

INVESTMENT PLAN

The Investment Plan was amended on August 19, 2022, but the changes were not codified at that time. Attached are the minutes from the August 19th 2022 meeting, amendments to the plan, as well as the ordinance that will be filed as Ordinance 786B.

MINUTES
TOWN OF DEWEY BEACH
PUBLIC HEARING AND MONTHLY TOWN COMMISSIONERS MEETING
at the Dewey Beach Lifesaving Station
1 Dagsworthy Avenue, Dewey Beach, DE. 19971

This meeting will also be livestreamed on YouTube: <https://tinyurl.com/DeweyTV>

With the option to participate via Zoom: 6087594237

Friday, August 19, 2022
3:00PM

Convene Town Commissioners' Meeting

Adoption of Agenda Video Recording Mark (VRM): 0:09 Motion by Commissioner Bauer to adopt the agenda with moving agenda item number 15 to become agenda item number 2, and then renumber the remaining numbers accordingly. Seconded by Commissioner Gibbings. The vote carried unanimously.

Opening Ceremonies/Pledge/Roll Call (VRM): 01:11 Present in-person: Mayor Stevens, Commissioner Persinger, Commissioner Bauer, Commissioner Gibbings, Town Manager Bill Zolper, Town Clerk Ashleigh Sander, Building Official Daune Hinks, Finance Manager Sheena Hall, IT Moderator/Administrative Kate Banaszak, Acting Chief of Police Hocker, Town Solicitor Fred Townsend. Via Zoom: Commissioner Jasinski, Assistant Town Manager Jim Dedes

VRM: 02:00 Town Hall update by Town Manager Bill Zolper
CTC update by Assistant Town Manager Jim Dedes

Public Comments (VRM): 05:45

- Reminder: Beach Tax was due by August 1st Reminder by Mayor Stevens

Committee Reports: VRM: 06:20 Audit Update by Commissioner Persinger, Budget Update by Mayor Stevens, Charter & Code Update by Commissioner Persinger, Climate Change Update by Commissioner Persinger, Comprehensive Development No Updates, Infrastructure No Updates, Investment Update by Commissioner Gibbings, Marketing No Updates, Planning & Zoning No Updates.

Approval of:

July 15, 2022 Monthly Town Commissioners' Meeting Minutes (VRM): 09:30 Motion by Commissioner Persinger to approve the July 15, 2022 Meeting minutes. Seconded by Commissioner Bauer. The vote carried 4-0 with Commissioner Jasinski abstaining.

Open Public Hearing (VRM): 10:10

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to construct and operate a new restaurant to be located at 1509 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land adjoins

Coastal Highway and Read Ave, bears Tax Parcel Number 334-20.18-116.00 and lies in the RB-2 Zoning District. [Overview by applicant Counsel Stephen Spence, and applicant Jeff Gosnear. Comments by Building official Daune Hinks followed by discussion among Commissioners.](#)

Close Public Hearing

1. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to construct and operate a new restaurant to be located at 1509 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land adjoins Coastal Highway and Read Ave, bears Tax Parcel Number 334-20.18-116.00 and lies in the RB-2 Zoning District. [\(VRM\): Public Comment by David Moskowitz. \(VRM\): 48:00 Motion by Commissioner Jasinski to refer the Ordinance to Planning and Zoning with intentions to expedite the process. Seconded by Commissioner Persinger. The vote carried unanimously.](#)

Open Public Hearing [\(VRM\): 54:51 Public Comment by Alex Pires.](#)

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Starboard Raw located at 2000 Coastal Highway, Unit 201, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of New Orleans Street and south of Saulsbury Street along the east side of Coastal Highway, bears Tax Parcel Number 334-20.18-261.00 and lies in the RB-2 Zoning District. [VRM: 59:25 Public Comment by Steve Montgomery. Discussion among Commissioners. Commissioner Persinger would like Planning and Zoning to consider 185-25D \(1\)\(a\)\[1\] and \[3\]. Outdoor Service areas of the code of the Town of Dewey Beach when reviewing the applications, as well as consider smoking regulations, restroom facilities based on occupancy, and to review the owner of property vs applicant signatures on Conditional Use applications.](#)

[Public Comment by David Moskowitz](#)

[Motion by Commissioner Persinger to refer the following Conditional Use applications to Planning and Zoning for their consideration: Starboard Raw, Starboard, Woody's Dewey Beach, Dewey Beach Country Club, Lighthouse Cove, Jimmy's Grille, Dewey Beer Company, Dewey Post, and Mama Marias. Seconded by Commissioner Bauer. The vote carried unanimously.](#)

Close Public Hearing

2. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Starboard Raw located at 2000 Coastal Highway, Unit 201, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of New Orleans Street and south of Saulsbury Street along the east side of Coastal Highway, bears Tax Parcel Number 334-20.14-261.00 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Starboard located at 2009 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north

of New Orleans Street and south of Saulsbury Steet along the west side of Coastal Highway, bears Tax Parcel Number 334-20.14-17.00 and lies in the RB-2 Zoning District.

