COUNCIL COMMITTEE OF THE WHOLE

The Council Committee of the Whole met on November 26, 2019 at 6:00 p.m., with Council President Hare presiding. Members of Council present were Mr. Anderson (arrived at 6:05 p.m.), Mr. Neil, Mr. Slavin, Mr. Cole (arrived at 6:02 p.m.), Mr. Taylor, and Mr. Lindell. Mr. Polce and Mr. Sudler were absent. Mayor Christiansen was also present. Civilian members present for their Committee meetings were Mr. Garfinkel and Mr. Shelton *(Safety Advisory and Transportation)* and Mr. Contant and Mr. Shevock *(Legislative, Finance, and Administration)*.

SAFETY ADVISORY AND TRANSPORTATION COMMITTEE

The Safety Advisory and Transportation Committee met with Chairman Taylor presiding.

Adoption of Agenda
By unanimous consent, the agenda was adopted.

Reconsideration - Prioritization of City of Dover State Capital Transportation Program (CTP) projects
During the Regular Council meeting of October 14, 2019 members approved the Committee's September 24, 2019 recommended priority ranking for the coming year, as amended.

Mrs. Donna Mitchell, City Manager, advised that they have had another meeting with the Delaware Department of Transportation (DelDOT) officials and they were advised that the Loockerman Street/Forest Street Intersection project, which was #4 on the City's Transportation Prioritization List, has been placed on hold because there does not seem to be interest in the traffic circle. She recommended prioritizing the project as #11, the last one on the list.

Mayor Christiansen advised that he met with Secretary of Transportation Cohen to review the entire project and they indicated that different options were being considered for that area other than a traffic circle.

Mr. Neil, noting that this area is supposed to be a gateway into the City, suggested making it priority #11 and then revisiting the project in January when they know exactly what DelDOT is thinking. Agreeing with Mr. Neil, Mr. Lindell noted the various traffic choke holds around the City and stated that he thought this project still needed to be a priority. He thought that a conversation between Mayor Christiansen and Secretary Cohen might help shed some light on the situation.

Mr. Neil moved to recommend reprioritizing item #4 - Loockerman Street/Forest Street Intersection as item #11 and discussing the project further in January 2020. The motion was seconded by Mr. Slavin and unanimously carried.

Quarterly Update - Bicycle and Pedestrian Subcommittee
This item was deferred due to the absence of a subcommittee representative.

Mr. Hare moved for adjournment of the Safety Advisory and Transportation Committee meeting, seconded by Mr. Shelton and unanimously carried.

Meeting adjourned at 6:10 p.m.

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee met with Chairman Lindell presiding.

Adoption of Agenda

Mr. Neil moved for adoption of the agenda, seconded by Mr. Taylor and unanimously carried.

Evaluation of Proposals - Weyandt Hall Elevator Modernization

Mr. Michael Hamlett, Central Services Director, reviewed the background and analysis regarding the Evaluation of Proposals for the Weyandt Hall Elevator Modernization.

Responding to Mr. Shevock, Mr. Hamlett advised that the jack does not pose a safety concern and it is standard procedure in the modernization process to look for any issues that may arise in the near future.

Mr. Anderson asked if the work that was purely cosmetic would be eliminated if the project ran over budget or if there was a planned strategy in the event of a cost overrun. Responding, Mr. Hamlett stated that there was not necessarily a strategy to deal with a catastrophic issue; however, they could postpone some of the recommendations based upon what is found when they pull the cylinder. He advised that he is recommending some substantial mechanical upgrades and he would probably defer the stainless steel cladding and things of that nature if necessary. Mr. Hamlett noted that other items, such as the hoistway patching, were necessary to bring the elevator into compliance. He advised that the elevator is severely outdated and items such as the void in the concrete wall may have been acceptable 20 or 30 years ago but they are not acceptable now. Mr. Hamlett stated that the contractor has advised him that they have a 90 to 95% success rate with the cylinders.

