

TITLE

AN ORDINANCE FOR THE PURPOSE OF ENACTING, ESTABLISHING, ADOPTING AND IMPLEMENTING A NEW MUNICIPAL INVESTMENT POLICY OF AND FOR THE CITY OF WARREN, OHIO AND REPEALING ORDINANCE NO. 11186/98 AND ORDINANCE NO. 11591/02 WHICH ESTABLISHED, ADOPTED AND IMPLEMENTED A PRIOR MUNICIPAL INVESTMENT POLICY OF AND FOR THE CITY OF WARREN, OHIO; AND DECLARING AN EMERGENCY.

ORDINANCE NO. 13192 / 2023

WHEREAS, Ordinance No. 11186/98 and Ordinance No. 11591/02 passed by the Council of the City of Warren enacted a prior Municipal Investment Policy of and for the City of Warren, Ohio; and

WHEREAS, the City of Warren desires to establish, adopt and implement a new formal and written investment policy relative to the depositing and investing of various funds and monies of the City of Warren, Ohio; and

WHEREAS, the City of Warren desires that the aforementioned policy conform to the applicable laws; NOW THEREFORE

BE IT ORDAINED by the Council of the City of Warren, State of Ohio:

Section 1: That Ordinance No. 11186/98 and Ordinance No. 11591/02 passed by the Council of the City of Warren are hereby repealed in their entirety.

Section 2: That this Council hereby establishes and adopts, with the intent that the same be implemented, the "CITY OF WARREN, OHIO INVESTMENT POLICY" which is attached hereto as "EXHIBIT A". Said "EXHIBIT A" is hereby incorporated herein, for all purposes, as if fully rewritten herein.

Section 3: That the Clerk of this Council promptly forward a certified copy of this Ordinance, with EXHIBIT "A", "CITY OF WARREN, OHIO INVESTMENT POLICY" to the Auditor of the State of Ohio.

Section 4: That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, welfare and safety, and for the further reason that the City of Warren, Ohio's continued effective and prudent investment of monies may be more fully insured at the earliest possible time and without undue delay.

Section 5: WHEREFORE, this Ordinance shall take effect and be in force from and after the date of its passage by a vote of two-thirds of all members elected to Council and approval by the Mayor.

Passed in Council this 11th day of JANUARY, 2023.

SIGNED: [Signature]
President of Council

ATTEST: [Signature]
Clerk

FILED WITH THE MAYOR: 1-11-2023

DATE APPROVED: 1-11-2023

[Signature]
MAYOR, CITY OF WARREN, OHIO

Exhibit "A" to Draft #328

CITY OF WARREN, OHIO INVESTMENT POLICY

The funds of the City of Warren, Ohio (the City) shall be deposited and otherwise invested in such manner as will maximize the City's investment return consistent with such provisions for security and safety as may be required to ensure the preservation of principal and such provisions for liquidity as may be necessary to meet the cash flow needs of the City, all of which shall conform to applicable laws governing the investment of public funds by an Ohio statutory municipality.

Except as and to the extent provided by Sections 731.56 *et seq.* of the Revised Code and Ordinance No. 10959/96 passed by the City Council on October 9, 1996, concerning the authority of the Mayor, the Auditor and the Director of Law, together serving as the Treasury Investment Board of the City, to make investment decisions regarding moneys in the City treasury that will not be required to be used by the City for a period of six months or more, the Treasurer is the investment officer for the City and is charged by law and this Investment Policy with the responsibility for its implementation, including the making of deposits and the purchase and sale of securities. The Treasury Investment Board shall cooperate with the Treasurer in the making of decisions as to investment of City funds and shall make its decisions in accordance with law and this Investment Policy.

Scope

Except only as to the investment of funds subject to a trust agreement executed and delivered pursuant to Article XVIII, Ohio Constitution, this Investment Policy applies to all financial assets of the City, including any State and federal funds held by it. The Treasurer shall routinely monitor, and consult with the Treasury Investment Board as to, the contents of the City's investment portfolio, the available markets, the relative risk and value of competing investments, and liquidity needs, and shall adjust the portfolio accordingly, subject to and taking into account such determinations as the Treasury Investment Board has made or shall make from time to time concerning the purchase for, and sale of securities held in, the Treasury Investment Account of the City established and maintained pursuant to Section 731.58 of the Revised Code.

