absent, Miller.

The list of claims was approved.

#### **COUNCIL COMMENTS**

Council Member Williams commented on the recent golf cart discussion. Council Member Williams commented on the recent closing of Dawn Foods. Council Member Williams congratulated Coach Haag on the MHS football team's advancement.

Chairman Pro Tem Briggs expressed appreciation to the Mexico Chamber for all they contribute to the community. Chairman Pro Tem Briggs commented on the need for housing to assist with the employment.

Council Member Shivers commented on Presser Arts Center's recent Gala that was held. Council Member Shivers congratulated Coach Haag on the MHS football team's advancement.

Council Member Haag commented on the upcoming MHS football district playoff. Council Member Haag commented on the recent Mexico Chamber of Commerce Industry & Appreciation Dinner.

**PUBLIC COMMENTS**

None

**ADJOURNMENT**

Council Member Williams moved to adjourn the meeting. The motion was seconded by Council Member Shivers. The Chair called for a vote and motion carried with the vote as follows: Ayes, Briggs, Shivers, Williams, Haag. Nays, none. Absent, Miller. The City Council Regular Session Meeting was adjourned.

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MAYOR

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CITY CLERK

APPROVED BY COUNCIL NOVEMBER 22 2021

CITY OF MEXICO, MISSOURI  
OFFICE OF CITY ENGINEER/ PUBLIC WORKS DIRECTOR

Agenda: November 22, 2021

Members of City Council  
City of Mexico, Missouri

RE: An Ordinance Authorizing the City Manager to Execute an Agreement with the Missouri Highways and Transportation Commission for the Traffic Engineering Assistance Program (TEAP52)

Dear City Council Members:

In August 2021, the City of Mexico applied for funding through the Traffic Engineering Assistance Program (TEAP) to obtain a consultant for review of the Clark Street Corridor. This corridor includes the intersections with Liberty Street, Promenade Street, Jackson Street, Monroe Street, and Love Street. Each of these intersections currently operates under an All Way Stop condition. This grant will assist the City of Mexico in studying the Clark Street Corridor to determine if traffic flow improvements may be advisable.

To initiate the project, an agreement between the City of Mexico and the Missouri Highways and Transportation Commission needs to be executed. The agreement initiates the obligation of funds and the schedule for program assistance. Funding for this project will include an 80% Federal cost share through MoDOT for a total project cost of \$12,000 (City paying \$2,400.00). It is worth noting that the maximum Federal reimbursement has recently increased from \$8,000 to \$9,600. While the initial \$2,000 cost was anticipated in the FY 2021-2022 budget, an additional \$400 from the Engineering – Other Professional Services line item will be used to fully fund this project.

Staff recommends Council proceed with two readings by title only and passage of the attached Ordinance authorizing the City Manager to execute an agreement with the Missouri Highways and Transportation Commission for TEAP funding. The Ordinance has been posted the required length of time.

Respectfully submitted,

J. Kensey Russell, PE, LS  
City Engineer/Public Works Director

JKR

Attachments

Reviewed by: Bruce R. Slagle, City Manager

**AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXECUTE  
AN AGREEMENT WITH THE MISSOURI HIGHWAYS AND  
TRANSPORTATION COMMISSION FOR THE TRAFFIC  
ENGINEERING ASSISTANCE PROGRAM (TEAP52)**

WHEREAS, the City of Mexico applied for funding through the Traffic Engineering Assistance Program (TEAP52) to obtain a consultant to review the Clark Street Corridor; and

WHEREAS, the Missouri Department of Transportation awarded the City of Mexico funding for the 2022 fiscal year; and

WHEREAS, to initiate the project, an agreement between the City of Mexico and the Missouri Highways and Transportation Commission needs to be executed.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEXICO, MISSOURI, AS FOLLOWS:

Section 1. The City Manager is authorized to enter into an agreement with the Missouri Highways and Transportation Commission for funding of the Clark Street Corridor Study (TEAP52).

Section 2. This Ordinance shall be in full force and effect from and after the time of its passage.