Responding to Mayor Christiansen, Mr. Hamlett stated that there are monthly elevator inspections and annual load and capacity testing for certification. He stated that he believed the elevator recall and fire alarm system tests were conducted as a part of the annual test. Mr. Hamlett also advised that the elevator would be out of service for approximately 28 weeks, depending upon the start date, and that a performance bond was not requested of the contractor.

Staff recommended awarding the Elevator Modernization contract to Delaware Elevator as per the proposal submitted in response to RFP #20-0005FM.

Mr. Neil moved to recommend awarding the Elevator Modernization contract to Delaware Elevator as per the proposal submitted in response to RFP #20-0005FM, with the provision that a performance bond be required in the contract. The motion was seconded by Mr. Anderson and unanimously carried.

Presentation - Diversity and Inclusion Study

This item was deferred due to the unavailability of the consultant.

Proposed Ordinance #2019-19 Amending Appendix B - Zoning, Article 3 - District Regulations, Section 9 - General Residence and Office Zoning (RG-O)

Mrs. Dawn Melson-Williams, Principal Planner, advised that the proposed ordinance amendment was the result of a constituent request. She noted that the proposed ordinance would add barbershops as a potential conditional use in the General Residence and Office Zoning (RG-O) zone.

Mr. Slavin advised that he and Mr. Polce agreed to sponsor the ordinance, which seeks to modernize some of the zoning in the downtown area. He noted that the zoning on one side of South State Street allows barber shops and the zoning on the other side of the street does not. Mr. Slavin advised that Representative Sean Lynn, the constituent who requested the amendment, was in attendance and could answer any questions.

Mr. Lynn, 282 Troon Road, advised that he was present only in his capacity as a constituent. He stated that he was approached by Mr. Joe Chilcote about opening a barber shop in his building at 315 South State Street, which is simply a storefront comprised of two rooms. Mr. Lynn noted that Mr. Chilcote has spoken to the neighbors and Council people and he has the support of the couple that live on the block. He advised that his law firm occupies the majority of the block.

Mr. Neil asked if a barber shop would attract business downtown and, if so, if Mr. Chilcote was qualified to operate a barbershop. Responding, Mr. Joseph A. Chilcote, 315 South State Street, stated that he had been a fully licensed barber for two years and that he currently has a lot of military clientele.

Mayor Christiansen asked if there would be an old fashioned barber pole. Responding, Mr. Chilcote stated that if he were permitted to have one, he was definitely not opposed to putting one up.

Mr. Slavin noted that there was a time 20 plus years ago when there was a prohibition for any kind of personal care businesses up and down Loockerman Street as a revitalization strategy for downtown so that you would not see tattoo parlors and nail salons sweep into vacant buildings. He stated that in the 20 years that have intervened, you can walk down Loockerman Street and see where they have relaxed that standard. Mr. Slavin advised that it was done because they are good businesses and they want to bring people downtown to spend money and support those businesses.

Mr. Lindell stated that he agreed with the fact that they want to be able to expand businesses and when there are glitches in the code like this, it is good to update them to make sure that they are not stifling business, especially in this case when the business could simply exist across the street.

Responding to Mr. Taylor, Mr. Chilcote stated that there was free two hour parking on The Green, if there is space available. He also noted there was always opportunity to park in front of the courthouse and around a lot of the city buildings. Mr. Chilcote stated that he thought it would be a good opportunity for other people to see the other businesses walking to his barber shop.

Mr. Lynn stated that this issue underscores a larger problem with the difficulty of opening businesses in downtown Dover. He noted that it was still going to be months before Mr. Chilcote can open his shop because of the process to adopt the ordinance and the need for a conditional use permit. Mr. Lynn guaranteed that the City's code enforcement officers were going to say that the building, which is 300 square feet, will need to be sprinklered and then they will go to Construction Code Board of Appeals. He encouraged Council to think about how difficult it is to open a business in downtown Dover, which is an area that they are trying to revitalize. Mr. Lynn noted that before he moved into the block, it was almost completely uninhabited except for the Delaware Made Store, the Friends of Old Dover, and a few offices. He stated that he developed a significant amount of this block, three buildings, and the last renovation was incredibly difficult to get done. Mr. Lynn advised that he had to put in a $15,000 fully fabricated metal staircase fire escape.

