

ORDINANCE NO. 2022- 100 FIRST READING December 12, 2022
INTRODUCED BY: DENNIS GALICKI SECOND READING WAIVED
THIRD READING WAIVED

AN ORDINANCE AMENDING AND RESTATING THE INVESTMENT POLICY OF THE VILLAGE OF SOUTH RUSSELL AND DECLARING AN EMERGENCY.

WHEREAS, pursuant to Ordinance No. 1997-20, Council adopted an investment policy for the Village of South Russell (Investment Policy); and

WHEREAS, Council desires to amend and restate the Investment Policy to govern the investment activities of the Village, to maximize returns on the Village's investments consistent with the safety of the investment portfolio' principal value, and to align and become consistent with Ohio law, as well as prudent investment practices.

NOW, THEREFORE, be it ordained by the Council of the Village of South Russell that:

SECTION 1. The Investment Policy of the Village of South Russell is hereby amended and restated in its entirety, as provided in **Exhibit A**, attached hereto and incorporated herein by reference.

SECTION 2. The Fiscal Officer of the Village of South Russel shall forthwith certify this Ordinance and file a certified copy of this Ordinance and the Investment Policy attached as **Exhibit A** with the Auditor of the State of Ohio in accordance with Section 135.14(N)(1) of the Ohio Revised Code.

SECTION 3. It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees on or after December 2, 1975, that resulted in formal actions, were in meetings open to the public in compliance with all legal requirements, including Section 121.22, Ohio Revised Code.

SECTION 4 This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public health, safety, and welfare and for the further reason that this Ordinance must be immediately effective to allow for the Village's investments to align with Ohio law; wherefore, provided it receives the affirmative vote of at least two-thirds (2/3) of all members elected to Council, this Ordinance shall be in full force and effect immediately upon its passage.



Mayor - President of Council

ATTEST:

Danielle Romanowski
Fiscal Officer

I certify that Ordinance No. 2022 - 100 was duly enacted on the 12TH day of DECEMBER, 2022, by the Council of the Village of South Russell, and posted in accordance with the Codified Ordinances of the Village.

Danielle Romanowski
Fiscal Officer

EXHIBIT A

INVESTMENT POLICY

This investment policy, in conjunction with Ohio Revised Code (“ORC”), as amended, will govern the investments and the investment activity of the Village of South Russell (“Village”). It will be reviewed periodically for compliance and to assure the flexibility necessary to effectively manage the Village’s investment portfolio.

SCOPE:

All Public Monies of the Village not prescribed by the Fiscal Officer or Fiscal Auditor (if one is appointed) or his/her designee to be kept as a cash reserve of the Village, may be invested by the Fiscal Officer or Fiscal Auditor (if one is appointed) or his/her designee in the Authorized Investments in accordance with 731.57 ORC and as described below purchased only through or from Eligible Depositories designated pursuant to the Uniform Depository Act or a broker/dealer who is a member of the financial industry regulatory authority (“FINRA”). The Fiscal Officer or Fiscal Auditor (if one is appointed) is authorized to pool cash balances of the several funds of the Village for investment.

OBJECTIVES:

The achievement of sound fiscal management for the Village requires effective investment of the Public Monies of the Village:

1. Safety of Principal is the most important objective. Credit risk shall be minimized by diversifying and maintaining adequate collateralization. Market risk shall be minimized by:
 - a. maintaining adequate liquidity so that current obligations can be met without a sale of securities,
 - b. diversification of maturities, and
 - c. diversification of assets.
2. Liquidity. The Village’s investment shall remain sufficiently liquid to enable the Village to meet its operating requirements that might be reasonably anticipated.
3. Yield. The portfolio shall be managed to consistently attain a market rate of return throughout budgetary and economic cycles.

INVESTMENT AUTHORITY:

The Fiscal Officer or Fiscal Auditor (if one is appointed) is responsible for ensuring that personnel follow the established investment policy. The Fiscal Officer or Fiscal Auditor (if one is appointed) is hereby authorized and directed to invest the Public Monies of the Village in accordance with the provisions of this policy. The Fiscal Officer or Fiscal Auditor (if one is appointed) may delegate the authority to invest the Public Monies of the Village hereunder to an

employee or employees of the Village, provided that any such delegation shall be in writing, attached to this policy, and acknowledged by Council. Such a delegation may be for a limited or unlimited period of time; provided that, revocation of such delegation shall be effective only if made in writing by the Fiscal Officer or Fiscal Auditor (if one is appointed), filed with the Investment Depositories, broker/dealers, or investment adviser, and attached to this policy. Termination of employment of the employee by the Village shall automatically terminate such employee's authority to invest the Public Monies of the Village without the need of a written instrument. The Investment Depositories, broker/dealers and/or investment adviser will be promptly notified of any employee's termination of authority to invest Public Monies of the Village.

To the extent not contrary to 731.57 ORC, officers and employees of the Village involved in making investment decisions shall refrain from personal business activity that could conflict with the proper execution and management of the investment program of the Village, or that could impair their ability to make impartial decisions regarding the Village's investments.

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 derived. The standard of prudence to be used by the Fiscal Officer or Fiscal Auditor (if one is appointed) and others involved in the management of the investment portfolio shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio.

The Fiscal Officer or Fiscal Auditor (if one is appointed) and his/her designee, the Mayor, the Solicitor and Council members shall not be held accountable or personally liable for any loss occasioned by the sale of any eligible investment if the investment policy has been followed.

The Fiscal Officer or Fiscal Auditor (if one is appointed) or his/her designee shall maintain accounts in which he shall make appropriate entries of all transactions relating to the investment of Public Monies. Interest earned on any eligible investment shall be collected and credited to the proper fund of the Village as required by law.