Close Public Hearing

3. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Starboard located at 2009 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of New Orleans Street and south of Saulsbury Steet along the west side of Coastal Highway, bears Tax Parcel Number 334-20.14-17.00 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Lighthouse Cove Restaurant and Event Center located at 124 Dickinson Avenue, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Van Dyke Avenue and south of Dickinson Avenue, bears Tax Parcel Number 334-23.06-1.00 and lies in the RB-1 Zoning District.

Close Public Hearing

4. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Lighthouse Cove Restaurant and Event Center located at 124 Dickinson Avenue, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Van Dyke Avenue and south of Dickinson Avenue, bears Tax Parcel Number 334-23.06-1.00 and lies in the RB-1 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Woody's Dewey Beach located at 1904 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Bellevue Avenue and south of New Orleans Street, bears Tax Parcel Number 334-20.18-134.00- C1 and C2, and lies in the RB-2 Zoning District.

Close Public Hearing

5. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Woody's Dewey Beach located at 1904 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Bellevue Avenue and south of New Orleans Street, bears Tax Parcel Number 334-20.18-134.00- C1 and C2, and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Dewey Beach Country Club located at 1705 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of McKinley Avenue and south of Dagsworthy Avenue, bears Tax Parcel Number 334-20.18-69.00 and lies in the RB-2 Zoning District.

Close Public Hearing

6. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Dewey Beach Country Club located at 1705 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6.

The subject parcel of land is north of McKinley Avenue and south of Dagsworthy Avenue, bears Tax Parcel Number 334-20.18-69.00 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Jimmy's Grille located at 1911 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Bellevue Avenue and south of New Orleans Street, bears Tax Parcel Number 334-20.18-30.00 and lies in the RB-2 Zoning District.

Close Public Hearing

7. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Jimmy's Grille located at 1911 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Bellevue Avenue and south of New Orleans Street, bears Tax Parcel Number 334-20.18-30.00 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Dewey Beer Company located at 2100 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Saulsbury Street and south of Swedes Street, bears Tax Parcel Number 334-20.14-237.00-L7225 and lies in the RB-2 Zoning District.

Close Public Hearing

8. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Dewey Beer Company located at 2100 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Saulsbury Street and south of Swedes Street, bears Tax Parcel Number 334-20.14-237.00-L7225 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for The Dewey Post located at 1205 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Collins Avenue and south of Van Dyke Avenue, bears Tax Parcel Number 334-23.06-4.00-300 and lies in the RB-2 Zoning District.

Close Public Hearing

9. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for The Dewey Post located at 1205 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Collins Avenue and south of Van Dyke Avenue, bears Tax Parcel Number 334-23.06-4.00-300 and lies in the RB-2 Zoning District.

Open Public Hearing

Public Hearing on an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Mama Maria Inc. located at 1608 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of

land is north of Read Avenue and south of McKinley Avenue along Coastal Highway, bears Tax Parcel Number 334-20.18-189.00 and lies in the RB-2 Zoning District.

