

ORDINANCE NO. 246

IN ACCORDANCE WITH THE PROVISION OF R.S. 33:2955(D), as enacted by Act No. 374 of 1995, the Town of Dubach hereby adopts this Investment Policy.

The Town of Dubach shall operate under the "Prudent Person" rule, exercising judgment and care, under the circumstances prevailing, which people of ordinary prudence would employ in the management of their own affairs - not in regard to speculation, but as to the permanent disposition of their funds, considering both income and safety of capital.

The assets of the Town of Dubach shall be held in trust by the fiduciary (fiduciaries) designated by the Town of Dubach.

This policy is not intended to remain static. Normally, the Town of Dubach will review this policy at least annually and, if deemed advisable, recommend changes. Recommendations from outside professionals leading to improvements in policies, procedures, and operations are always welcome.

OBJECTIVES

The primary investment objective of the Town of Dubach is to ensure that the current and future obligations are adequately funded in a cost effective manner. The goals of this investment policy shall be (1) safety of principal, (2) liquidity, and (3) yield.

Preservation of capital and the realization of sufficient total return to ensure the ongoing financial integrity of the funds are essential. Preservation of capital encompasses two goals:

- * Managing the risk of loss of principal for the fund as a whole.
- * Managing the erosion of principal value through inflation.

The Town of Dubach shall not invest in any derivatives.

RESPONSIBILITY

The investment of funds shall be managed by The Mayor, and may be accomplished by the selection of an investment manager(s). The selection must be approved by the Town of Dubach in accordance with the criteria established by the Town of Dubach. The investment manager(s) must acknowledge in writing his obligations as a fiduciary responsible for the investment of the Town of Dubach assets.

Prospective investment managers shall be registered investment advisors with the Securities and Exchange Commission under the Investment Act of 1940 or bank trust departments regulated by the Office of the Comptroller of the Currency.

GUIDELINES

The assets of the Town of Dubach shall be invested, as provided in R.S. 33:2955(A)(1) as amended, in the following:

- * Director purchases of single family or commercial mortgages.
- * Purchases of foreign bonds.
- * The short sale of securities
- * Effective August 15, 1995, as provided in R.S. 33:2955(A)(1)(b)(iii) - enacted by Act No. 1126 of 1995, investment in obligations issued or guaranteed by federal agencies of U.S. government instrumentalities which are collateralized mortgage obligations that have been stripped into interest only or principal only obligations, inverse floaters, or structured notes. "Structured note" means securities of U.S. government agencies, instrumentalities, or government-sponsored enterprises which have been restructured, modified, and/or reissued by private entities.

REPORTING REQUIREMENTS

The Mayor is required to provide reports to the Town of Dubach as follows:

1. Monthly - including actual trade market value, investment manager account activity report, and brokerage and third party commissions.
2. Quarterly - including portfolio characteristics and market outlook (narrative).

THIS ORDINANCE HAVING BEEN SUBMITTED IN WRITING, HAVING BEEN READ AND ADOPTED BY SECTIONS at a Regular Meeting of said Mayor and Board of Aldermen, was then submitted to an official vote, the vote thereon being as follows;

YEAS:

NAYS:

ABSENT:

THIS ORDINANCE WAS DECLARED ADOPTED ON THE _____ DAY OF _____, 1996.

Margaret Rogers, Clerk

Stephen Hammons, Mayor