

ORDINANCE NO. 48-2022

OFFERED BY: Mayor Alonso

AN ORDINANCE ADOPTING AN INVESTMENT POLICY FOR THE CITY OF REMINDERVILLE, AND DECLARING AN EMERGENCY.

WHEREAS, the City of Reminderville desires to adopt an Investment Policy to provide for the financial future of the City of Reminderville; and

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Reminderville, County of Summit, State of Ohio:

SECTION 1. The City of Reminderville hereby adopts the Investment Policy for the City of Reminderville, a copy of which is attached and made a part of this Ordinance.

SECTION 2. The Council finds and determines that all formal actions of this Council concerning and relating to the adoption of this Ordinance were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

SECTION 3. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, comfort, convenience, and general welfare of the inhabitants of the City of Reminderville for which reason and other reasons manifest to this Council. If this Ordinance receives the necessary number of votes, it shall take effect and be in force after its passage; otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

Passed:

Sam Alonso, Mayor

Attestation:

Stacey Task
Clerk of Council

I, Stacey Task, Clerk of Council of the City of Reminderville, Summit County, Ohio do hereby certify that the foregoing **ORDINANCE 48-2022** was duly and regularly passed by the Council of the City of Reminderville at a regular meeting of Council on the _____ day of _____, 2022.

Stacey Task
Clerk of Council

City of Reminderville, Ohio

**CITY OF REMINDERVILLE
INVESTMENT POLICY**

(a) Purpose. It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security, safety and preservation of principal while meeting the daily cash flow demands of the City and conforming to all applicable statutes governing the investment of public funds by an Ohio municipality. The Finance Director is the investment officer for the City, charged with the responsibility for the purchase and sale of investments and the carrying out of this investment policy.

(b) Scope. This investment policy applies to all financial assets of the City, including State and Federal funds held by it. The Finance Director shall routinely monitor the contents of the City's investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly.

(c) Prudence.

- (1) Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
- (2) The standard of prudence to be used by the Finance Director shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Acting in accordance with this investment policy and exercising due diligence shall relieve the Finance Director of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Council in a timely fashion and appropriate action is taken to control adverse developments.

(d) Objectives. The primary objectives, in priority order, of the City's investment activities shall be:

- (1) **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- (2) **Liquidity.** The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.
- (3) **Return on investment.** The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account this investment policy and the cash flow characteristics of the portfolio.

(e) Ethics and Conflict of Interest. Persons involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment consultants shall disclose to the City any material financial interests in financial institutions that conduct business within the City and any large personal financial or investment positions that could be related to, or affected by, the performance of the City's portfolio. All employees, officers and investment consultants to the City shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

(f) Authorized Financial Dealers and Institutions.

- (1) The Finance Director will maintain a list of financial institutions and approved security broker/dealers selected by credit worthiness who are authorized to provide investment services and which qualify under Ohio R.C. 135.14(M)(1). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 and are registered with the Ohio Department of Commerce to do business in the State.
- (2) All financial institutions and broker/dealers which desire to become qualified suppliers of investment transactions to the City must provide the Finance Director with audited annual financial statements, proof of good standing with the Comptroller of Currency or State banking regulators or National Association of Securities Dealers certification, proof of Ohio registration and biographical and regulatory information on the persons who are the primary contact with the entity. All financial institutions, broker/dealers and consultants which desire to conduct investment business with the City must sign this investment policy, certifying they have read it, understand it and agree to abide by its contents.

(h) Authorized Investments. The City is empowered by statute to invest in the following types of securities:

- (1) United States Treasury bills, notes, bonds or any other obligation or security guaranteed as to principal and interest by the United States.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All such securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Interim deposits in duly authorized depositories of the City, provided those deposits are properly insured or collateralized as required by law;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of securities described in paragraphs (g)(1) and (2) hereof and repurchase agreements secured by such obligations, provided all such investments under this paragraph (5) shall be made with a bank or savings and loan association eligible to be a depository for public funds of Ohio subdivisions and provided further that any such fund meets the requirements of Ohio R.C. Chapter 135, including that such fund not include any investment in a "derivative";
- (6) Ohio Subdivision's Fund (STAROhio); and
- (7) Overnight or term (not exceeding thirty days) repurchase agreements meeting

the requirements of Ohio R.C. 135.14(E), with a bank or savings and loan association eligible to be a depository for public funds of Ohio subdivisions or a member of the National Association of Securities Dealers. issued by the United States Treasury or any other obligation.

