

**To:** Members of Dublin City Council  
**From:** Megan O'Callaghan, City Manager  
**Date:** November 1, 2022  
**Initiated By:** Matthew L. Stiffler, Director of Finance  
**Re:** Ordinance 63-22 Modifications to the Investment Policy

## Background

The proposed investment policy modifications were reviewed by the Finance Committee on September 21, 2021, June 23, 2022 and September 13, 2022. The attached investment policy contains the policy modifications discussed at those meetings. These attachments include a clean and redlined version for your review.

The policy modifications include:

- Updating terms and processes to be more consistent with today's investment market
- Providing additional flexibility for certain types of investment assets with regard to issuer, duration and credit rating
- The modifications are not intended to change investment objectives which include:
  - Safety of Principal
    - Market risk (Interest rate risk)
      - Value will change based on general changes in interest rates
    - Credit risk
      - Loss due to failure of a security issuer to pay principal or interest
  - Liquidity
  - Yield Return

## Investment Portfolio and Policy Review

The current investment policy permitted the establishment of an investment advisory committee. As the City has not previously utilized this committee, the proposed modifications include the removal of this permissible committee and requiring an annual review with the Finance Committee to include:

- Investment policy compliance
- Reporting compliance
- Internal control compliance
- Sale of any security prior to the maturity date
- Liquidity concerns
- Investment inventory
- Transactions for the period
- Realized income

## Recommendation

Staff recommend approving Ordinance 63-22 modifying the investment policy at the second hearing on November 14, 2022.

RECORD OF ORDINANCES

Ordinance No. 63-22

Passed , 20

AN ORDINANCE AUTHORIZING THE MODIFICATION OF THE CITY’S INVESTMENT POLICY

WHEREAS, the City of Dublin (“Dublin”) has an Investment Policy that has been adopted by City Council; and

WHEREAS, the Investment Policy establishes the policies and guidelines to be followed for the investment of interim and inactive monies of the City; and

WHEREAS, it is recommended that the Investment Policy be modified to update language and terms which are consistent with today’s market, provide additional flexibility for certain types of investment assets with regard to issuer, duration and credit rating and require an annual review of the investment portfolio and policy compliance with the Finance Committee; and

WHEREASE, it is recommended that the modified Investment Policy, once approved by City Council, be placed into effect January 1, 2023 in order to allow ample time for the changes to be implemented.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, of the elected members concurring that:

Section1. The attached Investment Policy is hereby adopted and replaces and previous policies approved by City Council.

Section2. The Director of Finance remains relieved from any liability for the loss of public monies deposited or invested pursuant to and in compliance with the City’s Investment Policy.

Section 3. That this Ordinance shall take effect and be in force from and after the earliest date provided by law.

Passed this day of , 2022.

Mayor – Presiding Officer

ATTEST:

Clerk of Council

## [Track Changes On](#)

### INVESTMENT POLICY

#### § 35.95 INTRODUCTION.

The purpose of this investment policy is to establish the definition(s) of eligible investments of the City of Dublin, Ohio (hereinafter referred to as the "city"), including guidelines and parameters regarding the investment management of the city's investment funds [hereinafter referred to as the "portfolio"]. This investment policy, as approved by City Council, shall serve to define authorized investments and eligible investment transactions of the city. Such eligible investments may be derived from, or based upon R.C. § 135.14, and/or include certain other investments not authorized or defined under R.C. § 135.14. Investments not defined under R.C. § 135.14, but authorized pursuant to this investment policy, are considered as authorized investments of the city. This subchapter shall take effect and be in force in accordance with Section 4.04(b) of the Dublin City Charter. This policy includes [totally or partially] sections of the statute ~~in order~~ to describe certain eligible investments. In some sections, the policy places further limits upon the use eligible investments or investment transactions.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

#### § 35.96 SCOPE.

This policy applies to all financial assets of the City of Dublin. Such funds are accounted for in the city's Comprehensive Annual Financial Report (CAFR), and includes all funds of the reporting entity.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

#### § 35.97 INVESTMENT OBJECTIVES.

The investment objectives of the city, in priority order, include:

(A) Safety of principal. Safety of principal is the foremost objective of the investment program. The investment of city funds shall be conducted in a manner that seeks to ensure the preservation of capital within the context of the following criteria:

(1) Market risk (interest rate risk). The market value of securities in the city's portfolio will increase or decrease based upon changes in the general level of interest rates. The effects of market value fluctuations will be minimized by maintaining adequate liquidity so that current obligations can be met without a sale of securities; diversification of maturities; diversification of assets.

