

ORDINANCE NO. 5892

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
SECTIONS 2-685 AND 2-686 REGARDING SELECTION OF A
FINANCIAL INSTITUTION AND TERMS REGARDING
COLLATERALIZATION OF SECURITIES**

WHEREAS, the City Finance Department staff has recommended amendments to City Code sections regarding selection of financial institutions and collateralization of deposit-type securities; and

WHEREAS, the Finance Committee has reviewed these proposed changes,

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS as follows [new text in **bold/underline** font; deleted text in ~~strikeout~~ font]:

Section 1. Sections 2-685 and 2-686 are amended as follows

Sec. 2-685. - Qualified institutions.

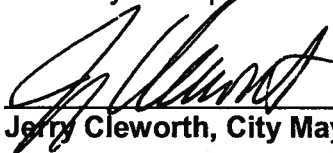
The city shall maintain a listing of financial institutions which are approved for investment purposes. Banks shall provide their most recent consolidated report of condition ("call" report) at the request of the city. ~~At a minimum, the city shall conduct an annual evaluation of each bank's credit worthiness to determine whether it should be on the qualified institution listing.~~ Securities dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. Depositories shall be selected through the government's banking services procurement process, which shall include a formal request for proposals issued ~~every two or three years~~ **for a term of five years with an option of the City Council to extend for one additional term of five years.** In selecting depositories, the creditworthiness of institutions shall be considered, and the director of finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

Sec. 2-686. - Safekeeping and collateralization.

(a) All investment securities purchased by the city shall be held in third-party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the city listing the specific instrument, rate maturity and other pertinent information.

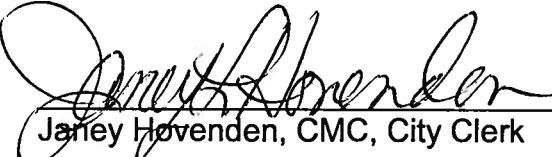
(b) Deposit-type securities (i.e., certificates of deposit, repurchase agreements) shall be collateralized through the deposit of collateral in the amount of ~~40~~**102** percent of the invested amount for any amount exceeding FDIC or FSLIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

Section 2. This ordinance is effective on the 29th day of September 2012.


Jerry Cleworth, City Mayor

AYES: Eberhart, Stiver, Hilling, Matherly, Roberts
NAYS: None
ABSENT: Gatewood
ADOPTED: September 24, 2012

ATTEST:


Janey Hovenden, CMC, City Clerk

APPROVED AS TO FORM:


Paul J. Ewers, City Attorney