PASSED THIS 22<sup>ND</sup> DAY OF NOVEMBER 2021

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MAYOR

ATTEST:

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CITY CLERK

CITY OF MEXICO, MISSOURI  
OFFICE OF CITY ENGINEER/ PUBLIC WORKS DIRECTOR

Agenda: November 22, 2021

Members of City Council  
City of Mexico, Missouri

RE: A Resolution Authorizing the City Manager to Sign Contract Documents with Bartlett & West, Inc for the Traffic Engineering Assistance Program (TEAP52)

Dear City Council Members:

In August 2021, the City of Mexico applied for funding through the Traffic Engineering Assistance Program (TEAP) to obtain a consultant for review of the Clark Street Corridor. This corridor includes the intersections with Liberty Street, Promenade Street, Jackson Street, Monroe Street, and Love Street. Each of these intersections currently operates under an All Way Stop condition. This grant will assist the City of Mexico in studying the Clark Street Corridor to determine if traffic flow improvements may be advisable.

As part of this process, the City must select a consultant from a pre-approved list through the Missouri Department of Transportation (MoDOT). Bartlett & West, one of the City's current On Call Consultants, is also on the MoDOT pre-approved TEAP consultant list. They are the only On Call Consultant with the City pre-qualified by MoDOT for TEAP work. Bartlett & West is considered quite capable of handling this project as they have a strong background in Transportation Engineering and have worked well with the City on past projects.

Funding for this project will include an 80% Federal cost share through MoDOT for a total project cost of \$12,000 (City paying \$2,400.00). It is worth noting that the maximum Federal reimbursement has recently increased from \$8,000 to \$9,600. While the initial \$2,000 cost was anticipated in the FY 2021-2022 budget, an additional \$400 from the Engineering – Other Professional Services line item will be used to fully fund this project.

Staff recommends Council proceed with reading by title only and passage of the attached Resolution authorizing the City Manager to sign contract documents with Bartlett & West for TEAP52.

Respectfully submitted,

J. Kensey Russell, PE, LS  
City Engineer/Public Works Director

JKR  
Attachments

Reviewed by: Bruce R. Slagle, City Manager

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN CONTRACT DOCUMENTS WITH BARTLETT & WEST, INC FOR THE TRAFFIC ENGINEERING ASSISTANCE PROGRAM (TEAP52)**

WHEREAS, the Missouri Department of Transportation awarded the City of Mexico TEAP funding for the 2022 fiscal year; and

WHEREAS, Bartlett & West is currently on the Missouri Department of Transportation pre-approved TEAP consultant list; and

WHEREAS, Bartlett & West has a strong background in Transportation Engineering and has worked well with the City on past projects.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MEXICO, MISSOURI, AS FOLLOWS:

Section 1. The City Manager is authorized to sign contract documents with Bartlett & West, Inc for the Traffic Engineering Assistance Program (TEAP52).

Section 2. This Resolution shall be in full force and effect from and after the time of its passage.

PASSED THIS 22<sup>ND</sup> DAY OF NOVEMBER 2021

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MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK



CITY OF MEXICO, MISSOURI  
OFFICE OF DEPUTY CITY MANAGER

Agenda: November 22, 2021

Members of City Council  
City of Mexico, Missouri

RE: A Resolution Adopting an Investment Policy for Operating  
Funds of the City of Mexico, Missouri

Dear City Council Members:

In 2002 City Council adopted by Resolution a model investment policy for all operating funds of the City of Mexico.

In review of the most current State of Missouri Public Investment Guide and model policy provided through the Missouri State Treasurer's Office, Staff recommends an update to the City of Mexico's current Investment Policy.

Staff believes the updated investment model outlined by the State of Missouri provides a document that is more easily understood and better defined in overall scope to users of the policy in comparison to the policy currently in place for the City of Mexico.

The policy provides a statement of purpose, establishes general objectives for safety, liquidity, and yield including a standard of care, as well as provisions relating to ethics and conflicts of interest and internal controls over suitable and authorized investments.

Staff recommends that Council proceed with reading and passage of the attached Resolution adopting the updated Investment Policy for the City of Mexico.

