

**CITY OF SILVERTON, OHIO  
INVESTMENT POLICY**

*I. Policy Statement*

It is the policy of the City of Silverton to invest all public funds in a manner which will provide maximum safety and preservation of principal, while meeting all the liquidity and operating demands, at reasonable market interest rates available. All investments made will conform to this investment policy, as amended, and all applicable laws and regulations governing the investment of public moneys, including Section 135 of the Ohio Revised Code (ORC 135). To ensure accuracy and compliance with state law, this policy statement has been prepared based on ORC section 135.14. In most instances it either models the wording derived from the ORC (revised as appropriate, for example to name the City of Silverton), or applies greater restrictions than permitted as by ORC, tailored to best suit the investment needs of the City. It does not expand beyond the restrictions imposed by ORC.

*II. Scope*

This investment policy applies to the active, interim, and inactive investment money of the City. Where other monies of the City were received as a result of individual bond indentures, trust agreements, or other separate instruments, the specific terms of the governing instrument shall be applied, in conformity with all applicable laws and regulations per ORC.

*III. Authority and Responsibility*

The City Manager, as the Fiscal Officer under City of Silverton Charter Section V.2.C, is the authority responsible for the City's investment management, including but not limited to periodically reviewing the City's investment function, and reporting to the City Council from time-to-time as appropriate regarding such matters.

*IV. Objectives*

- A. To invest all money in accordance with the priorities of ORC 135.14: 1) Safety, 2) Liquidity, and 3) Yield, in that order. It is important to note that the objective of safety of investments comes first, and that yield is the last of the three objectives. The reason for this is that the primary objective under this investment policy (and ORC) is the protection and preservation of investment principal.
- B. To limit market risks and ensure reliable return on investments through diversity and management of securities held in the investment principal.
- C. To safeguard Repurchase Agreement transactions so as to avoid all security risk, and to limit the market risk.
- D. To ensure that all investment entities conducting business with the City are knowledgeable of ORC 135 and this investment policy.
- E. To ensure that the portfolio remains sufficiently liquid to enable the investing authority to meet operating requirements which might be reasonably anticipated.
- F. The portfolio will not be invested in speculative investments (see section VII) and will not be leveraged under any circumstances.

V. *Maturity Guidelines.*

To the extent possible, the Fiscal Officer will attempt to match the investments with anticipated cash flow requirements to take best advantage of prevailing economic and market conditions. The maximum maturity of any eligible instrument is five years from the settlement date, unless per a related bond indenture the investment is matched to a specified obligation or debt of the subdivision. At the time of purchase, investments should be made with the expectation they will be held to maturity. Investments may be sold prior to maturity under the following circumstances

- A. Investments may be sold to meet unexpected liquidity needs, to capture a capital gain, to reinvest in a preferred investment, or if otherwise determined to be in the best interests of the City.

VI. *Permissible Investments.*

The Fiscal Officer may invest in any instrument or security authorized in ORC 135.14, as amended. Permissible investments include:

- A. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States. Stripped principal or interest obligations of such eligible obligations are strictly prohibited.
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency or instrumentality securities must be direct issuances of the federal agency or instrumentality.
- C. Interim Deposits in eligible institutions applying for interim funds as provided in section 135.08 of the revised code. The award of funds to these banks shall be made in accordance with section 135.09 of the Revised Code. (I. E, bank demand deposit checking and savings accounts, and certificates of deposit, with banks with which the City Council has approved for the fiscal officer to place deposits.)
- D. Bonds and other obligations of the State of Ohio.
- E. No-load money market mutual funds consisting exclusively of obligations described in section VI A or B above of this policy,
- F. The Ohio Subdivision's fund (STAR Ohio), as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in ORC 135.45.
- G. Up to twenty-five percent of interim moneys available for investment may be invested in the either of following:

(a) Commercial Paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which 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 not later than one hundred eighty days after purchase.

(b) Bankers Acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:

- (i) The obligations are eligible for purchase by the federal reserve system.
- (ii) The obligations mature not later than one hundred eighty days after purchase.

H. Written repurchase agreements (Repo's) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. (A Repo is an investment most commonly occurring where a bank sweeps funds overnight into a separate account, under a written repurchase agreement which formal establishes the obligation to repay those funds). The market value of the securities subject held as collateral for an overnight Repo (including sweep accounts) or term Repo must exceed the principal by at least 2% and the securities must be marked to market daily. Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. For all securities purchased pursuant to a repurchase agreement with an institution or dealer, the institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any Repo transaction.

VII. Investments which are specifically prohibited.

A. Derivatives. A derivative is defined in ORC 135 as a financial instrument or contract or obligation whose value is based upon or linked to another asset or index or both, separate from the financial instrument, contract or obligation itself. However, any eligible investment with a variable interest rate payment based upon a single interest payment or single index comprised of other investments consisting of US government or federal agency or instrumentality obligations is not considered a derivative if it matures in two years or less.

B. Reverse repurchase agreements are strictly prohibited.

C. Equities (stocks). Because ORC and this policy prohibit owning Stocks, should any equities be donated (or received by the City in any other manner), this policy authorizes the Fiscal Officer to sell the stocks in order to comply with State Law.

VII. Pooling.

The pooling of funds by subdivisions is prohibited except as provided in ORC 715.02 or Sec. IV Article XVIII of the Ohio Constitution, and STAR Ohio.

*IX.      Eligible Institutions.*

Any financial institution located within the State of Ohio as defined by ORC 135.03 is eligible to serve as an approved depository and/or investment provider. Only securities dealers and brokers that are members of the National Association of Securities Dealers (NASD) are eligible to be an investment provider. Investment advisors must be an eligible financial institution as defined by ORC 135.03, or an advisor that is registered with the Securities and Exchange Commission.

*X.      Reporting.*

The Fiscal Officer is responsible for oversight of reporting in compliance with the specific requirements of ORC. Such reporting will include all items as required by ORC and other such information as deemed appropriate for the proper management and oversight of the City's investment function.

*XI.     Ethics and conflicts of interest.*

Employees involved in the investment process will not engage in personal business activities which conflict or have the appearance of conflicting with the proper management of the City's investments, or that could impair their ability to make impartial decisions. Employees shall disclose in writing to the City Council any material personal financial activity in financial institutions with which they conduct City business, including, but not limited to material personal borrowing or investments.

*XII.    Acknowledgments.*

All brokers, dealers, and financial institutions initiating transactions with the Fiscal Officer by giving advice or making investment recommendations must sign the investment policy thereby acknowledging their agreement to abide by the policy.

All brokers, dealers, and financial institutions executing transactions initiated by the Fiscal Officer must sign the investment policy acknowledging their comprehension and receipt of the policy.

---

Fiscal Officer                          Date

Acknowledgment:

---

Name of Financial Institution

---

Authorized Officer

---

Date