

## RESOLUTION NO. 21-2023

A RESOLUTION AMENDING AND SUPPLEMENTING THE INVESTMENT AND DEPOSIT POLICY SET FORTH IN RESOLUTION NO. 49-2013.

WHEREAS, the Investment and Deposit Policy was first established in 2007 and amended in 2013; and

WHEREAS, it is necessary to amend and supplement the subject policy to allow changes as the Ohio Revised Code changes.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONROE, STATE OF OHIO, THAT:

SECTION 1: The Investment and Deposit Policy set forth in Resolution No. 49-2013 is hereby amended and supplemented to read as follows:

### 1. Policy

It is the policy of the City of Monroe ("City") to invest public funds in a manner which will provide the highest investment return with maximum security while meeting all liquidity and operating demands of the City. All investments must conform to all applicable state and local statutes governing the investment of public funds.

### 2. Scope

This Investment and Deposit Policy ("Policy") applies to all financial assets of the City. The City funds subject to this policy are hereinafter referred to as the "Active Portfolio."

The Director of Finance is authorized to pool cash balances from all funds of the City for investment purposes. Unless otherwise restricted, all interest earnings will be credited to the General fund.

### 3. Objectives

The primary objectives of investment activities, in order of priority, shall be safety, liquidity, and yield:

#### A. *Safety*

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. This is accomplished by:

1. Limiting investments to the securities authorized by this policy.
2. Pre-qualifying the financial institutions, broker/dealers, and advisors with which the City will do business.

3. Diversifying the investment portfolio so that potential losses on individual securities will not significantly affect the safety of the portfolio.
4. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

*B. Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by:

1. Structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
2. The portfolio should consist largely of securities with active secondary or resale markets.
3. A portion of the portfolio should be placed in money market funds or local government pools (STAR Ohio) which offer same-day liquidity for short-term funds.

*C. Yield*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

**4. Standards of Care**

*A. Delegation of Authority*

Authority to manage the investment program is hereby delegated to the Director of Finance, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program, consistent with this investment policy. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. 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.

*B. Prudence*

The standard of prudence to be used by the investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the actions of the investment officer are in accordance with this policy.

*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 and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interest in financial institutions with which they conduct business on behalf of the City. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

## 5. **Maturity**

To the extent possible, the City will attempt to match the term to maturity of its investments with the anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in individual securities with a final maturity of more than five years from the date of settlement. Exceptions to this maturity restriction may exist for certain eligible investments under ORC 135.14 and are allowable under this policy.

## 6. **Diversification**

To avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, dealers or maturities, the Director of Finance will diversify the Active Portfolio to avoid over-concentration in securities from a specific maturity, issuer, or business sector. Additionally, the City will continuously invest a portion of the portfolio in readily available funds including, but not limited to, money market funds, bank sweep accounts or STAR Ohio to ensure appropriate liquidity is maintained in order to meet ongoing obligations.

## 7. **Authorized Financial Institutions and Dealers**

Any financial institution, as defined by ORC 135.03, is eligible to serve as an approved depository and/or investment provider. Eligible securities dealers and brokers must be members of the Financial Industry Regulatory Authority (FINRA), meet a minimum capital requirement of \$10,000,000, and have been in operation for at least 5 years. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). An investment advisor must be an eligible financial institution as defined by ORC 135.03, or an advisor that is registered with the Securities and Exchange Commission.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following when requested, if applicable:

- A. *Completed broker/dealer questionnaire*
- B. *Proof of Financial Industry Regulatory Authority Certification*
- C. *Proof of state registration*
- D. *Audited financial statements*
- E. *Certification of having received the City's Investment Policy, and agreeing to comply*

- with the policy*
- F. Depository Agreement*
  - G. Other relevant information as requested*

The Director of Finance will conduct a annual review of the financial condition and registration of qualified bidders.

The Director of Finance will maintain a list of authorized institutions and dealers. The Director of Finance:

- A. May make additions to the authorized list when investment and deposit policy requirements are met;
- B. Shall make deletions from the list (i) if and as directed by ordinance of the City Council, (ii) upon failure of the financial institution to meet the requirement of this policy, or (iii) upon the request of the financial institution or dealer; and
- C. May make deletions from the list based on the following:
  - 1. Perceived financial difficulties of the financial institution or dealer;
  - 2. Consistent lack of competitiveness by the financial institution or dealer;
  - 3. Lack of experience or familiarity of the account representative in providing service to large institutional accounts;
  - 4. When deemed in the best interest of the City.

## **8. Public Depository**

To ensure that the City will receive the best service possible, and that financial institutions will have an equal opportunity to participate, the City may competitively seek quotes for a public depository bank(s) through a request for proposals from time to time. Financial institutions that have full operational branches located within the City are preferred, but not required. The selection of the public depository will be weighted most heavily on available services, the associated net costs, the stability of the financial institution, and other factors as determined by the Finance Director and/or Finance Committee during the selection process. The public depository bank(s) will have the same opportunity as other eligible financial institutions to provide quotes in the investment of the City's excess funds. Any public depository seeking to do business with the City must meet the requirements of ORC 135.03.

## **9. Authorized Investments**

Director of Finance may make investments of available monies from the funds of the City in securities authorized in Ohio Revised Code Chapter 135.14, as amended. A copy of the appropriate ORC section will be kept with this policy.

**10. Derivatives**

Under no circumstances may the Director of Finance invest in a derivative as defined by the Ohio Revised Code, reverse repurchase agreements, or other funds prohibited by law.

**11. Reporting**

The Director of Finance shall establish and maintain an inventory of all obligations and securities acquired. The inventory shall include the description of the security, type, cost, par value, and maturity date. The Director of Finance shall produce a monthly portfolio report detailing the current inventory of all obligations and securities.

**12. Policy Considerations**

Any investment currently held that does not meet the guidelines of this policy shall be exempted for the requirements of this policy. At maturity of liquidation, such monies shall be reinvested only as provided by this policy.

The investment and deposit policy shall be adopted by the City of Monroe City Council. The policy shall be reviewed on an annual basis by City Council, or a committee designated by it and any modifications made thereto must be approved by City Council. Any future revisions will be filed with the Auditor of State in accordance with State of Ohio law.

SECTION 2: This measure shall take effect and be in full force from and after its passage pursuant to Section 7.08 (C) of the Charter.

PASSED: March 14, 2023

ATTEST:

  
Clerk of Council

APPROVED:

  
Mayor

"I, the undersigned Clerk of Council of the city of Monroe, Ohio, hereby certify the foregoing (ordinance or resolution) was published as required by Section 7.16 of the Charter of the City of Monroe.

  
Clerk of Council  
City of Monroe, Ohio

This legislation was enacted in an open meeting pursuant to the terms and provisions of the Sunshine Law, Section 121.22 of the Ohio Revised Code.