Respectfully submitted,

Roger D. Haynes  
Deputy City Manager

RDH  
Attachments

Reviewed by: Bruce Slagle, City Manager

**A RESOLUTION ADOPTING AN INVESTMENT POLICY FOR OPERATING FUNDS OF THE CITY OF MEXICO, MISSOURI.**

WHEREAS, the City of Mexico adopted a model investment policy for all operating funds of the City of Mexico in 2002; and

WHEREAS, the current State of Missouri Public Investment Guide and model policy, provided through the Missouri State Treasurer’s Office, has been updated and provides a document that is more easily understood and better defined in overall scope to users of the policy in comparison to the policy currently in place for the City of Mexico; and

WHEREAS, the policy provides a statement of purpose, establishes general objectives for safety, liquidity, and yield including a standard of care, as well as provisions relating to ethics and conflicts of interest and internal controls over suitable and authorized investments; and

WHEREAS, the City of Mexico desires to adopt an updated Investment Policy of operating funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MEXICO, MISSOURI, AS FOLLOWS:

- Section 1. The City of Mexico hereby adopts an Investment Policy of All Operating Funds, a copy of which is attached hereof and marked Exhibit “A”.
- Section 2. This Resolution shall be in full force and effect from and after the time of its passage.

PASSED THIS 22<sup>ND</sup> DAY OF NOVEMBER 2021

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MAYOR

ATTEST:

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City Clerk

## CITY OF MEXICO, MISSOURI – INVESTMENT POLICY

### I. SCOPE

This policy applies to the investment of all operating funds of the City of Mexico. Longer-term funds, including investments of employees’ retirement funds and proceeds from certain bond issues, are covered by a separate policy.

#### 1. *Pooling of Funds*

Except for cash in certain restricted and special funds, the City of Mexico will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

#### 2. *External Management of Funds*

Investment through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

### II. GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield:

#### 1. *Safety*

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

##### a. Credit Risk

The City of Mexico will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City of Mexico will do business.
- Diversifying the portfolio so that potential losses on individual fixed income securities will be minimized.

##### b. Interest Rate Risk

The City of Mexico will minimize the risk that the market value of fixed income securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell fixed income securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term fixed income securities.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that fixed income securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of fixed income securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in the bank deposits or repurchase agreements that offer same-day liquidity for short-term funds.

3. *Yield*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment/risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Fixed income securities shall not be sold prior to maturity with the following exceptions:

- A fixed income security with declining credit may be sold early to minimize loss of principal.
- A fixed income security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the fixed income security be sold.

### **III. STANDARDS OF CARE**

1. *Prudence*

The standard of care to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the governing body and the liquidity and the sale of fixed income securities are carried out in accordance with the terms of this policy. 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.

2. *Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City of Mexico.

3. *Delegation of Authority*

Authority to manage the investment program is granted to the Administrative Services Director who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements and collateral/depository agreement. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Administrative Services Director. The Administrative Services Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### **IV. INVESTMENT TRANSACTIONS**

1. *Authorized Financial Dealers and Institutions*

A list will be maintained of financial institutions authorized to provide investment transactions. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness as determined by the investment officer and approved by the governing body. These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements.
- Proof of National Association of Securities Dealers (NASD) certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read, understood and agreeing to comply with the City of Mexico’s investment policy.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers being utilized will be conducted by the Administrative Services Director.

2. *Internal Controls*

The Administrative Services Director is responsible for establishing and maintaining an internal control structure that will be reviewed annually with the City of Mexico's independent auditor. The internal control structure shall be designed to ensure that the assets of the City of Mexico are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

The internal controls shall address the following points:

- Control of collusion.
- Separation of transaction authority from accounting and record keeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.
- Development of a wire transfer agreement with the lead bank and third-party custodian.

3. *Delivery vs. Payment*

All trades, where applicable, will be executed by Delivery vs. Payment (DVP) to ensure that fixed income securities are deposited in eligible financial institutions prior to the release of funds. All fixed income securities shall be perfected in the name or for the account of the City of Mexico and shall be held by a third-party custodian as evidence by safekeeping receipts.