(2) Credit risk. Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest. ~~Eligible investments affected by credit risk include certificates of deposit, commercial paper, bankers acceptances, and corporate medium term notes.~~ Credit risk will be minimized by diversifying assets by issuer; ensuring that required, minimum credit

quality ratings exist ~~prior to the purchase of commercial paper, bankers acceptances, and corporate medium term notes~~; and maintaining adequate collateralization of certificates of deposit.

(B) Liquidity. The portfolio shall remain sufficiently liquid to meet all current obligations of the city. Minimum liquidity levels [as a percentage of average investable funds] may be established ~~in order~~ to meet all current obligations. The portfolio may also be structured so that securities mature concurrently with cash needs.

(C) Yield return. The portfolio shall be managed to consistently attain a market rate of return throughout budgetary and economic cycles. Whenever possible, and consistent with risk limitations and prudent investment management, the city will seek to augment returns above the market average rate of return through the implementation of active portfolio management strategies.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

#### § 35.98 STANDARDS OF CARE.

##### (A) Prudence.

(1) Investments shall be made with the exercise of that degree of judgement 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 investments officials shall be the "prudent person" standard and shall be applied within the context of managing an overall portfolio. Investment officers or registered investment advisors, acting in accordance with established procedures and the approved investment policy, and exercising due diligence, shall be relieved of responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

(B) Delegation of authority. Management responsibility for the investment program is hereby delegated to the Director of Finance pursuant to the City Charter. The Director of Finance shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of internal controls to regulate the activities of subordinate officials.

(C) Ethics and conflicts of interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain

from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the city.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

#### § 35.99 AUTHORIZED INVESTMENTS.

(A) U.S. Treasury Bills, Notes, and Bonds; various federal agency obligations including, but not limited to, obligations of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), and other agencies or instrumentalities of the United States. ~~GNMA-Agency~~ mortgage-backed, pass-through securities are considered as eligible investments of the city. Individual mortgage-backed, pass-through securities may have remaining maturities greater than five years, but in any event not greater than ten years from the date of purchase. The remaining life of any agency mortgage-backed, pass through security will be determined by the weighted-average life of the security. ~~and are not subject to the definition of derivative securities, as defined under various sections of the Ohio Revised Code. Collateralized mortgage obligations (CMOs) of any kind are expressly prohibited.~~ 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.

(B) Interim deposits in the eligible institutions applying for interim moneys as provided in R.C. § 135.08 and 135.12. Certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized with at least a 5% excess market value amount to secure such certificates of deposit. The city may elect to use either R.C. § 135.18 (individual assignment method) or R.C. § 135.181 (pooling method) when requiring the pledge of eligible collateral to secure certificates of deposit or other deposits of the city. The city may elect to require a higher percentage of excess market value in pledged collateral to secure all deposits.

(C) No-load money market mutual funds, as defined in R.C. § 135.14(B)(5), rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in R.C. § 135.14(B)(1) or (B)(2), and repurchase agreements secured by such obligations. Eligible money market funds shall comply with R.C. § 135.01, regarding limitations and restrictions.

(D) Commercial paper issues of companies incorporated under the laws of the United States, rated in the highest category by two nationally recognized rating agencies. ~~The maximum maturity of commercial paper shall be 270 days from the date of purchase.~~

(E) Bankers acceptances issued by any bank domiciled in the State of Ohio or bankers acceptances issued by any domestic bank, provided that such bank has a long term credit rating of A, or the equivalent, by a nationally recognized rating agency at the time of purchase.

(F) The combined total of commercial paper and bankers acceptances shall not exceed ~~25~~40% of the average portfolio, based upon the calculation methodology approved by the Finance Director.