Mr. Lindell suggested that the issue could be considered at a future workshop.

Mr. Anderson moved to recommend adoption of the ordinance. The motion was seconded by Mr. Hare.

Responding to Mr. Hare, Mrs. Melson-Williams advised that the RG-O zone is primarily a residence and office zone and if the property is also in the historic district, it can be considered through a conditional use process. She noted that The House of Coffi, Delaware Made, and Park Green Galleries were recent examples of properties that have moved through that conditional use process to establish retail and restaurant uses, some being located on this same block. Mr. Hare asked if those buildings were sprinklered. Mrs. Melson-Williams advised that the requirements for sprinkling are based on the use and the type of construction of a building according to the provisions of the building and fire codes. She stated that it would be evaluated for any new tenant going into an existing building citywide, not just within this block. Mrs. Melson-Williams advised that she would have to defer to the Fire Marshal's Office for the individual requirements for a fire alarm or sprinkler system, which are related to occupancy, the size of the space, and what it is next to. She noted that Staff is always ready to answer questions and help guide applicants through the review processes that are established by the City's codes and regulations.

Responding to Mayor Christiansen, Mrs. Melson-Williams advised that if the text amendment moves through the review process, there would be a first reading at the December Council meeting with a public hearing at the January Planning Commission meeting on the text amendment and a Council final action in early February. She noted that the only expediting they could do of a potential conditional use application would be to accept that application the first week in February, which would schedule it for a March meeting of the Planning Commission. Mrs. Melson-Williams noted that these were the requirements of the zoning ordinance as they exist or could exist, depending on action on the text amendment.

The motion to recommend adoption of the ordinance was unanimously carried.

Proposed Ordinance #2019-20 Amending Chapter 102 - Taxation, Article IV - Abatement of Real Estate Taxes, Section 102-113 - Qualifications

Mrs. Traci McDowell, City Clerk, advised that the Dover Code currently directs applicants for the abatement of real estate taxes to submit their documentation to the City Clerk's Office. Noting that the Clerk's Office merely forwards the documents to the Tax Office, Mrs. McDowell advised that the amendment would direct the applicants to the proper receiving office, which is the Tax Office.

Mr. Slavin to recommend adoption of Ordinance #2019-20, seconded by Mr. Neil and unanimously carried.

Annual Review of Investment Policy

Ms. Lori Peddicord, Controller/Treasurer, advised that the Investment Policy provides guidance on the investment of public funds that will provide the highest investment return consistent with the maximum safety of principle. She noted that it conforms to all state and local statutes governing public funds investment. Ms. Peddicord reviewed the Investment Policy, noting that only two changes were being recommended.

Staff recommended approval of the submitted changes.

Mr. Neil to recommend approval of the Investment Policy, as amended (Attachment #1). The motion was seconded by Mr. Shevock and unanimously carried.

Mr. Hare moved for adjournment of the Legislative, Finance, and Administration Committee meeting, seconded by Mr. Taylor and unanimously carried.

Meeting adjourned at 6:42 p.m.

Mr. Anderson moved for adjournment of the Council Committee of the Whole meeting. The motion was seconded by Mr. Slavin and unanimously carried.

Meeting adjourned at 6:42 p.m.

William F. Hare
Council President

WFH/TM/jt
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Attachments
Attachment #1 - Investment Policy, As Amended

City of Dover, DE

Investment Policy Statement

Dated November 15, 2018

1.0 Governing Authority

It is the policy of the City of Dover to invest public funds under its control in a manner that will provide the highest investment return consistent with the maximum safety of principal, while meeting cash flow needs of the City. The investment program shall conform to all state and local statutes governing the investment of public funds.

2.0 Scope

This Investment Policy Statement (the "Policy") applies to all financial assets of the City of Dover for which the City retains direct or indirect daily control. Funds for which the City has retained outside fund manager(s) shall also be governed by this Policy or, in the case of bond proceeds, related governing bond documents.