**V. SUITABLE AND AUTHORIZED INVESTMENTS**

1. *Investment Types*

In accordance with and subject to restrictions imposed by current statutes, the following list represents the entire range of investments that the City of Mexico will consider and which will be authorized for the investments of the operating funds by the City of Mexico.

- a. **Governmental and Agency Debt** – those securities issued by and or guaranteed by the Federal Government or an Agency or Instrumentality of the Federal Government:

- i. **United States Treasury Securities.** The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- ii. **United States Agency Securities.** The City may invest in obligations issued or guaranteed by any agency of the United States Government as described in V.(2).
- b. **Fixed Income investments secured by FDIC insurance and/or Collateral:**
  - i. **Repurchase Agreements.** The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The purchaser in a repurchase agreement (repo) enters into a contractual agreement to purchase U.S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices.
  - ii. **Collateralized Public Deposits (Certificates of Deposit).** Instruments issued by financial institutions which state that specified sums have been deposited for specified periods of time and at specified rates of interest. The certificates of deposit are required to be backed by acceptable collateral securities as directed by State Statute.
  - iii. Investments permitted by the City Council which are authorized in the model investment policy prepared by the State of Missouri for political subdivisions.

## 2. *Security Selection*

The following list represents the entire range of the United States Agency Securities that the City of Mexico will consider and which shall be authorized for the investment of operating funds by the City of Mexico. Additionally, the following definitions and guidelines should be used in purchasing the instruments:

- a. **U.S. Govt. Agency Coupon and Zero-Coupon Securities.** Bullet coupon bonds with no embedded options.
- b. **U.S. Govt. Agency Discount Notes.** Purchased at a discount with maximum maturities of one (1) year.
- c. **U.S. Govt. Agency Callable Fixed Income Securities.** Restricted to fixed income securities callable at par only with final maturities of five (5) years.
- d. **U.S. Govt. Agency Step-Up Fixed Income Securities.** The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed term. Restricted to securities with final maturities of five (5) years.

- e. U.S. Govt. Mortgage Backed Fixed Income Securities. Restricted to fixed income securities with final maturities of five (5) years.

3. *Investment Restrictions and Prohibited Transactions*

To provide for the safety and liquidity of the City of Mexico funds, the investment portfolio will be subject to the following restrictions:

- a. Borrowing for investment purposes (“Leverage”) is prohibited.
- b. Instrument known as Structured Notes (e.g. inverse floaters, leveraged floaters, and equity-linked securities) are not permitted. Investment in any instrument, which is commonly considered a “derivative” instrument (e.g. options, futures, swaps, caps, floors and dollars), is prohibited.
- c. Contracting to sell fixed income securities not yet acquired in order to purchase other fixed income securities for purposes of speculating on developments or trends in the market is prohibited.

4. *Collateralization*

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. The market value (including accrued interest) of the collateral should be at least 102%.

For certificates of deposit, the market value of collateral must be at least 102% or greater of the amount of certificates of deposits plus demand deposits with the depository, less the amount, if any, which is insured by the Federal Deposit Insurance Corporation, or the National Credit Unions Share Insurance Fund.

All securities, which serve as collateral against the deposits of a depository institution, must be safekept at a non-affiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business days from the settlement date.

The City of Mexico shall have a depository contract and pledge agreement with each safekeeping bank that will comply with the Financial Institutions, Reform, Recovery and Enforcement Act of 1989 (FIRREA). This will ensure that the City of Mexico’s security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

5. *Repurchase Agreements*

The securities for which repurchase agreements will be transacted will be limited to U.S. Treasury and government agency securities that are eligible to be delivered via the Federal Reserve’s Fedwire book entry system. Securities will be delivered to the City of Mexico’s designated Custodial Agent. Funds and securities will be transferred on a delivery vs. payment basis. For overnight repurchase agreements the underlying collateral shall consist of U.S. Treasury notes or bonds, government agency bonds and government instrumentalities with the total collateral having a market value in excess of the repurchase amount.



