

ORDINANCE NO. 99-2016

TITLE: INVESTMENT POLICY AMENDMENT

AN ORDINANCE AMENDING THE INVESTMENT POLICY FOR THE CITY OF BARBERTON, AND DECLARING AN EMERGENCY.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Barberton, State of Ohio:

SECTION 1. That the Investment Policy for the City of Barberton which was established in Ordinance No. 187-1995 and last amended in Ordinance No. 180-2000, and which now reads as follows:

SECTION 1. Objective

The primary objective of the Investment Policy of the City of Barberton is to maintain the safety and liquidity of all principal while attaining a market rate of return. It is recognized that return on investment is of least importance compared to safety and liquidity.

SECTION 2. Standards of Care

- A. Ethics and Conflict of Interest - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.
- B. Delegation and Authority - Authority to manage the investment program is granted to the Director of Finance. No person may engage in an investment transaction except as provided by the terms of this policy and the procedures established by the Finance Director.

SECTION 3. Safekeeping and Custody

- A. All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate: audited financial statements, proof of National Association of Securities Dealers (NASD) certification, and certification of having read Barberton's investment policy.
- B. Depositories for active funds will be awarded every two years by City Council.
- C. The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse.

SECTION 4. Eligible Investments

- A. U.S. Government obligations and U.S. Government agency obligations for which the full faith and credit of the United States is pledged for payment of principal and interest.
- B. Repurchase agreements with institutions that have a signed master agreement on file in the Department of Finance.
- C. Certificates of Deposit.
- D. Investment grade obligations of the State of Ohio, City of Barberton and other local governments or public authorities.
- E. Shares of State Treasury Assets Reserve of Ohio (Star Ohio).
- F. Money market mutual funds regulated by the Securities and Exchange Commission with portfolios consisting of only domestic securities.
- G. Commercial Paper issued by entity that has assets exceeding \$500 million having the following qualifications:
 - The notes must be rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - The aggregate value of the notes must not exceed 10% of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - The notes must mature no later than 180 days after purchase.
- H. Bankers Acceptances issued by banks that are insured by the Federal Deposit Insurance Corporation (FDIC) eligible to be purchased by the Federal Reserve System and must mature no later than 180 days after the purchase.

SECTION 5. Collateralization and Maximum Maturities and Reporting

- A. Collateralization - Certificates of deposit must be backed by the Federal Deposit Insurance Corporation or collateral with a market value of at least 110% of the certificate's value or surety bonds issued in the name of the City of Barberton for 100% of the principal and interest amount of the deposit. The collateral for a certificate of deposit may be held by a third party or in a separate trust account or in a pool of securities as defined in Section 135.181 of the Ohio Revised Code.

Individual securities which collectively are the subject of a repurchase agreement become the property of the City for the period of the agreement and are to be held by a third party for safekeeping.

- B. Maximum Maturities - Maximum final stated maturities will be five years. To the extent possible, the Finance Director will attempt to match investments with anticipated cash flow requirements.
- C. The Director of Finance shall prepare a quarterly investment report.

SECTION 6. Amendments

This policy shall be reviewed on an annual basis. Any changes must be made in the form of an ordinance amendment approved by City Council.

be and the same is hereby amended to read as follows:

Section 1. Objective

The primary objective of the Investment Policy of the City of Barberton is to maintain the safety and liquidity of all principal while attaining a market rate of return. It is recognized that return on investment is of least importance compared to safety and liquidity.

Section 2. Standards of Care

- A. Ethics and Conflict of Interest - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.
- B. Delegation and Authority - Authority to manage the investment program is granted to the Director of Finance. No person may engage in an investment transaction except as provided by the terms of this policy and the procedures established by the Finance Director.

Section 3. Safekeeping and Custody

- A. All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate: audited financial statements, proof of National Association of Securities Dealers (NASD) certification, and certification of having read Barberton's investment policy.
- B. **Depositories for active funds will be awarded every five (5) years.**
- C. The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse.

Section 4. Eligible Investments

- A. **U.S. Government obligations, U.S. government agency obligations and U.S. government instrumentality obligations, or any other obligation guaranteed as to principal and interest by the United States of America. All government agency or instrumentality securities must be direct issuances of the government agency or instrumentality. .**
- B. Repurchase agreements with institutions that have a signed master agreement on file in the Department of Finance.
- C. Certificates of Deposit.
- D. **Bonds and other obligations of the State, or the political subdivisions of this state, provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:**
 - 1. **Bonds or other obligations are payable from the political subdivision's general revenues and backed by the full faith and credit of the political subdivision.**
 - 2. **Bonds or other obligations are rated, at the time of purchase, in the three (3) highest classifications established by at least one (1) nationally recognized standard rating service and purchased through a registered securities broker or dealer.**

3. **Aggregate value of the bonds or other obligations does not exceed twenty percent (20%) of interim monies available for investment at the time of purchase, and**
 4. **The City is not the sole purchase of the bonds or other obligations at original issuance. No investment shall be made in municipal bonds unless the Finance Director has completed additional training that has been approved by the Treasurer of State and is either conducted by or provided under the supervision of the Treasurer of State.**
- E. Shares of State Treasury Assets Reserve of Ohio (Star Ohio).
- F. Money market mutual funds regulated by the Securities and Exchange Commission with portfolios consisting of only domestic securities.
- G. Commercial Paper issued by entity that has assets exceeding \$500 million having the following qualifications:
- The notes must be rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - The aggregate value of the notes must not exceed 10% of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - **The notes must mature no later than 270 days after purchase.**
 - **The notes be limited to the aggregate of five percent (5%) of interim monies available for investment at the time of purchase, when issued by a single issuer.**
- H. **Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation (“FDIC”) and that mature no later than 180 days after purchase.**

Total investment in commercial paper and banker’s acceptances shall not exceed forty percent (40%) of interim monies available for investment at time of purchase. No investment shall be made in commercial paper or bankers acceptances unless the Finance Director has completed additional training that has been approved by the Treasurer of State and is either conducted by or provided under the supervision of the Treasurer of State.

Section 5. Collateralization and Maximum Maturities and Reporting

- A. Collateralization - Certificates of deposit must be backed by the Federal Deposit Insurance Corporation or collateral with a market value of at least 110% of the certificate’s value or surety bonds issued in the name of the City of Barberton for 100% of the principal and interest amount of the deposit. The collateral for a certificate of deposit may be held by a third party or in a separate trust account or in a pool of securities as defined in Section 135.181 of the Ohio Revised Code.

Individual securities which collectively are the subject of a repurchase agreement become the property of the City for the period of the agreement and are to be held by a third party for safekeeping.

- B. Maximum Maturities - Maximum final stated maturities will be five years. To the extent possible, the Finance Director will attempt to match investments with anticipated cash flow requirements.
- C. The Director of Finance shall prepare a quarterly investment report.

Section 6. Amendments

This policy shall be reviewed on an annual basis. Any changes must be made in the form of an ordinance amendment approved by City Council.

SECTION 2. That it is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were taken in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action were meetings open to the public in compliance with the law.

SECTION 3. This ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, convenience and welfare of the City of Barberton and the inhabitants thereof, for the reason that it is necessary to update the Investment Policy, and provided it receives the necessary votes required by the City Charter, shall be in full force and effect from and after its passage and approval; otherwise to be in full force and effect from and after the earliest period allowed by law.

Passed _____ 2016

Clerk of Council

President of Council

Approved _____ 2016

Mayor