2.1 Accounts

2.1.1 Cash and Liquidity Accounts: The majority of the City's cash balance available for investment is maintained in the cash and liquidity accounts. These accounts will be managed and invested by investment managers, selected by the City Council through competitive bid, in order to maximize the return to the City while, at the same time, providing for safety of principal and sufficient liquidity for the City to meet its cash needs. The City will manage its short-term investments to ensure sufficient liquidity and prevent their premature sale for the purpose of covering expenditures. Short-term investments should mature at face value in sufficient amounts to meet any liquidity needs.

2.1.2 Reserve Cash (Intermediate) Account: To the extent cash is not expected to be needed on short notice, the City shall invest such funds in the Reserve Cash Account. This fund shall be managed and invested by an investment manager or managers**,** selected by the City Council after a competitive bid, in order to maximize the return on said money to the City while providing for the safety of principal.

All of the City of Dover's funds are accounted for in its Comprehensive Annual Financial Report. Those funds to which this Policy applies include (excluding the Deferred Compensation Plan and Pension Trusts):

2.2 Funds

2.2.1 General Fund
2.2.2 Capital Project Funds
2.2.3 Special Revenue Funds
2.2.4 Enterprise Funds
2.2.5 Internal Service Funds
2.2.6 Any new fund created by the City Council, unless specifically exempted

3.0 Objectives

The primary objectives of the City of Dover's investment activities, in order of importance shall be:

3.1 Safety

Preservation of principal is the foremost objective of the investment program. To attain this objective, funds shall be diversified among securities of high credit quality and liquidity, so that risk of loss of principal is minimized.

3.2 Liquidity

The City's investments shall be made for such periods as to enable the City to meet all operating requirements that may be scheduled or reasonably anticipated.

3.3 Return on Investments

A goal of the investment program shall be to maximize investment return within the constraints of Sections 3.1 and 3.2.

4.0 Delegation of Authority

Authority to manage the City of Dover's investment program is derived from this Policy, which is approved by City Council, and "Dover Code, PART I, Subpart A, Article II, Section 17" (attachment B) which states in part that "The Controller/Treasurer shall be the custodian of all of the City funds."

The City's Controller/Treasurer shall:

1) Review this Policy annually and recommend changes, if any, to City Council;
2) Be charged with implementing the Policy, and may delegate authority to make investments to an investment advisor. The Controller/Treasurer shall be responsible for all investment transactions and shall establish controls to regulate the activities of the investment advisor, if any.
3) Ensure that records of the City's investment activities are kept for ten years.

5.0 Prudence, Ethics and Conflicts of Interest

Any official of the City or investment advisor/manager empowered to make investments on behalf of the City of Dover shall comply with the following:

5.1 "Prudent Person" Rule

Investment decisions shall be made with the judgment and care which persons of reasonable intelligence, under circumstances prevailing at the time the investment is made, would exercise in the management of their own investments assuming that their objectives are those shown in Section 3.0 of this policy.

5.2 Ethics and Conflict of Interest

The delegate authorized to make City investments shall act at all times in an ethical manner, and shall not engage in activity that could impair or be perceived to impair their ability to make impartial investment decisions. They shall disclose to the Mayor and City Council any material interests in financial institutions with which the City has financial dealings, and which may be related to the performance of the investment program. Employees and officers shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

6.0 Authorized Institutions and Dealers

All broker/dealers that desire to become qualified for investment transactions with the City shall meet the following:

1. Primary dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)
2. Capital of at least $25,000,000 or capital of $5,000,000 for firms incorporated in the State of Delaware
3. Registered as a dealer under the Securities Exchange Act of 1934
4. Member of the Financial Industry Regulatory Authority (FINRA)
5. Registered to sell securities in the State of Delaware
6. Engaged in the business of effecting transactions in U.S. government, federal agency, and corporate securities for at least five (5) consecutive years

To the extent the City utilizes the services of an outside Investment Advisor, it shall be the responsibility of the Investment Advisor to maintain an approved list of brokers.