Close Public Hearing

10. Discuss and possibly vote to approve an Ordinance regarding a Conditional Use permit and an application for Restaurant Permit of Compliance to expand the Conditional Use for Mama Maria Inc. located at 1608 Coastal Highway, Dewey Beach, DE, 19971, pursuant to Section 25D(1)(A)(1) of Chapter 185 and in accordance with the definition and requirements of a restaurant in Chapter 144, Section 6. The subject parcel of land is north of Read Avenue and south of McKinley Avenue along Coastal Highway, bears Tax Parcel Number 334-20.18-189.00 and lies in the RB-2 Zoning District.
11. Discuss and possibly vote to approve the applications for the: (VRM): 1:25:49
 - a. Annual Dewey Sip and Shop event submitted by Leah Beach on behalf of the Developing Artist Collaboration **Overview by applicant Leah Beach. Motion Commissioner Bauer to approve the Annual Dewey Sip and Shop event application submitted by Leah Beach on behalf of the Developing Artist Collaboration. Seconded by Commissioner Persinger**
 - b. The End of Season Party event submitted by the Dewey Business Partnership. **Overview by Dewey Business Partnership representative Steve Montgomery. Motion by Commissioner Bauer to approve the End of Season Party event application submitted by the Dewey Business Partnership. Seconded by Commissioner Persinger.**
12. Discuss and possibly vote to accept the FY22 Audit. (VRM): 1:33:46 **Overview of the FY22 Audit by Audit Committee Chair Julie Johnson, followed by discussion among Commissioners. Motion by Commissioner Gibbings to accept the FY22 Audit. Seconded by Commissioner Bauer.**
13. Discuss and possibly vote to amend the Investment Policy Implementation Plan to remove equities from 5th the allowable investments in the short-term fund, as recommended by the Investment Committee. (VRM): 1:40:00 **Overview by Commissioner Gibbings. Motion by Commissioner Gibbings to amend the Investment Policy Implementation Plan to remove equities from 5th the allowable investments in the short-term fund, as recommended by the Investment Committee. Seconded by Commissioner Persinger. The vote carried unanimously.**
14. Discuss and possibly vote to approve an Ordinance to amend Chapter 24 to remove equities from the short-term fund, as recommended by the Investment Committee. (VRM): 1:41:22 **Overview by Commissioner Gibbings. Motion by Commissioner Gibbings to approve an Ordinance to amend Chapter 24 to remove equities from the short-term fund, as recommended by the Investment Committee. Seconded by Commissioner Bauer. The vote carried unanimously.**
15. Discuss and possibly vote to refer to the Planning Commission an application to rezone tax map parcel 334-20.18-115.00 located at 106 Read Avenue, Dewey Beach from Resort Business (RB2) to Resort Residential (RR) along with the proposed ordinance to rezone said parcel and to amend the comprehensive plan map accordingly. (VRM): 13:15 **Overview by Solicitor Stephen Spence. Motion by Commissioner Jasinski to refer to the Planning Commission, an application to rezone tax map parcel 334-20.18-115.00 located at 106 Read Avenue, Dewey Beach from Resort Business (RB2) to Resort Residential (RR) along with the proposed ordinance to rezone said parcel and to amend the comprehensive plan map accordingly. Seconded by Commissioner Gibbings. The vote carried unanimously.**
16. Review July Financials (VRM): 1:41:43 **Overview of July Financials by Accounting Manager Sheena Hall**
17. Town Manager Comments (VRM): 1:45:00 **Comments**

18. Police Chief Comments (VRM): 1:46:00

19. Commissioners' Comments: (VRM): 1:47:00

- a. Commissioner Paul Bauer [Comments](#)
- b. Commissioner Elisabeth Gibbings [Comments](#)
- c. Commissioner David Jasinski [Comments](#)
- d. Commissioner Gary Persinger [Comments](#)
- e. Mayor William Stevens [Comments](#)

Adjourn Town Commissioners Meeting (VRM): [Motion by Commissioner Persinger](#)
[Seconded by Commissioner Gibbings](#)

TOWN OF DEWEY BEACH INVESTMENT POLICY

IMPLEMENTATION PLAN

The purpose of this document is to establish the plan for implementing the investment policy for the Town of Dewey Beach, Delaware as specified in Section 24 of the Town Code. This policy involves money that is both long term and short term as identified to provide for the town's requirements. Adjustments to meet the Town's needs (as provided by the Town Manager) can be accomplished as needed at the direction and action of the Investment Committee. The Investment Committee will review the investment report and provide a quarterly update to the Commissioners and the Town Manager.

Scope

This investment policy applies to all financial assets of the Town, including:

1. The General Fund (short term)
2. The Beach Replenishment Fund (short term component)
3. The Beach Replenishment Fund (long term component)

Delegation of Authority

The Mayor and Town Council delegate authority to recommend and implement investment decisions, consistent with this Policy, to the Investment Committee, in consultation with Town staff on liquidity matters.