(G) Repurchase agreements with any eligible institution mentioned in R.C. § 135.03, or any eligible securities dealer pursuant to R.C. § 135.14(M) of this section, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held at a qualified custodian or agent, designated by the city. Eligible repo collateral is restricted to securities listed in R.C. § 135.14(B)(1) or (B)(2). The market value of securities subject to an overnight written repurchase agreement must exceed the principal value of the overnight repurchase agreement by at least 2%. A written repurchase agreement shall not exceed 30 days and the market value of securities subject to a written repurchase agreement must exceed the principal value of the written repurchase agreement by at least 2% and be market to market daily. Prior to the execution of any repo transaction, a master repurchase agreement will be signed by the city and the eligible parties.

(H) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not exceed 30 percent of the portfolio. ~~Medium term notes issued by a domestic corporation having assets in excess of \$500,000,000, provided that such medium term notes have a maximum maturity of five years and are rated [at the time of purchase] by Standard & Poor's or Moody's under the following limitations:~~

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Standard & Poor's	Moody's
<del>A+ (2-yr max maturity)</del>	<del>A1 (2-yr max maturity)</del>
<del>A (2-yr max maturity)</del>	<del>A2 (2-yr max maturity)</del>
<del>A- (2-yr max maturity)</del>	<del>A3 (2-yr max maturity)</del>
<del>AA+ (3-yr max maturity)</del>	<del>Aa1 (3-yr max maturity)</del>
<del>AA (3-yr max maturity)</del>	<del>Aa2 (3-yr max maturity)</del>
<del>AA- (3-yr max maturity)</del>	<del>Aa3 (3-yr max maturity)</del>
<del>AAA (maturities &gt; 3 years)</del>	<del>Aaa (maturities &gt; 3 years)</del>

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~~—(1) If a security has a split rating, the higher of the two ratings shall be used to determine the eligibility for investment purposes. In no event shall a corporate security [at the time of purchase] be rated less than A- by Standard & Poor's or less than an A3 by Moody's.~~

~~(2) The aggregate total of all corporate medium term notes shall not exceed 15% of the total average portfolio, as determined and calculated by the Director of Finance. Commercial paper and bankers acceptances shall not be included when calculating the 15% maximum limit.~~ No more than 5% of the total average portfolio shall be invested in a single issuer. Commercial paper and bankers acceptances shall be considered when calculating the maximum holdings in any single issuer.

(I) The state treasurer's investment pool [STAR OHIO], pursuant to R.C. § 135.45, or any other investment option offered to Ohio political subdivisions by the Treasurer of the State of Ohio.

(J) Bonds and other obligations of the State of Ohio or any of the other 49 states, various issuances of the agencies of the State of Ohio or agencies of any of the other 49 states, and obligations or debt issuances of any Ohio political subdivision or political subdivision of any of the other 49 states, including the City of Dublin, Ohio. Except for obligations of the City of Dublin, Ohio, all such debt issuances will have a minimum credit rating of "AA", or the equivalent, by a nationally recognized rating agency, at the time of purchase. Unrated securities are acceptable if the underlying issuer meets the "AA" credit rating criteria. ~~Except for o-~~ Obligations of the City of Dublin, ~~obligations of the State of Ohio or obligations of any agency of the State of Ohio, or obligations of any Ohio political subdivision~~ may ~~not~~ be purchased as private placements. The aggregate value of the bonds or other obligations does not exceed twenty20 per-cent of interim moneys available for investment at the time of purchase. The bonds or other obligations mature within ten years from the date of settlement.

~~(K) The use of derivative securities, as defined in R.C. § 135.14(C), is expressly prohibited except where certain exemptions to the definition of derivative securities is defined in this investment policy. Such exemptions to the definition of derivative securities include stripped principal or interest obligations of the United States Treasury or stripped principal or interest obligations of any federal agency, obligations of the Government National Mortgage Association (GNMA) mortgage-backed securities, or asset-backed commercial paper shall not be considered as derivative investments.~~

(K) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this section shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 205 percent of the City's portfolio.

(L) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 3010 percent of the City's portfolio.

(M) ~~(L)~~ Except as otherwise defined in this policy, Aall eligible investments will mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the city, and the investment is specifically approved by the Director of Finance.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

§ 35.100 SAFEKEEPING AND CUSTODY.