7.0 Safekeeping and Custody

To ensure that securities are deposited in an eligible financial institution prior to the release of funds, all trades of marketable securities will be executed by delivery vs. payment ("DVP").

Further, all securities will be held by an independent third-party custodian, in the name of the City, and evidenced by safekeeping receipts in the City's name. The custodian shall provide daily confirmation of held securities as well as a monthly transactions and holdings report.

8.0 Authorized Investments and Trading of Securities

The Controller/Treasurer or authorized delegate may invest only in the types of securities listed below. The maximum stated maturity of any security shall be limited to 10 years at settlement, unless otherwise stated. The maximum average maturity of the portfolio shall be seven years. For asset backed and Agency mortgage backed securities, the maximum maturity shall be defined as the weighted average life ("WAL"). WAL is a convention that estimates the expected weighted amount of time, in years, for the principal amount of an issue to be fully paid. For Agency mortgage backed securities, WAL shall be limited to 10 years, measured at the settlement date, provided by Bloomberg Financial Markets. For asset backed securities, the average life must not exceed two years, except for such securities that are subject to periodic reset of coupon or interest rate - - these may have an average life not to exceed three years.

8.1 United States Government Securities

Marketable securities issued by the U.S. Government and supported by the full faith and credit of the U. S. Treasury either by statue or an opinion of the attorney general of the United States. The maximum maturity shall be limited to 10 years. Up to 100% of the portfolio may be invested in this sector.

8.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises ("GSE"), federal agencies, federal financing banks, and instrumentalities of the U.S. Government.

The maximum maturity shall be limited to 10 years. Up to 50% of the portfolio may be invested in this sector, with a maximum of 20% in any one issuer.

8.3 Certificates of Deposit and Time Deposits

8.3.1 **Domestic Institutions**: Issued or endorsed by a domestic bank, or a savings and loan association, organized and supervised under the laws of the United States and denominated in U.S. dollars; provided, however, that deposits are fully insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

If not insured by the FDIC:

- The banking institution must have assets of not less than $5 billion; and
- Issuers must have a short-term rating in the highest category by Standard & Poor's, Moody's, or Fitch and a long-term rating of at least the "A" category by Standard & Poor's, Moody's, or Fitch.

The maximum maturity of any investment in this sector shall be limited to 10 years at trade settlement. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.3.2 **Delaware-Domiciled Institutions**: Issued by or endorsed by any bank or savings association domiciled in the State of Delaware and organized and supervised under federal or State of Delaware banking laws which does not meet the requirements of Section 8.3.1 hereto; provided, however, that:

- For each of the latest two years, the bank or association has had a return on total average assets of 0.50% or greater and an average capital ratio (defined as total equity capital to total assets) of at least 1 to 20, or the instrument is secured as set forth in Section 9, "Collateralization of City Deposits," hereto; and
- Not more than the lesser of $10 million or 25% of an issuer's total equity capital, may be invested in any one issuer. (Investments due to mature in one business day may be excluded from the computation of this percentage.)
- The Board expressly affirms that, consistent with these guidelines, Delaware banks and savings associations should be considered as a source of investment.
- The maximum stated maturity of any investment in this sector shall be limited to 10 years at time of purchase. This sector shall not exceed 20% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.4 Corporate Debt Instruments

Such instruments include commercial paper bankers' acceptances, and non-convertible senior debt securities (bonds and debentures).

8.4.1 Corporate securities must be denominated/issued in US dollars. Many foreign corporations issue debt/securities in the US market, in US dollars.

8.4.2 No single issuer shall exceed 5% of the City's portfolio.

8.4.3 Commercial Paper shall be limited to a final maturity of 270 days. This sector shall not exceed 25% of the total portfolio. Issuers shall be rated in the highest short-term category by Standard & Poor's, Moody's, or Fitch.

8.4.4. Bankers' Acceptances shall be limited to a final maturity of 365 days. This sector shall not exceed 25% of the City's Portfolio. Issuers shall be rated in the highest short-term rating by Standard & Poor's, Moody's, or Fitch.