Prudence

Investments shall be made with judgment and care -- under circumstances then prevailing -- that persons of prudence, discretion and intelligence exercise in the management of their own affairs, for investment and not for speculation, with due regard for the security for and safety of an investment as determined by any estimated risk of loss of principal, as well as the probable income to be derived, in the context of the management of the portfolio as a whole.

The Treasurer shall report promptly to the Treasury Investment Board and the City Council any material adverse fluctuation in the value of an investment that is not held in the Treasury Investment Account, and the Treasury Investment Board shall report promptly to the Treasurer and the City Council any material adverse fluctuation in the value of an investment that is held in the Treasury investment Account. Appropriate action shall be taken, to the extent feasible, by the Treasurer or Treasury Investment Board, as applicable, to limit further adverse developments.

Objectives

The primary objectives, in order of priority, of the City's investment program shall be:

Safety: Security for and safety of principal shall be the foremost objective. City investments shall be made and managed in a manner calculated to ensure capital preservation for the overall portfolio. To attain this objective, diversification is recommended to the extent that any risk of loss of principal exists with respect to certain City investments, in order that potential losses do not exceed the appreciation of and income generated by other investments in the City portfolio.

Liquidity: The City's investment portfolio shall be sufficiently liquid to enable the City to meet all reasonably anticipated expenditure requirements.

Return on Investment: The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account this Investment Policy and the cash flow requirements of the City.

Ethics and Conflict of Interest

City officials and employees shall refrain from personal or other private business activity that would conflict, or appear to conflict, with the execution of the City investment program, or that would impair, or appear to impair the ability of such an official or employee to make impartial investment decisions with respect to the City. City officials, employees and investment consultants shall disclose to the City Council (i) the existence of any known material financial interest or relationship that any such official, employee or investment consultant, or any family member of the foregoing (within the meaning of Section 2921.42 of the Revised Code), has in or with any financial institution or securities broker/dealer with which the City proposes to deposit funds or execute other investment transactions, (ii) the identity of any financial institution or securities broker dealer that is a "business associate" of that official, employee or investment consultant (within the meaning of Section 2921.42 of the Revised Code), and (iii) any personal financial or investment positions that could be affected, other than indirectly and to a *de minimis* degree, by the decisions made with respect to the City's investment portfolio. All officers, employees and investment consultants to the City shall subordinate their personal investment transactions to those City transactions of which they are aware, particularly with regard to the timing of purchases and sales.

Any such limitations supplement the applicable provisions of the Ohio ethics laws.

Authorized Financial Institutions and Dealers

The City may engage the services of an investment advisor to assist in the management of the investment portfolio in a manner consistent with this investment policy. Such investment advisor may be granted discretion to purchase and sell investment securities in accordance with this investment policy. The investment advisor must be licensed by the division of securities under ORC Section 1707.141 or registered with the Securities and Exchange Commission, and possess experience in public funds investment management specifically in the area of state and local government investment portfolios, or the investment advisor is an eligible institution as mentioned in ORC Section 135.03. The investment advisor must enter into a written investment advisory agreement with the City. In addition, the investment advisor must supply a copy of their Form ADV Part 2, or make a copy

available, on an annual basis.

Should the City choose not to engage the services of an investment advisor, then a list will be maintained of financial institutions and broker/dealers who provide investment services or otherwise execute investment transactions. All financial institutions and broker/dealers with which the City conducts business must supply proof of Financial Industry Regulatory Authority ("FINRA") registration and State of Ohio registration, as appropriate, and biographical and regulatory qualification and compliance information concerning each person who will be the firm's primary contact with the City. The Treasurer is responsible for evaluating and reviewing on an annual basis the regulatory status of such financial institutions and broker/dealers.

The Treasurer shall maintain a list of financial institutions that qualify under Sections 135.03 of the Revised Code, respectively, and are approved from time to time by the Finance Committee of the City Council.

Each financial institution that desires to accept deposits for or with the City must provide to the Treasurer and the Treasury Investment Board: current financial statements, including audited annual financial statements for any fiscal year that ended more than ninety days prior to the date of deposit or execution; proof of good standing, as applicable, with the Comptroller of Currency or other federal agency with primary responsibility for its regulation, or State banking regulators; proof of registration, if required, with the Ohio Department of Commerce to do business in the State; and biographical and regulatory qualification and compliance information concerning each person who will be the firm's primary contact with the City.