1. At the beginning of the fiscal year, the Town Manager will identify the cash reserves that need to be in place for the year's operating budget, and the five-year historical general and beach replenishment budget (updated each year). The Town Manager will notify the Investment Committee of any major changes to the cash reserves needed during the year.
2. The Town Manager or Investment Committee will apply an inflation measure such as year-over-year CPI, to plan year-2 and year-3 cash reserve requirements for planning purposes, taking into account any identified major upcoming expenses.
3. The investment manager appointed to execute the policy will invest the portfolio in accordance with this policy. In particular, the investment manager is accorded full discretion, within policy limits, to (1) select individual securities, (2) adjust the maturity mix, where applicable, and (3) diversify the assets.
4. The Investment Committee will review the Investment Manager's decisions and performance on a quarterly basis.
5. The Mayor and Town Council retain ultimate authority over all investment decisions.

Objective

The objectives will be sought utilizing the prudent investor concept without incurring a level of rate-of-return volatility materially greater than that generally associated with funds of similar character. The objectives are:

1. Preserve the real (inflation-adjusted) principal value of the town's invested assets.
2. Maintain liquidity and match fund to ensure that the Town can meet its short- and long-term cash flow requirements.
3. Within the constraints of this Policy, increase the real (inflation-adjusted) value of

the portfolio beyond that currently achieved with those funds needed for the Town’s short-term operational and capital needs.

Total Return

The investment policy seeks to achieve a reasonable total return, consistent with acceptable investment risk, derived from both appreciation and earnings, and balancing anticipated liquidity needs. The Commissioners have determined that this practice is consistent with the long-term preservations of assets.

Allocation of Assets

The Funds should be allocated as follows:

General Fund & Beach Replenishment Fund (Short Term Component);

	Target Allocation	Range
Equities	50%	0-10%
Fixed Income	60%	40% to 80%
Cash/Cash Equivalents	3540%	20% to 5060%
Total	100%	

Allowable Assets:

- ~~● Equities: Equities: High quality common stocks or equivalents (i.e., American depository receipts (ADR), convertible bonds) as well as large cap stock mutual funds or exchange-traded funds (ETF), whether index-based or actively managed, all subject to the following constraints:~~

 - ~~○ Equities permitted in the Short Term Component shall be limited to “large cap” issues, generally those that are identified in the S&P 500, or other issuers’ securities that (a) trade on U.S. stock exchanges, (b) have a market capitalization at least as large as smallest constituent in the S&P 500, and (c) are value oriented (i.e., trading at levels perceived to be lower than its intrinsic value) or dividend producing. Dividend producing companies include, but are not limited to, companies that, in the view of the investment manager, have a consistent history of paying regular quarterly dividends to shareholders based on long-term profitability, with prospects for stable or increasing earnings and sufficient cash flow (and low debt) to support continued dividend payments.~~
- Cash or cash equivalents, including: short-term highly marketable securities that are readily convertible to cash, such as bank CDs, U.S. Treasury Bills of no more than three months’ maturity, and commercial bank money market and savings accounts.
- Fixed income: U.S. Treasury and agency obligations (including agency-backed mortgage-backed securities (MBS) and commercial mortgage-backed securities (CMBS), corporate bonds, collateralized debt obligations (CDO), collateralized loan obligations (CLO), and asset-backed securities (ABS), all subject to the following constraints:

- All allowable assets may be held as individual securities or within investment funds such as exchange-traded funds (ETFs) or mutual funds), whether index-based or actively managed.
- All individually held fixed income securities, mutual funds and any classes of structured securities held must be rated A- (or equivalent) or better by two of the three major ratings agencies.
- The weighted average credit quality of the portfolio shall be AA- or better.
- International bonds are limited to 15% of the fixed portfolio.
- Except for U.S. Treasury and Agency obligations, the fixed-income portion may not contain more than 10% of a given issuer (regardless of the number of differing issues)
- Structured products such as CLOs and ABS are allowed if the investment managers have the proper models to analyze such securities and they are used to diversify the portfolio in a total return context. They shall not exceed 10% of this portfolio.
- The duration of the portfolio should not exceed 120% of the duration of the Barclays Aggregate Bond Index.

Beach Replenishment Fund (Long Term Component!:

	Target Allocation	Range
Equities	30%	15% to 45%
Fixed Income	70%	55% to 85%
Total	100%	

Allowable Assets:

- Cash or cash equivalents (as defined above under “short term component”).
- Fixed income (as defined above under “short term component”).
- Equities: ~~Includes all Equities permitted in the Short Term Component, plus~~ High-quality common stocks or equivalents (i.e., American depository receipts (ADR), convertible bonds) as well as small-cap, mid-cap, and large-cap stock mutual funds, exchange-traded funds (ETF), and international and emerging markets stock mutual funds/ETFs, whether index-based or actively managed, all subject to the following constraints:
 - Avoidance of extremely volatile issues, as well as issues with limited marketability.

