

Ordinance 10-12

By: Richard Sharp

An Ordinance to adopt the revised investment policy for the City attached hereto.

Whereas The City periodically performs a review of the investment policy, and

Whereas In 2011 the City, together with its investment adviser, initiated a review of its investment policy to adjust the policy for current market events as well as for compliance with certain provisions of the Ohio Revised Code, and

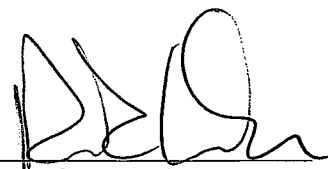
Whereas Modifications were made to the City's investment policy in accordance with these objectives.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BEXLEY

Section 1. That the investment policy attached hereto be adopted as the City's investment policy.

Section 2. This Ordinance shall take effect at the earliest period allowed by law.

Passed: 3/13, 2012



President of Council

Attest: 

Clerk of Council

Approved: 3/13, 2012



Mayor Ben Kessler

First Reading 2-14-12
Second Reading 2-28-12
Third Reading 3-13-12
Passed 3-13-12

City of Bexley
2242 East Main Street, 43209

INVESTMENT POLICY

Adopted 3/13/12

I. Purpose

The purpose of this policy is to provide for the prudent management of public funds in accordance with this stated policy (the "Investment Policy" or "Policy" as hereinafter referenced) by the City of Bexley. Where this Investment Policy is silent the City will default to Ohio Revised Code ("ORC") Chapter 135. Furthermore, the Auditor, Finance Director, and staff (the "Auditors' office") and any other investment advisors engaged by the City, shall follow this Investment Policy and all other applicable laws and regulations.

This Policy has been approved and adopted by the Bexley City Council and a copy has been filed with the Auditor of the State of Ohio as required by Section 135.14 of the ORC.

II. Investment Philosophy

The Auditor, Finance Director and others who are responsible for investing public funds have fiduciary responsibilities to the City of Bexley and the public. Such persons shall seek to follow an investment strategy based on the "prudent person" standard. The prudent person standard requires the exercise of the care, skill, and experience that a prudent person would use to manage his/her personal financial affairs.

III. Investment Objectives

A. Preservation of Principal

The primary investment objective is preservation of principal. To comply with this objective, investments will, at all times, comply with the credit quality guidelines set forth in ORC Chapter 135 unless otherwise superseded by this policy. It is recognized that all forms of investment contain risks. In order to have the opportunity to produce additional current income, a measured level of principal risk must be accepted.

B. Liquidity

1. The second investment objective is maintenance of liquidity of assets. Securities purchased for the City's portfolio shall comply with the Authorized Investments as set forth in Section VI.
2. No investment will be made unless, at the time the investment is made, the Finance Director reasonably believes that the investment can be held until maturity. However, an investment may be sold prior to maturity if the Finance Director determines that such sale is prudent.
3. Unless otherwise permitted in this Policy, or by ORC Chapter 135, no investment will be purchased with a maximum maturity in excess of five (5) years from the date of settlement.

C. Income Generation

The third investment objective shall be the generation of Income. To accomplish this objective, securities will be purchased with the goal of generating both current income as well as potential capital appreciation. In certain market conditions securities may be sold in order to realize gains to accomplish this objective.

D. Best Execution Objective

While executing transactions on behalf of the City, it is recognized that execution is a combination of price, service, and compliance with the City's reporting requirements. Some of the factors that may be considered when seeking best execution of the City's orders include: the opportunity to obtain a better price than what is currently quoted, the speed of execution, and the likelihood that the trade will be executed as agreed.

IV. Personal Conduct and Qualifications

A. Standards of Conduct

1. The Finance Director and staff must continually be aware of the fiduciary nature of their responsibility for investing the public funds under their control. All persons responsible for investment decisions or who are involved in the management of the City's assets shall comply with all applicable Ohio and Federal Statutes and regulations, the codes of conduct established by the FINRA,

the Securities and Exchange Commission, and the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

2. The Finance Director and staff members are prohibited from purchasing specific securities in advance of a purchase by the City and from selling securities held by the City in advance of any pending sell order by the City (known as "front-running"). Additionally, the Finance Director and staff members are prohibited from receiving payment, bonuses, or other compensation for investment services in excess of their regular compensation.
3. The Finance Director may designate qualified staff members in his/her office to take responsibility for executing individual investment transactions.

B. Continuing Education

The Finance Director will annually complete the continuing education programs as specified in the ORC.