All financial institutions, broker/dealers and consultants that wish to conduct investment business with the City must sign this Investment Policy, certifying that they have read it, understand it and agree to abide by its contents.

Authorized Investments

The Treasurer is authorized by statute to make the following investments:

- A. United States Treasury bills ("Bills"), notes ("Notes"), bonds ("Bonds"), or any other obligation or security issued by the United States Treasury (collectively, "U.S. Treasury Obligations"), or any other obligation guaranteed as to principal and interest by the United States (excluding "stripped" principal or interest obligations) (collectively, "U.S. Obligations");
- 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, and Government National Mortgage Association. All such securities shall be direct issuances of federal government agencies or instrumentalities ("Agency Obligations");
- C. Interim deposits in duly authorized depositories of the City. This includes investments in Certificates of Deposit with FDIC insurance coverage on the full amount of deposit plus accrued interest administered

through the Certificate of Deposit Account Registry Service (CDARS). Eligibility of this investment is outlined in ORC Section 135.144 and would also apply to any other program that is deemed to meet the requirements of such statute. Each such deposit shall be insured or collateralized as required by law ("Certificates of Deposit");

- D. Bonds and other obligations of the State ("State Obligations");
- E. No-load money market mutual funds consisting exclusively of securities described in paragraphs A and B of this Section, provided that (i) all such investments under this paragraph E shall be made with a bank or savings and loan association eligible to be a depository for public moneys of Ohio statutory municipalities, and (ii) any such fund meets the requirements of Section 135.14(B)(5) of the Revised Code, (including the requirement that the fund not contain any investment in a "derivative") ("Money Market Mutual Funds");
- F. Ohio Subdivision's Fund for which provision is made in Section 135.45 of the Ohio Revised Code ("STAROhio");
- G. Overnight or term (not exceeding 30 days) repurchase agreements meeting the requirements of Section 135.14(E) of the Revised Code, with (i) a bank or savings and loan association eligible to be a depository for public moneys of Ohio statutory municipalities, or (ii) any dealer eligible to execute investment transactions with the City under Section 135.14(M)(l) of the Revised Code ("Repurchase Agreements").
- H. Bonds of any political subdivision of the State, as to which there is no default of principal, interest or coupons ("Subdivision Obligations"); provided that 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 City's interim funds at the time of purchase; and
- d. The City is not the sole purchaser of the bonds or other obligations at original issuance.

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

- I. Up to 40% of interim funds at time of purchase in either of the following:
 - 1. Commercial Paper notes ("Commercial Paper") issued by an entity that is defined in ORC Section 1705.01 division (D) and that has assets exceeding five hundred million dollars, to which notes all of the following apply:
 - a. The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services;
 - b. The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation;
 - c. The notes mature no later than 270 days after purchase; and
 - d. The investment in commercial paper notes of a single issuer shall not exceed 5% of the City's interim funds at time of purchase.
 - 2. Bankers Acceptances of banks that are insured by the Federal Deposit Insurance Corporation and the obligations mature no later than 180 days after purchase ("Bankers Acceptances").

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

The Treasury Investment Board is authorized by statute to make the following investments:

- J. Obligations of the City (City Obligations");
- K. Bonds of the State ("State Obligations");and
- L. Such other investments as are described in

paragraphs A, B, C, E, F, G, H and I above.

Diversification

Investments shall be diversified to eliminate the risk of loss resulting from over-concentration in a specific maturity, a specific obligor or a specific class or type of security.

1. Diversification strategies shall be determined and revised periodically by the Treasurer and the Treasury Investment Board for all funds available for investment.