**VI. INVESTMENT PARAMETERS**

*1. Diversification*

The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

- a. U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. Government .....100%
- b. Collateralized time and demand deposits ..... 100%
- c. U.S. Government agencies and government sponsored enterprises ..... no more than 60%
- d. Other Collateralized repurchase agreements ..... 50%
- e. U.S. Government agency callable securities ..... no more than 30%

*2. Maximum Maturities*

To the extent possible, the City of Mexico shall attempt to match its investments with anticipated cash flow requirements. Investments in repurchase agreements shall mature and become payable not more than ninety days (90) from the date of purchase. All other investments shall mature and become payable not more than five (5) years from the date of purchase. The City of Mexico shall adopt weighted average maturity limitations that should not exceed three (3) years and is consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as in bank deposits or overnight repurchase agreements to assure that appropriate liquidity is maintained to meet ongoing obligations.

**VIII. REPORTING**

*1. Methods*

The investment officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the City of Mexico to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the governing body of the City of Mexico. The report will include the following:

- Listing of individual fixed income securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year

duration (in accordance with Government Accounting Standards Board (GASB) 31 requirements). [Note: this is only required annually.]

- Listing of investment maturity dates.
- Percentage of the total portfolio, which each type of investment represents.

2. *Performance Standards*

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks may be established against which portfolio performance shall be compared on a regular basis.

3. *Marking to Market*

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least annually to the governing body of the City of Mexico. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

## **VII. POLICY CONSIDERATIONS**

1. *Exemption*

Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. *Adoption*

This policy shall be adopted by resolution of the City of Mexico governing body. The policy shall be reviewed annually by the Administrative Services Director and recommended changes will be presented to the governing body for consideration.

The securities described below are designated as acceptable collateral for the deposit of City funds.

1. Marketable Treasury securities of the United States.
2. Bonds or certificates of participation (COP's) issued by the State of Missouri with an investment grade long-term rating from one of the Nationally Recognized Statistical Ratings Organizations (NRSRO's) or are secured by a federal agency guarantee (directly or through guaranteed loans), to include the following:
  - a. General obligation debt securities issued by the State of Missouri.
  - b. Revenue bonds issued by the Missouri Board of Public Buildings or Department of Natural Resources.
  - c. Revenue bonds of the Missouri Housing Development Commission, Missouri Health and Education Facilities Authority, Missouri Higher Education Loan Authority, Missouri Environmental Improvement and

Energy Resources Authority, Missouri Agricultural and Small Business Development Authority, Missouri Industrial Development Board, or State-owned educational institutions.

3. Bond or certificates of participation with an investment grade long-term rating from one of the NRSRO's issued by any of the following agencies:
  - a. Any City in this state having a population of not less than two thousand
  - b. Any county of this state
  - c. Any school district situated in this state
  - d. Any special road district in this state
  - e. Bonds of any political subdivision established under the provision of Article VI, Section 30 of the Constitution of Missouri (City and County of St. Louis)
  - f. Any of the fifty states within the United States of America
4. Debt securities guaranteed by the United States or its agencies or instrumentalities, as follows:
  - a. Debt securities of the Federal Farm Credit System
  - b. Debt securities of the Federal Home Loan Banks
  - c. Debt securities of the Federal National Mortgage Association ("Fannie Mae")
  - d. Debt securities of the Tennessee Valley Authority (TVA)
  - e. Debt securities of the Federal Agricultural Mortgage Corporation ("Farmer Mac")
  - f. Debt securities of the Government National Mortgage Association ("Ginnie Mae")
  - g. Debt securities of the Federal Home Loan Mortgage Corporation ("Freddie Mac")
  - h. Guaranteed Loan Pool Certificates of the Small Business Administration (SBA)
  - i. Federal Home Administration insured notes (CBOs)
  - j. Public housing notes and bonds ("project notes and bonds") issued by public housing agencies, guaranteed as to the payment of principal and interest by the government of the United State or any agency or instrumentality thereof.
5. Tax anticipation notes issued by any county of class one in Missouri with an investment grade short-term rating from one of the Nationally Recognized Statistical Ratings Organizations (NRSRO's).
6. Bonds or certificates of participation issued by local government agencies within the State of Missouri, proved such instruments are rated in one of the four highest rating categories (investment grade) by at least one NRSRO.