Securities purchased for the city will be held in safekeeping by a qualified trustee [hereinafter referred to as the "custodian"], as provided in R.C. § 135.37. Securities held in safekeeping by the custodian will be evidenced by a monthly statement describing such securities. The custodian may safekeep the city's securities in Federal Reserve Bank book entry form; Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank; or Non-book entry (physical) securities held by the custodian or the custodian's correspondent bank. All securities transactions will settle using standard delivery-vs-payment (DVP) procedures. The records of the custodian shall identify such securities in the name of the city. Broker/dealer firms used by the city or broker/dealer firms used by the city's designated investment advisor to purchase or sell investment assets shall not hold any such investment assets in safekeeping. All investment assets of the city will be held in safekeeping by a custodian bank where such custodian bank and the city have entered into a custodian agreement.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

§ 35.101 DIRECTOR OF FINANCE AND ~~AN INVESTMENT ADVISORY~~FINANCE COMMITTEE.

(A) ~~—(A)—~~The Director of Finance ~~city may establish an investment advisory committee which~~ shall meet ~~quarterly~~at least annually with the Finance Committee to review the investment portfolio of the city. Specific areas of review include ~~the investment policy compliance, reporting compliance, internal control compliance, sale of any security prior to the maturity date, liquidity concerns,~~ investment inventory, transactions for the period, and realized income.

~~(A)~~(B) The Director of Finance may seek additional investment advisory portfolio review services to support the Finance Committee or City Council review process.

~~(B)~~(C) Any amended policy that has been approved by the City Council shall be filed with the Auditor of State.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

§ 35.102 INTERNAL CONTROLS.

(A) The Director of Finance is responsible for establishing and maintaining an internal control structure designed to reasonably ensure that the investment assets of the city are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and, the valuation of costs and benefits requires estimates and judgments by management.

(B) The Director of Finance shall establish a process for annual independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)



### § 35.103 POOLING OF FUNDS.

The Director of Finance is authorized to pool cash balances from the several different funds of the city for investment purposes. Interest and other portfolio income will be credited to the fund proportionate to the amount invested.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

### § 35.104 INVESTMENT ACCOUNTING AND PORTFOLIO REPORTING.

The city shall maintain an inventory of all portfolio assets. A description of each security will include security type, issue/issuer, cost [original purchase cost or current book value], par value [maturity value], maturity date, settlement date [delivery versus payment date of purchased or sold securities], and any coupon [interest] rate. The investment report will also include a record of all security purchases and sales. Regularly issued reports will include a monthly portfolio report and a quarterly portfolio report to the Director of Finance, detailing the current inventory of all securities, all investment transactions, any income received [maturities, interest payments, and sales], and any expenses paid. The report will also include the purchase yield of each security, the average-weighted yield and average-weighted maturity of the portfolio. The portfolio report shall state the name(s) of any persons or entity effecting transactions on behalf of the city. Any premium paid over par may be amortized equally during the life of the investment as a deduction from semiannual or annual interest payment(s) received each year, or such premium paid may be amortized at the final maturity date of the investment. Any discount from par will be recognized at the final maturity date of the investment.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

### § 35.105 INVESTMENT ADVISORS, QUALIFIED DEALERS AND FINANCIAL INSTITUTIONS.

(A) The city may retain the services of a registered investment advisor. The investment advisor will manage the city's portfolio, or a portion thereof, and will be responsible for the investment and reinvestment of city's investment assets, including the execution of investment transactions. Upon the request of the Director of Finance, the investment advisor will attend meetings and/or City Council meetings to discuss all aspects of the city's portfolio, including market conditions affecting the value of the city's investments. The investment advisor will be required to issue monthly and quarterly portfolio reports as defined under § 35.102 of this subchapter.

(B) The investment advisor may transact business (execute the purchase and/or sale of securities) with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities, to transact business in the State of Ohio.

(C) Broker/dealers and financial institutions transacting investment business with the city are required to sign the approved investment policy as an acknowledgment and understanding of the contents of said policy.

(D) Under no circumstance will brokers or broker/dealer firms act as an investment advisor or in a similar capacity as an investment advisor, either directly or indirectly, if such broker/dealers participate in transaction business (purchase and sale of securities) with the city of the city's designated investment advisor.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.106 SALE OF SECURITIES PRIOR TO MATURITY.