V. Transactions

- A. A copy of this policy will be provided to all securities dealers, investment bankers, and other entities doing investment business with the City of Bexley. Other interested parties may receive a copy upon request.
- B. This Policy requires that all entities conducting investment business with the City shall sign the Investment Policy. All brokers, dealers, and financial institutions, described in division (M)(1) and division (N) of Section 135.14 of the ORC, initiating transactions with the City by giving advice or making investment recommendations shall sign the Investment Policy thereby acknowledging their agreement to abide by its contents.
- C. All FINRA registered brokerage firms and representatives used for transaction execution shall be qualified to do business in the State of Ohio, have all appropriate licenses, and be in good standing with their appropriate regulating body. The Finance Director shall maintain a list of approved investment firms.
- D. All securities orders shall be placed according to accepted investment practices. All receipts confirming securities transactions will include the trade date, CUSIP number, par value, maturity, interest rate, price, yield, settlement date, and description of securities purchased, investment firm, amount due, and third-party custodial information. Confirmation

receipts will be received prior to settlement date in accordance with industry convention

VI. Authorized Investments

The following investments constitute a nonexclusive list of appropriate investments:

- A. The Ohio Subdivision fund ("STAR" Ohio) set forth in Section 135.45 of the ORC.
- B. U.S. Treasury Bills, Notes, and Bonds; various federal agency securities including issues of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), Tennessee Valley Authority (TVA) and other agencies or instrumentalities of the United States. GNMA mortgage-backed, pass-through securities are considered as eligible investments of the City and are not derivative securities, as defined under Section 135.14(C) of the ORC. Eligible investments include securities that may be "called", by the issuer, prior to the final maturity date. Any eligible investment may be purchased at a premium or a discount. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
- C. Bonds and other obligations of the State of Ohio.
- D. Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of Ohio, which is not at the time of such investment, in default in the payment of principal on any of its obligations.
- E. Certificates of Deposit issued by institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).
- F. Repurchase agreements whereby a securities dealer of public depository agrees to repurchase securities provided they require the dealer or public depository to provide the par value of securities subject to the repurchase agreement and to deliver the securities into the custody of the Finance Director. Repurchase agreements with dealers must be transacted on a delivery versus payment basis, and term repurchase agreements may not exceed thirty (30) days. The value of securities subject to an overnight or term repurchase agreement shall comply with Collateralization Requirements outlined in Section VIII herein.

- G. No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of Section 135.14 of the ORC and repurchase agreements secured by such obligations, provided that investments in securities described in Section 135.14 of the ORC Code are made only through eligible institutions mentioned in Section 135.03 of the ORC.
- H. Commercial paper issued by companies incorporated under the laws of the United States and is rated A1+ or A1, ^{or better} by Standard & Poor's and P1 ^{or better} by Moody's at the time of purchase. The maximum maturity of commercial paper shall be one hundred and eighty (180) days from the date of purchase.
- I. Other investments not specifically identified in this Section that are otherwise considered eligible investments within Chapter 135 of the ORC.

VII. Prohibited Investments

The following investments and investment practices are prohibited:

- A. Investment in derivatives or in no-load money market mutual funds that invest in derivatives. Derivative is defined by Section 135.01(O) of the ORC as any financial instrument based upon or linked to another asset or index that is separate from the financial instrument itself. Any security that is based upon an issue of the United States Treasury or an obligation of a federal agency or instrumentality, the State of Ohio, or any political subdivision of the State is not considered to be a derivative even though it has a variable interest rate based upon a single interest payment or single index consisting of other securities issued or guaranteed by the United States, provided that such variable interest rate investment has a maximum maturity of two years.
- B. Investments in stripped principal or interest obligations.
- C. Investments in a fund established by another county, subdivision, treasurer, or governing board for the purpose of investing the public funds of other subdivisions, other than STAR Ohio and funds established to acquire, construct, lease or operate a municipal utility.
- D. Repurchase agreements whereby the Finance Director agrees to repurchase securities (reverse repos).

- E. Sale of taxable notes for the purpose of arbitrage.
- F. Use of current investment assets as collateral to purchase other assets.
- G. Contracting to sell securities that have not yet been acquired on speculation that bond will decline.

VIII. Collateralization of Deposits

- A. All deposits of public funds will be collateralized pursuant to Sections 135.18, 135.18.1 and 135.37 of the ORC.
- B. In the event of a default by a public depository used by the City at the time of such Default, the Finance Director will provide thirty (30) days notice in a newspaper of general circulation in Franklin County before the obligations securing the public deposits are sold. Purchasers at the default sale will receive absolute title to the securities. Any proceeds received in excess of the amount in default will be paid to the defaulting depository.

IX. Reporting

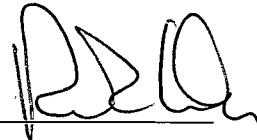
The Finance Director shall maintain a record of all purchases and sales and an inventory of all obligations acquired. The inventory shall include a description of each obligation, including its type, cost, par value, maturity date, settlement date, and coupon rate, if applicable.

X. Adoption

This Investment Policy has been adopted by City Council on this 13 th
day of march 2012 as ^{Amended} Resolution Number 08-12

Accepted

By: _____



Name: _____

Ricz Weber

Firm: _____

Title: _____

Date: _____