8.4.5 Corporate bonds and debentures shall be limited to a final maturity of 10 years. This sector shall not exceed 50% of the total portfolio. Issuers shall hold a long-term rating of at least the "A" category by Standard & Poor's, Moody's, or Fitch.

8.5 Repurchase Agreements

The underlying collateral shall consist of U.S. government and/or GSE securities provided, however, that:

8.5.1 All repurchase agreements must be governed by a written master repurchase agreement;

8.5.2 Agreements will be entered into only with respect to underlying securities in which the investment manager may otherwise invest as described above, and only with a recognized U.S. Government/broker or a bank which meets the requirements set out under paragraph Section 8.3.1 or 8.3.2 above;

8.5.3 In the case of repurchase collateral held in book-entry form in the Federal Reserve System, all deliveries of securities must be made, for the transfer thereof, through the Federal Reserve book-entry system to the account designated by the investment manager for such purpose. Securities held in certificated form must be delivered to the investment manager or a custodian as directed by the investment manager.

8.5.4 Any collateral employed under this paragraph shall be counted towards the applicable maximum limits set forth within these guidelines for such type of investment, and such collateral shall be valued at market at not less than 103 percent of the maturity value of the agreement and marked-to-the-market as requested by the investment manager.

8.5.5 Repurchase agreements shall be limited to a maximum maturity of 90 days from date of purchase. This sector shall not exceed 50% of the total portfolio. No single issuer shall exceed 25% of the City's portfolio.

8.6 Registered Investment Companies (Money Market Funds)

No single fund shall exceed 25% of the City's portfolio. Money market funds shall be rated AAA by Standard & Poor's. A current prospectus must be obtained before investing in any money market fund, and current holdings reports must be maintained at least each month.

8.7 Mortgage-Backed Securities

Mortgage-backed securities issued by the following: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Association (FHLMC). This sector, combined with the asset backed security sector, shall not exceed 10% of the total portfolio.

8.8 Asset Backed Securities

These investments include auto loan receivables, credit card receivables, home equity loans, and manufactured housing loans. These can be fixed or floating rate and must be rated in the highest long-term category by Standard & Poor's, Moody's, or Fitch. This sector, combined with the mortgage-backed security sector, shall not exceed 10% of the City's portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.9 Municipal Obligations

Taxable and tax-exempt securities issued by state and local governments and public authorities in the United States. The maximum stated maturity of any investment in this sector shall be limited to 10 years at time of purchase. This sector shall not exceed 20% of the City's portfolio. No single issuer shall exceed 5% of the City's portfolio. Issuers shall be rated in at least the "A" category by Standard & Poor's, Moody's, or Fitch. Additionally, Issuers in the short term market (under one year) shall be rated at a minimum of "mig-1", "f1" or "sp-1" for Moody's, Fitch and Standard &Poor's.

8.10 State of Delaware Investments Pool

8.10.1 Delaware Local Government Investment Pool (DELGIP) -The investment in this pool is permitted in relation to the City's cash flow and the guidelines set forth by the State of Delaware. The investment in this pool will not exceed 25% of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

8.10.2 Delaware Local Government Retirement Investment Pool (DELRIP) The investment in this pool is permitted in relation to the City's Post-Retirement Benefits Fund. The investment in this pool will not exceed 25% of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

8.11 Trading Securities

The Controller/Treasurer is hereby authorized to sell securities prior to their stated maturity date in the following circumstances:

1. A security with declining credit may be sold prior to its maturity to minimize loss of principal;
2. A security swap may be executed if it would improve the quality, yield, or target duration of the portfolio;
3. Securities may be sold to provide needed liquidity.