(A) Portfolio assets may be liquidated or sold prior to maturity under the following conditions:

- (1) To meet additional liquidity needs;
- (2) To purchase another security to increase yield or current income;
- (3) To lengthen or shorten the portfolio's maturity;
- (4) To realize any capital gains and/or income; or
- (5) To adjust the portfolio's asset allocation.

(B) Such transactions may be referred to as a "sale and purchase" or a "bond swap". For purposes of this section, redeemed shall also mean "called" in the case of a callable security.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.107 PROCEDURES FOR THE PURCHASE AND SALE OF SECURITIES.

Securities will be purchased or sold through approved broker/dealers on a "best price and execution" basis. All such investment transactions, executed by the city's designated investment advisor, will be communicated electronically or by facsimile transmission to the Director of Finance or to an authorized representative, designated by the Director of Finance. A purchase or sale of securities will be represented by transaction advices issued by the city's investment advisor which will describe the transaction, including par value, coupon (if any), maturity date, and cost. A facsimile transmission or electronic advice will also be sent to the city's designated custodian bank and will serve as an authorization to such custodian to receive or deliver securities versus payment. ~~Confirmation advices, representing the purchase or sale of securities, will be issued by the eligible broker/dealer and sent to the investing authority. Copies of such advices will be sent to the city's investment advisor.~~

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#### § 35.108 STATEMENTS OF COMPLIANCE.

(A) This investment policy has been approved by City Council and filed with the Auditor of State, pursuant to R.C. § 135.14(N)(1). Any amendments to this policy will be filed with the Auditor of State within 15 days of the effective date of the amendment.

(B) The investment portfolio will be managed in accordance with the parameters specified within this policy. Performance of the portfolio will be periodically monitored and compared to an appropriate benchmark.

~~—(C) All brokers, dealers, and financial institutions executing transactions initiated by the city or the city's investment advisor have signed the approved investment policy. The city's investment advisor is registered with the Securities and Exchange Commission and possesses public funds investment management experience, specifically in the area of state and local government investment portfolios. The investment advisor has additionally signed the approved investment policy and the signed policy is filed with the Director of Finance.~~

(~~C~~D) The Director of Finance will be responsible for providing regular reports to City Council. Such reports will accurately describe all portfolio assets, including transaction activity for the period. The city's investment policy shall be adopted by ordinance and modifications must be approved by City Council.

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## INVESTMENT POLICY

### § 35.95 INTRODUCTION.

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(B) Delegation of authority. Management responsibility for the investment program is hereby delegated to the Director of Finance pursuant to the City Charter. The Director of Finance shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of internal controls to regulate the activities of subordinate officials.

(C) Ethics and conflicts of interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the city.

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#### § 35.99 AUTHORIZED INVESTMENTS.

(A) U.S. Treasury Bills, Notes, and Bonds; various federal agency obligations including, but not limited to, obligations of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), and other agencies or instrumentalities of the United States. Agency mortgage-backed, pass-through securities are considered as eligible investments of the city. Individual mortgage-backed, pass-through securities may have remaining maturities greater than five years, but in any event not greater than ten years from the date of purchase. The remaining life of any agency mortgage-backed, pass through security will be determined by the weighted-average life of the security. 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.

(B) Interim deposits in the eligible institutions applying for interim moneys as provided in R.C. § 135.08 and 135.12. Certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized with at least a 5% excess market value amount to secure such certificates of deposit. The city may elect to use either R.C. § 135.18 (individual assignment method) or R.C. § 135.181 (pooling method) when requiring the pledge of eligible collateral to secure certificates of deposit or other deposits of the city. The city may elect to require a higher percentage of excess market value in pledged collateral to secure all deposits.

(C) No-load money market mutual funds, as defined in R.C. § 135.14(B)(5), rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in R.C. § 135.14(B)(1) or (B)(2), and repurchase agreements secured by such obligations. Eligible money market funds shall comply with R.C. § 135.01, regarding limitations and restrictions.

(D) Commercial paper issues of companies incorporated under the laws of the United States, rated in the highest category by two nationally recognized rating agencies.

(E) Bankers acceptances issued by any bank domiciled in the State of Ohio or bankers acceptances issued by any domestic bank, provided that such bank has a long term credit rating of A, or the equivalent, by a nationally recognized rating agency at the time of purchase.