ELIGIBLE DEPOSITORIES:

The Fiscal Officer or Fiscal Auditor (if one is appointed) may transact business with eligible Ohio financial institutions that secure the obligations by depositing with safekeeping trustees, Federal Reserve Bank of Cleveland and/or Bank of New York, and/or eligible securities in the amount and in the manner required by 135 ORC. All entities transacting investment business directly with the Village are required to sign this approved investment policy as an acknowledgement and understanding of the contents of said policy.

AUTHORIZED INVESTMENTS:

The Village is permitted to invest in any security authorized by 135.14 ORC and any other relevant sections, as amended. Those securities include, but are not limited to, the following:

1. U.S. Treasury Bills, Notes, and Bonds or other obligations of or guaranteed by the United States or those for which the faith of the United States is pledged for the payment of the principal and interest.
2. Bonds, notes, debentures, or any obligations or securities issued by any federal government agency or instrumentality. All federal government agency or instrumentality securities must be direct issuances of the federal government agency or instrumentality.
3. Certificates of Deposit from eligible institutions. All deposits shall be FDIC insured or collateralized in accordance with 135.18 ORC. This includes investments in Certificates of Deposit with FDIC insurance coverage on the full amount of deposit plus accrued interest administered through IntraFi (previously known as CDARS). Eligibility of this investment is outlined in 135.144 ORC and may also apply to any other program that is deemed to meet the requirements of such statute.
4. Bonds and other obligations of the State or its political subdivisions provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:
 - a. The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.
 - b. The bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer.
 - c. The aggregate value of the bonds or other obligations does not exceed 20% of the Village's interim funds at time of purchase.
 - d. The Village is not the sole purchaser of the bonds or other obligations at original issuance.
 - e. The bonds or other obligations mature within ten years from the date of settlement.

No investment shall be made under this section unless the investing authority has completed the necessary training as approved by the Treasurer of State of Ohio.

5. Up to 40% of the Village's interim funds at time of purchase in either of the following:
 - a. Commercial Paper notes issued by an entity defined in 1705.01 (D) ORC and that has assets exceeding five hundred million dollars, to which notes all of the following apply:
 - i. The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - ii. The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - iii. The notes mature no later than 270 days after purchase.

iv. The investment in commercial paper notes of a single issuer shall not exceed 5% of the Village's interim funds at time of purchase.

b. Bankers Acceptances of FDIC insured banks that mature no later than 180 days after purchase.

No investment shall be made under this section unless the investing authority has completed the necessary training as approved by the Treasurer of State of Ohio.

6. No-load money market mutual funds rated in the highest category by at least one nationally recognized rating agency, investing exclusively in securities described in paragraphs 1 and 2 of this section and repurchase agreements secured by such obligations. Investment shall be made only through eligible institutions mentioned in 135.03 ORC.
7. Written Repurchase agreements that set forth terms and conditions of the agreement between the parties for a period not to exceed 30 days with any eligible institution mentioned in section 135.03 ORC or a member of FINRA. The market value of securities subject to a repurchase agreement must exceed the principal value of the repo amount by at least 2% and must be marked to market daily.
8. STAR Ohio.

The maximum maturity for any investment unless noted above will be five years from date of settlement unless the investment is matched to a specific obligation or debt of the Village, the investment is specifically approved by Council, and it will be held until its maturity.

PROHIBITED INVESTMENTS AND PRACTICES:

1. Derivative investments
2. Reverse Repurchase Agreements
3. Investment Pools other than STAR Ohio
4. Stripped principal or interest obligations of issuance
5. Contracting to sell securities that have not been acquired on the speculation that bond prices will increase
6. Leveraging of current investments as collateral to purchase other investments

PROCEDURES FOR THE PURCHASE AND SALE OF SECURITIES:

The Fiscal Officer or Fiscal Auditor (if one is appointed) or his/her designee will verbally authorize and confirm in writing the eligible depository or broker/dealer to purchase or sell an authorized investment. Confirmation advices, representing the purchase and/or sale of securities, including price, will be issued by the financial institution and sent to the Village. All investment sales must be deposited in the account (s) of the Village of South Russell.

SALE OF SECURITIES PRIOR TO MATURITY:

Securities may be redeemed or sold prior to maturity under the following conditions:

- a. To meet additional liquidity needs,
- b. To purchase another security to increase yield or current income,
- c. To purchase another security to lengthen or shorten maturity,
- d. To realize any capital gains and/or income, or
- e. To increase investment quality.

SAFEKEEPING AND CUSTODY:

Securities purchased for the Village of South Russell will be held in safekeeping by a qualified trustee ("Custodian"), as provided in section 135.18 ORC. The Custodian must enter into a written custodial agreement with the Village. Securities held in safekeeping by the Custodian will be evidenced by monthly (calendar) statements describing such securities. The Custodian may safekeep the Village'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 procedures. The records of the Custodian shall identify such securities in the name of the investment authority.

Any advisor or broker/dealer doing business with the Village cannot serve as a Custodian or safekeeping agent.

STATEMENT OF COMPLIANCE:

This investment policy has been approved by the Fiscal Officer or Fiscal Auditor (if one is appointed) and the Council of the Village of South Russell and filed with the Auditor of State, pursuant to 135.14 (N)(1) ORC.

All brokers, dealers, investment advisers and financial institutions executing transactions initiated by the Fiscal Officer or Fiscal Auditor (if one is appointed) have signed the approved investment policy. Any third-party custodian providing services is excluded from this requirement as long as they will not be managing assets, recommending or selling any investment security to the Village.

Any amendments to this policy will be filed with the Auditor of State within fifteen days of the effective date of the amendment. The policy and any amendments will be filed on-line through the Village's eservice account with the Auditor of State.