(h) Diversification. The City will diversify its investments by security, type and institution. With the exception of direct obligations of the U.S. Treasury and STAROhio, no more than seventy-five percent of the City's total investment portfolio will be invested in a **(i)**

Maximum Securities.

- (1) To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. No investments shall be made unless the Finance Director, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the City, the City will not directly invest in securities listed as paragraphs (g)(1) through (5) hereof maturing more than five years from the date of settlement if such securities bear interest at a fixed rate, and it will not directly invest in such securities maturing more than two years from the date of settlement if they bear interest at a variable rate.
- (2) Within certain limits the maximum maturity period of the securities in which the City can invest is up to the City. The maximum maturity period of such securities bearing interest at a fixed rate must, however, be no greater than five years. In addition, an eligible investment bearing interest at a variable rate, in order not to be deemed a "derivative" as defined in Ohio R.C. Chapter 135, must have such variable interest rate payment based upon a single interest payment or single index comprised of other investments as described in paragraphs (g)(1) or (2) hereof, and must have a maximum maturity period no greater than two years.

(j) Safekeeping and Custody. All security transactions, including securities acquired subject to repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment basis. Purchased securities will be held by a third party custodian, designated by the Finance Director, that is a Federal Reserve Bank or other "qualified trustee" within the meaning of Ohio R.C. 135.18(J), and the safekeeping of those securities for the benefit of the City shall be evidenced by safekeeping receipts. Purchased securities shall be released by the City only upon verification that the principal and interest, or proceeds of sale of the securities, have been credited to the City's account.

(k) Prohibited Investment Practices. In addition to any other prohibitions in the Revised Code, the City shall not:

- (1) Contract to sell securities that have not yet been acquired on the speculation that prices will decline;
- (2) Make any investment in "derivatives" as defined in Ohio R.C. 135.14(C);
- (3) Invest in a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either: STAROhio or a fund created solely from the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under Ohio R.C. 715.02 or Section 4 of Article XVIII of the Ohio Constitution;
- (4) Enter into reverse repurchase agreements;

- (5) Leverage current investments as collateral to purchase other assets; and
- (6) Invest in stripped principal or interest obligations of otherwise eligible obligations.

(l) Internal Controls. The Finance Director shall develop and maintain procedures for the operation of the City's investment program in accordance with this investment policy. These procedures shall be designed to prevent loss of the City's funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

(m) Reporting.

- (1) The Finance Director shall maintain a current inventory of all investments including:
 - A. Description of each security;
 - B. Cost;
 - C. Par value;
 - D. Dates (beginning, settlement and maturity);
 - E. Rates; and
 - F. Seller.
- (2) The Finance Director shall also prepare and distribute quarterly (or more frequently if requested by the Council) a list of all investments and a report on investment activity and returns.

(n) Education. The Finance Director shall participate in any beginning and/or continuing education training programs sponsored by the State Treasurer or the State Auditor in which the Finance Director is required to participate pursuant to Ohio R.C. 117.44, 135.22 and 733.27. Through participation in those programs, the Finance Director will develop and maintain an enhanced background and working knowledge in investment, case management, and ethics.

(o) Non-Binding Arbitration. The Finance Director may enter into a written investment or deposit agreement that includes a provision under which the parties agree to submit to non-binding arbitration (but not binding arbitration) to settle any controversy that may arise out of that agreement so long as such provision meets the requirements of the Ohio Revised Code and is specifically approved by the Council.

(p) Investment Policy Adoption. This investment policy shall be adopted by the Council and, upon adoption, filed in the office of the Auditor of State. The policy shall be reviewed on an annual basis by the Council or a committee designated by it and any modifications made thereto must be approved by the Council and, upon adoption, filed in the office of the Auditor of State.