- The investment manager will diversify equities in an attempt to minimize concentrations in any specific industry or issue. No more than 10% of the equity portfolio may be invested in any one company, and the stock price should be above \$5 on a daily closing basis before and after purchase. If a held stock goes below \$5, there will be 60 days before the investment manager needs to sell the security. The investment committee may grant an extension of an additional 120 days, to avoid forced selling of what the investment manager believes is a good stock that declined due to unusual circumstances such as market volatility.
- The investment manager shall be permitted, in consultation with the Investment Committee, to invest at the time of purchase up to 10% of the total Long Term portfolio in illiquid securities (whether characterized as equities or fixed income), which may include investments in closed-end registered investment companies, business development companies (BDCs), real estate investment trusts (REITs) or similar real estate focused investment funds, hedge funds, and private equity funds. Those securities that are not listed on a U.S. exchange (e.g., hedge funds, private equity funds, or unlisted REITs) shall not compose more than 5% of the total Long Term portfolio at time of purchase. Any such investments in illiquid securities shall be made in diversified funds as opposed to single issuer investments. For example, the investment manager may invest in a REIT, but a single piece of real property is not a permissible investment. Likewise, the investment manager may invest in a diversified private equity fund but may not invest in a private placement of the securities of a single issuer. For the avoidance of doubt, a “diversified” fund shall have a minimum of ten individual holdings.

Liquidity

The Town Manager shall notify the investment committee, who will work with the investment manager, of any anticipated need for cash withdrawals in the future. The investment manager may assume that a cash reserve of 20% of the portfolio value is reasonable for investments deemed “short-term” unless otherwise indicated by the Commissioners or Town Manager. For Investments deemed “long-term,” the investment manager may assume no need to maintain a cash reserve for this purpose other than that indicated by the Commissioners.

Fees and Taxes

Investments should be made with fees and commissions in mind, giving consideration to return and risk. For example, if an S&P 500 ETF or mutual fund is offered with a 2% annual expense and a similar S&P 500 product is offered with a 0.5% expense, the one with the lower charge should be chosen, absent another factor such as liquidity or risk that would justify the higher expenses. Commissions should be minimized but not to the detriment of total return or risk.

The Town of Dewey Beach’s tax structure should be accounted for when trading. If there are no taxes the Town would pay, then investing in tax-free bonds, which generally offer lower yields, would not be prudent when there are comparable taxable bonds (but tax-free to the Town) available unless the tax-free bonds are a better choice due to, for example,

investment opportunity or risk diversification.

Portfolio Break-Out

The town has two major portfolios, the General Fund and the Beach Replenishment Fund. Balances in the Town's smaller (minor) portfolios shall be treated according to cash flow needs (short-term or long-term asset) with minor accounts (those under \$10,000) treated as very short-term investments. The exception would be a pension account, which regardless of balance will be considered a long-term asset with asset liability management invoked to manage current and future payouts to the participants.

The **General Fund** as the operating fund of the Town of Dewey Beach is used to account for all financial resources (operating and capital) of the Town except for revenue sources that are legally restricted to expenditures for specific purposes. To the extent possible, the Town shall attempt to match its investments of General Fund surplus monies with anticipated cash flow requirements, with those assets treated as a "short-term" asset.

The **Beach Replenishment Fund** monies are restricted as to use to support the Town's Atlantic Ocean beach and, if required, to help finance future beach replenishment projects. It is difficult to predict when, if ever, and to what extent the funds (which have accumulated from a tax on property owners) may be needed. Accordingly, preservation of principal and liquidity of investments are important from a fiduciary perspective. It may be invested as a long-term asset if at least 20% of it (the short-term component) is very liquid.

Performance Evaluation

The relevant benchmarks for each asset class are as follows:

For General Fund and Beach Replenishment Fund (short-term component) investments, compare to CPI or other aggregate measure of inflation.

For Beach Replenishment Fund (long-term component) investments, compare total return to long term U.S. Treasury Bill (10-Year) yields over the evaluation period.

Financial Shocks and Disasters

In the event of a financial shock, terroristic act, or/and disaster, reinvestment and liquidity needs may suddenly change. The Mayor can allow either the Investment Committee chair or the Committee as a whole to work with the Investment Manager to temporarily alter the investment plan to preserve assets or/and increase liquidity. This power will be granted until the next council meeting.