(F) The combined total of commercial paper and bankers acceptances shall not exceed 40% of the average portfolio, based upon the calculation methodology approved by the Finance Director.

(G) Repurchase agreements with any eligible institution mentioned in R.C. § 135.03, or any eligible securities dealer pursuant to R.C. § 135.14(M) of this section, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs. payment basis with collateral held at a qualified custodian or agent, designated by the city. Eligible repo collateral is restricted to securities listed in R.C. § 135.14(B)(1) or (B)(2). The market value of securities subject to an overnight written repurchase agreement must exceed the principal value of the overnight repurchase agreement by at least 2%. A written repurchase agreement shall not exceed 30 days and the market value of securities subject to a written repurchase agreement must exceed the principal value of the written repurchase agreement by at least 2% and be market

to market daily. Prior to the execution of any repo transaction, a master repurchase agreement will be signed by the city and the eligible parties.

(H) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not exceed 30 percent of the portfolio.

No more than 5% of the total average portfolio shall be invested in a single issuer. Commercial paper and bankers acceptances shall be considered when calculating the maximum holdings in any single issuer.

(I) The state treasurer's investment pool [STAR OHIO], pursuant to R.C. § 135.45, or any other investment option offered to Ohio political subdivisions by the Treasurer of the State of Ohio.

(J) Bonds and other obligations of the State of Ohio or any of the other 49 states, various issuances of the agencies of the State of Ohio or agencies of any of the other 49 states, and obligations or debt issuances of any Ohio political subdivision or political subdivision of any of the other 49 states, including the City of Dublin, Ohio. Except for obligations of the City of Dublin, Ohio, all such debt issuances will have a minimum credit rating of "AA", or the equivalent, by a nationally recognized rating agency, at the time of purchase. Unrated securities are acceptable if the underlying issuer meets the "AA" credit rating criteria. - Obligations of the City of Dublin may be purchased as private placements. The aggregate value of the bonds or other obligations does not exceed 20 percent of interim moneys available for investment at the time of purchase. The bonds or other obligations mature within ten years from the date of settlement.

(K) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this section shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 5 percent of the City's portfolio.

(L) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 10 percent of the City's portfolio.

(M) Except as otherwise defined in this policy, all eligible investments will mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the city, and the investment is specifically approved by the Director of Finance.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.100 SAFEKEEPING AND CUSTODY.

Securities purchased for the city will be held in safekeeping by a qualified trustee [hereinafter referred to as the "custodian"], as provided in R.C. § 135.37. Securities held in safekeeping by the custodian will be evidenced by a monthly statement describing such securities. The custodian may safekeep the city's securities in Federal Reserve Bank book entry form; Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank; or Non-book entry (physical) securities held by the custodian or the custodian's correspondent bank. All securities transactions will settle using standard delivery-vs-payment (DVP) procedures. The records of the custodian shall identify such securities in the name of the city. Broker/dealer firms used by the city or broker/dealer firms used by the city's designated investment advisor to purchase or sell investment assets shall not hold any such investment assets in safekeeping. All investment assets of the city will be held in safekeeping by a custodian bank where such custodian bank and the city have entered into a custodian agreement.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.101 DIRECTOR OF FINANCE AND FINANCE COMMITTEE.

- (A) The Director of Finance shall meet at least annually with the Finance Committee to review the investment portfolio of the city. Specific areas of review include investment policy compliance, reporting compliance, internal control compliance, sale of any security prior to the maturity date, liquidity concerns, investment inventory, transactions for the period, and realized income.
- (B) The Director of Finance may seek additional investment advisory portfolio review services to support the Finance Committee or City Council review process.
- (C) Any amended policy that has been approved by the City Council shall be filed with the Auditor of State.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

#### § 35.102 INTERNAL CONTROLS.

(A) The Director of Finance is responsible for establishing and maintaining an internal control structure designed to reasonably ensure that the investment assets of the city are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and, the valuation of costs and benefits requires estimates and judgments by management.