8.12 Internal Control on such transactions

8.12.1 An investment report will be provided to the Council on a quarterly basis.

8.12.2 All investment reporting documents will be provided to the independent auditors.

8.12.3 Investment records will be kept by the City for ten (10) years.

8.12.4 The trading shall not involve any hedge, derivatives and/or borrowing funds for trading purposes.

A summary of permitted investments is below:

Investment Type	Sector Limit	Issuer Limit	Maturity Limit	Credit Quality Minimum
United States Government Securities	100%	100%	10 Years	N/A
Government Agency Securities	50%	20%	10 Years	N/A
Mortgage-Backed Securities	Combined 10% limit	N/A	10 Year WAL	N/A
Asset Backed Securities		5%	2 Year WAL	Highest long-term rating by Fitch, Moody's or S&P
Municipal Obligations	20%	5%	10 Years	Long-term rating of at least "A" by S&P, Moody's, or Fitch For issuers in short term market, rating of at least "mig-1", "fl or "sp-1" for Moody's, Fitch & S&P
FDIC-Insured Deposits	25%	5%	10 Years	N/A
Certificates of Deposit and Time Deposits (not insured by FDIC)	25%	5%	10 Years	Highest short-term rating by Fitch, Moody's or S&P. Long-term rating of at least "A" by S&P, Moody's, or Fitch
Delaware-Domiciled Institutions	20%	5%	10 Years	N/A
Commercial Paper	25%	5%	270 Days	Highest short-term rating by Fitch, Moody's or S&P
Bankers' Acceptances	25%	5%	365 Days	Highest short-term rating by Fitch, Moody's or S&P
Corporate Bonds and Debentures	50%	5%	10 Years	Long-term rating of at least "A" by S&P, Moody's, or Fitch
Repurchase Agreements	50%	25%	90 days	N/A
Registered Investment Companies (Money Market Funds)	100%	25%	N/A	AAAm by S&P
Delaware Local Government Investment Pool	25%	N/A	N/A	N/A
Delaware Local Government Retirement Investment Pool	25%	N/A	N/A	N/A

9.0 Collateralization of City Deposits

If the City deposits funds in any financial institution, those funds will be subject to the following collateralization requirements. The financial institution shall:

9.1 Collateralize the City's daily ledger balance(s) if, for any quarter during the most recent eight quarters the bank has not met both of the following two criteria:

- Return on total average assets of 0.50 percent or greater.
- Average capital ratio (total equity to total assets) of 5.00 percent or greater.

9.2 If either criterion in paragraph 9.1 is not satisfied collateral must be pledged and shall consist of one or more of the following securities:

- U.S. Government securities
- U.S. Government agency securities
- Federal Home Loan Board letters of credit
- State of Delaware securities
- Mortgage backed securities as referenced in Section 8.7
- Securities of a political subdivision of the State of Delaware with a Moody's rating of "A" or better

9.3 Ensure that the securities pledged as collateral (except for Federal Home Loan Board letters of credit) have a market value equal to or greater than 102 percent of the ledger balance(s) in the account(s) marked to market each day.

9.4 Ensure that securities pledged as collateral are housed at the Federal Reserve Bank or a mutually agreed upon third party depository. (The trust department of the winning vendor will not be acceptable.)

9.5 Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.

9.6 Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

10.0 Policy Considerations

If securities owned by the City are downgraded by either Standard & Poor's, Fitch or Moody's to a level below the quality required by this Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

If a security is downgraded two grades below the level required by the Policy, the security shall be sold immediately.

If a security is downgraded one grade below the level required by this Policy and matures within 6 months, the security may be held to maturity. The Controller/Treasurer may determine to sell the security if it is determined that there is a probability of default prior to maturity.

If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Controller/Treasurer.

11.0 Internal Controls

The Controller/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The Controller/Treasurer shall also establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Prohibition of physical delivery securities
- Clear, written delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

12.0 Performance Standards

The City of Dover's investment decisions shall be made with the objective of obtaining a rate of return commensurate with the investment risk constraints and the cash flow needs. On a quarterly basis, the Controller/Treasurer shall compare the City's portfolio against the Merrill Lynch 0-5 Year U.S. Treasury Index, in terms of time-weighted total return and average duration for the period under review.