Internal Controls

Internal controls. The Town Manager shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Investment Committee and the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Town of Dewey Beach.

Living Document

This investment policy can be considered a "living document" which should be reviewed

annually by the Investment Committee.



TOWN OF DEWEY

BEACH

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ORDINANCE NO. _____

AN ORDINANCE TO AMEND CHAPTER 24 INVESTMENT POLICY, TO EXCLUDE EQUITIES FROM THE SHORT TERM FUND AND CLARIFY EQUITIES TO MEET LONG TERM NEEDS.

WHEREAS, the Investment Committee met on July 14, 2022 and made the recommendation to the Commissioners of the Town of Dewey Beach to amend Chapter 24 Investment Policy, to exclude equities from the short term fund.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Commissioners of the Town of Dewey Beach, Sussex County, Delaware, in session met, as follows:

Section 1. Amend §24-2 Investment Strategy, of the Code of Ordinances of Dewey Beach, by adding thereto new language in sections B(3)(c), and B(4)(a)(c) as follows:

§ 24-2 Investment strategy.

B. In as much as the General Fund and Beach Replenishment Fund have different financial objectives, liquidity requirements, and restrictions (Beach Replenishment Fund), the investment strategy of each will be somewhat different and shall differ in accordance with each fund's specific requirements.

- (1) The General Fund as the operating fund of the Town of Dewey Beach is used to account for all financial resources (operating and capital) of the Town except for revenue sources that are legally restricted to expenditures for specific purposes.
- (2) The Beach Replenishment Fund monies are restricted as to use to support the Town's Atlantic Ocean beach and, if required, to help finance future beach replenishment projects. It is difficult to predict when, if ever, and to what extent the funds (which have accumulated from a tax on property owners) may be needed. Accordingly, preservation of principal and liquidity of investments are important from a fiduciary perspective.
- (3) Allowable assets for investing in either fund for short-term to medium needs include:
 - (a) Cash or cash equivalents, including: short-term highly marketable securities that are readily convertible to cash, such as bank CDs, U.S. Treasury Bills of no more than three months' maturity, and commercial bank money market and savings accounts.
 - (b) Fixed income: U.S. Treasury and agency obligations (including agency-backed mortgage-backed securities (MBS) and commercial mortgage-backed securities (CMBS), corporate bonds and bond funds, collateralized debt obligations (CDO), collateralized loan obligations (CLO), and asset-backed securities (ABS), all subject to the following constraints:

[1] All individually held fixed income securities, mutual funds and any classes of structured securities held must be rated A- (or equivalent) or better by two of the three major ratings agencies.

[2] The weighted average credit quality of the portfolio shall be AA- or better.

~~(e) Equities: High-quality, large capitalization common stocks or equivalents (i.e., American depositary receipts (ADR), convertible bonds) that trade on U.S. stock exchanges, as well as large cap stock mutual funds or exchange traded funds (ETF), whether index-based or actively managed, but excluding funds that focus on international or emerging markets~~

(4) Allowable assets for investing to meet long-term needs include:

(a) All investments permitted for short and medium term needs.

(b) Equities: High-quality, **large capitalization** common stocks or equivalents (i.e., American depositary receipts (ADR), convertible bonds) **that trade on U.S. stock exchanges**, as well as small cap and mid cap stock mutual funds, exchange traded funds (ETF), and international and emerging markets stock mutual funds/ETFs, **whether index-based or actively managed**.

(c) Real assets or less liquid or illiquid securities (whether characterized as equities or fixed income), which may include investments in closed-end registered investment companies, business development companies (BDCs), real estate investment trusts (REITs) or similar real estate focused investment funds, hedge funds, and private equity funds, provided that such investments shall not exceed 10% of the long-term investment portfolio at time of purchase.

Section 2. If any provisions of this Ordinance shall be deemed or held to be invalid or unenforceable for any reason whatsoever, then such invalidity or unenforceability shall not affect any other provision of this Ordinance which may be given effect without such invalid or unenforceable provision, and to this end, the provisions of this Ordinance are hereby declared to be severable.

Section 3. This Ordinance shall take effect immediately upon its passage by a majority vote of the Commissioners of the Town of Dewey Beach. Enacted this 19th day of August 2022.

William Stevens, Mayor

Bill Zolper, Town Manager

SYNOPSIS

This Act amends §24-2 by removing language in B (3) (c) to exclude equities from the short-term fund, and to add language to (4) (b).