

ON A MOTION BY Marvin Davis, DULY

SECONDED BY K. D. Hayes, THE FOLLOWING

RESOLUTION WAS OFFERED TO WIT:

ORDINANCE # 96-1

In accordance with the provision of R.S. 33:2955(D), as enacted by Act. No. 374 of 1995, the Town of Chatham hereby adopts this Investment Policy.

The Town of Chatham shall operate under the "Prudent Person" rule, exercising judgement 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 Chatham shall be held in trust by the fiduciary designated by the Town of Chatham.

This policy is not intended to remain static. Normally, the Town of Chatham 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 Chatham 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 Chatham shall establish internal controls for any derivatives in use to ensure that the risks inherent in derivatives are adequately managed. For purposes of this policy, "derivative" means any financial instrument created from or whose value depends on the value of one or more underlying assets or indexes of asset value.

RESPONSIBILITY

The investment of funds shall be managed by the Town of Chatham City Clerk, and may be accomplished by the selection of any investment manager. The selection must be approved by the Town of Chatham in accordance with the criteria

established by the Town of Chatham.

GUIDELINES

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

Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificate of deposit; provided that the rate of interest paid for time certificates of deposit shall be not less than fifty basis points below the prevailing market interest rate on direct obligations of the U.S. Treasury with a similar length of maturity. Funds invested in accordance with this paragraph shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one bank, or in any one savings and loan association, or by the National Credit Union Administration in any one credit union, unless the uninsured portion is collateralized by the pledge of securities in the manner provided in R.S. 39:1221.

NOTES

Cash and cash equivalents are comprised of daily cash balances above the day-to-day needs and funds set aside for portfolio strategy reasons. Short term investments of cash and cash equivalents may be placed in:

Time certificates of deposit, as provided herein.

The Louisiana Asset Management Pool, Inc. as provided in Op. Atty. Gen. 94-186.

PROHIBITED TRANSACTIONS

The following transactions are expressly prohibited:

Any transactions not authorized by this policy.

The purchase of securities on margin.

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 or U.S. government instrumentalities which are collateralized mortgage 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 re-issued by private entities.

Any investments which were made prior to August 15, 1995 and which are now prohibited investments shall be monitored on a monthly basis by the City Clerk and disposed of by the Town of Chatham when, upon recommendation of the City Clerk after review of the solvency of the funds and the investments climate, it is prudent to do so.

ORDINANCE # 96-1

12-96

BE IT RESOLVED by the Town of Chatham, State of Louisiana, in regular session duly convened on this 11th day of June, 1996, adopted above Resolution, a record vote was taken and the following result was had:

YEAS: 4

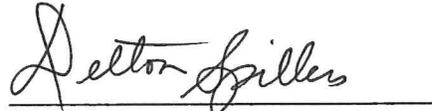
NAYS: 0

ABSENT: 1

Whereupon, the presiding officer declared the above Resolution duly adopted on June 11, 1996.



Town Clerk



Mayor