13.0 Reporting

At the end of each calendar quarter, the Controller/Treasurer will submit a report of all quarter-ending investments to the Mayor and City Council. Reports shall include the following:

- Listing of individual securities held as of last day of reporting period, sorted by sector
- Par, market, and amortized cost values of each security
- Coupon, current yield, and final stated maturity date of each security

14.0 Investment Policy Adoption

The City of Dover's investment policy will be adopted by the City Council after review and recommendation of the Legislative and Finance Committee. The policy will be reviewed at least once every year by the Legislative and Finance Committee, which is charged with considering the existing policy and any recommendations to modify the policy. Any modifications to the policy must be approved by the City Council.

LEGEND

1. Original approval by City Council - November 14, 1988
2. Revised policy approved by City Council - March 7, 2005
3. City Council Approved with No Changes – April 14, 2008
4. Revised policy approved by City Council – July 25, 2011
5. Revised policy approved by City Council – August 12, 2013.
6. Revised policy approved by City Council – September 8, 2014
7. Revised policy approved by City Council – October 10, 2016
8. Revised policy approved by City Council – October 23, 2017
9. City Council Approved with No Changes – December 10, 2018
10. Revised policy approved by City Council – December 9, 2019

ATTACHMENT A

GLOSSARY

AGENCIES: Federal agency securities, otherwise known as "Government Sponsored Enterprises."

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

BANKERS ACCEPTANCE: A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs. Maturities typically range from one (1) to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Dover. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CORPORATE BONDS: A debt security issued by a corporation based in the United States of America. Such bonds usually have a par value of $1,000, have a term maturity, and are traded on a major exchange.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns, in an attempt to limit risk.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Mae's.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumable be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MORTGAGE-BACKED SECURITIES (MBS): An investment instrument that represents ownership of, and is backed by, an individual interest in a pool of mortgages such as those issued by Ginnie Mae or Freddie Mac. Principal and interest from the individual mortgages is used to pay principal and interest on the MBS.

MUNICIPAL NOTES AND BONDS: Securities issued by a state, city, or local government to finance operations or special projects.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which

would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: A measure of worth, either at security or aggregate portfolio level, over a period of time. There are many return conventions, including but not limited to yield to maturity at cost, yield to maturity at market, yield to worst, time weighted total return, dollar weighted total return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT: The purchase of a security by a dealer with the agreement to sell it back to the seller at a fixed price at a later date. Typically used by owners of securities to finance short-term needs without having to liquidate the security.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

TIME DEPOSITS: A savings account or CD held for a fixed term or with the understanding that the customer can withdraw only by giving advanced notice.

TREASURY BILLS: A short-term (less than one year) non-interest bearing discount security issued by the U.S. Treasury department to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1: also called net capital rule and net capital ratio.

Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VARIABLE RATE MASTER DEMAND NOTES: A floating rate security with initial maturities and indexed rates chosen by the investor. The interest rate is adjusted periodically, usually off a standard such as that prevailing on a Treasury Bill or the prime interest rate.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.

NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ATTACHMENT B

Dover, Delaware, Code of Ordinances >> PART I - CHARTER AND RELATED LAWS

PART I - CHARTER AND RELATED LAWS [1]

Subpart A - CHARTER

PREAMBLE [3]

We the people of the City of Dover, under the constitution and laws of the state of Delaware, in order to secure the benefits of local self-government and to provide for an honest and accountable council-manager government, do hereby adopt this charter and confer upon the city the following powers, subject to the following restrictions, and prescribed by the following procedures and governmental structure. By this action, we secure the benefits of home rule and affirm the values of representative democracy, professional management, strong political leadership, citizen participation, and regional cooperation.

ARTICLE I. - POWERS OF THE CITY

ARTICLE II. - MAYOR AND COUNCIL

Sec. 17. - Controller/treasurer.

At the annual meeting the council shall elect a controller/treasurer to hold office until the next annual meeting of the council, or until his/her successor has been duly chosen and qualified, but subject to removal at any time by the council.

The controller/treasurer shall be the custodian of all the city funds and shall deposit them in a banking institution designated by the council.

(Amd. of 7-12-2005 (S.B. 126); Amd. of 7-8-2009 (S.B. 165, § 15))