(B) The Director of Finance shall establish a process for annual independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

### § 35.103 POOLING OF FUNDS.

The Director of Finance is authorized to pool cash balances from the several different funds of the city for investment purposes. Interest and other portfolio income will be credited to the fund proportionate to the amount invested.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)

### § 35.104 INVESTMENT ACCOUNTING AND PORTFOLIO REPORTING.

The city shall maintain an inventory of all portfolio assets. A description of each security will include security type, issue/issuer, cost [original purchase cost or current book value], par value [maturity value], maturity date, settlement date [delivery versus payment date of purchased or sold securities], and any coupon [interest] rate. The investment report will also include a record of all security purchases and sales. Regularly issued reports will include a monthly portfolio report and a quarterly portfolio report to the Director of Finance, detailing the current inventory of all securities, all investment transactions, any income received [maturities, interest payments, and sales], and any expenses paid. The report will also include the purchase yield of each security, the average-weighted yield and average-weighted maturity of the portfolio. The portfolio report shall state the name(s) of any persons or entity effecting transactions on behalf of the city. Any premium paid over par may be amortized equally during the life of the investment as a deduction from semiannual or annual interest payment(s) received each year, or such premium paid may be amortized at the final maturity date of the investment. Any discount from par will be recognized at the final maturity date of the investment.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

### § 35.105 INVESTMENT ADVISORS, QUALIFIED DEALERS AND FINANCIAL INSTITUTIONS.

(A) The city may retain the services of a registered investment advisor. The investment advisor will manage the city's portfolio, or a portion thereof, and will be responsible for the investment and reinvestment of city's investment assets, including the execution of investment transactions. Upon the request of the Director of Finance, the investment advisor will attend meetings and/or City Council meetings to discuss all aspects of the city's portfolio, including market conditions affecting the value of the city's investments. The investment advisor will be required to issue monthly and quarterly portfolio reports as defined under § 35.102 of this subchapter.

(B) The investment advisor may transact business (execute the purchase and/or sale of securities) with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities, to transact business in the State of Ohio.

(C) Broker/dealers and financial institutions transacting investment business with the city are required to sign the approved investment policy as an acknowledgment and understanding of the contents of said policy.

(D) Under no circumstance will brokers or broker/dealer firms act as an investment advisor or in a similar capacity as an investment advisor, either directly or indirectly, if such broker/dealers participate in transaction business (purchase and sale of securities) with the city of the city's designated investment advisor.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.106 SALE OF SECURITIES PRIOR TO MATURITY.

(A) Portfolio assets may be liquidated or sold prior to maturity under the following conditions:

- (1) To meet additional liquidity needs;
- (2) To purchase another security to increase yield or current income;
- (3) To lengthen or shorten the portfolio's maturity;
- (4) To realize any capital gains and/or income; or
- (5) To adjust the portfolio's asset allocation.

(B) Such transactions may be referred to as a "sale and purchase" or a "bond swap". For purposes of this section, redeemed shall also mean "called" in the case of a callable security.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.107 PROCEDURES FOR THE PURCHASE AND SALE OF SECURITIES.

Securities will be purchased or sold through approved broker/dealers on a "best price and execution" basis. All such investment transactions, executed by the city's designated investment advisor, will be communicated electronically or by facsimile transmission to the Director of Finance or to an authorized representative, designated by the Director of Finance. A purchase or sale of securities will be represented by transaction advices issued by the city's investment advisor which will describe the transaction, including par value, coupon (if any), maturity date, and cost. A facsimile transmission or electronic advice will also be sent to the city's designated custodian bank and will serve as an authorization to such custodian to receive or deliver securities versus payment.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99; Am. Ord. 82-13, passed 11-4-13)

#### § 35.108 STATEMENTS OF COMPLIANCE.

(A) This investment policy has been approved by City Council and filed with the Auditor of State, pursuant to R.C. § 135.14(N)(1). Any amendments to this policy will be filed with the Auditor of State within 15 days of the effective date of the amendment.

(B) The investment portfolio will be managed in accordance with the parameters specified within this policy. Performance of the portfolio will be periodically monitored and compared to an appropriate benchmark.

(C) The Director of Finance will be responsible for providing regular reports to City Council. Such reports will accurately describe all portfolio assets, including transaction



activity for the period. The city's investment policy shall be adopted by ordinance and modifications must be approved by City Council.

(Ord. 85-94, passed 10-3-94; Am. Ord. 89-96, passed 10-7-96; Am. Ord. 10-99, passed 2-16-99)