In establishing diversification strategies, these general policies and constraints shall apply:

- Portfolio maturities shall be staggered;
- Liquidity shall be maintained as needed to ensure that cash on hand will be adequate to meet disbursements, including payrolls and debt service payments; and
- The following maximum limits, by instrument and obligor, are established for the City's total portfolio:

Diversification by Instrument

U.S. Obligations:	
Bills	100%
Notes	100%
Bonds	100%
All other U.S. Obligations	100%
Agency Obligations	100%
Certificates of Deposit	75%
State and Subdivision Obligations	20%
Commercial paper and Bankers Acceptances	40%
Repurchase Agreements	75%
STAROhio	100%
City Obligations	25%
Money Market Mutual Funds	50%

Diversification by Obligor

STAROhio	100%
U.S. Treasury Obligations	100%
Commercial Paper	5%
Other	50%

Maximum Maturities

To the maximum extent feasible, investment maturities shall be matched, considering the investment portfolio as a whole, with anticipated cash flow requirements. No investment shall be made in any security other than an obligation of the City unless the Treasurer or the Treasury Investment Board, as applicable, reasonably expects, at the time the investment is made, that the investment can be held to maturity. Securities may be redeemed or sold prior to maturity to meet additional liquidity needs, to enhance the yield of the portfolio, to restructure the portfolio or to realize any capital gains.

Unless matched to a specific obligation or debt of the City, an investment in any of the securities listed in paragraphs A through E and H above under *Authorized Investments* shall mature (i) not more than 5 years from the date of settlement if such securities bear interest at a fixed rate, and (ii) not more than 2 years from the date of settlement if they bear interest at a variable rate.

Safekeeping and Custody

All securities transactions, including securities acquired subject to repurchase agreements entered into by the City, shall be conducted on a delivery-versus-payment basis (DVP). Securities purchased by the Treasurer shall be held in trust for the City by the Treasurer or by a third-party custodian, designated by the Treasurer, that is a "qualified trustee" within the meaning of Section 135.18(I) of the Revised Code; provided, that securities so acquired subject to a repurchase agreement shall be delivered to a third-party custodian that is a qualified trustee, provided further, however, that securities acquired by the City subject to an overnight repurchase agreement with a financial institution that is a designated depository of the City may be held in trust by that depository on behalf of the City. Securities purchased by the Treasurer shall be held in trust for the City by a member of the federal reserve banking system, or by the Treasurer, in accordance with Section 731.59 of the Revised Code. The safekeeping for the City of purchased securities that are not delivered to the Treasurer for safekeeping shall be evidenced by safekeeping receipts delivered by the custodian to the Treasurer. Securities purchased by, and held in safekeeping for, the City shall be released from safekeeping and delivered only against payment to the City of the principal of and interest on the securities, or proceeds of their sale, as applicable.

Prohibited Investment Practices

In addition to any other prohibitions in the Revised Code, the City shall not:

- A. Contract to sell securities that have not yet been acquired ("sell short") on the speculation that the price of those securities will decline before they must be delivered;

- B. Make any investment in a "derivative" as defined in Section 135.14(C) of the Revised Code;
- C. Invest in a fund established by another public body for the purpose of investing public moneys of other subdivisions except either: (i) STAROhio, or (ii) a fund created solely for the purpose of acquiring, constructing, owning, leasing, or operating municipal utilities as authorized under Section 715.02 of the Revised Code or Section 4 of Article XVIII of the Ohio Constitution;
- D. Enter into an agreement to sell securities owned by the City and contemporaneously with its entry into that agreement enter into an unconditional agreement with the purchaser to repurchase the securities from the purchaser ("reverse repurchase agreement);
- E. Leverage current investments as collateral for the purpose of purchasing other assets; or
- F. Invest in "stripped" principal or interest obligations of otherwise eligible obligations.

Internal Controls

The Treasurer and the Treasury Investment Board shall develop and maintain procedures for the operation of the City's investment program in accordance with this Investment Policy. These procedures shall be designed to prevent loss of the City's funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

Reporting

The Treasurer shall maintain a current record of all deposits and other Investments, including with respect to each security, as applicable:

- 1. Description by type;
- 2. Cost;
- 3. Par value;
- 4. Relevant transaction dates (issuance or dated, settlement and maturity);
- 5. Interest rate or rates;
- 6. Seller; and
- 7. CUSIP numbers.

The Treasurer shall also prepare and distribute quarterly to the Treasury Investment Board and the Finance Committee of City Council (or more frequently if requested by the Finance Committee of City Council) a list of all investments and a report of investment activity and returns. The Auditor shall maintain, and furnish to the Treasurer, the Treasury Investment Board and the Finance Committee of City Council, such records as Section 731.58 of the Revised Code requires the chief accounting officer to maintain with respect to investments acquired for the Treasury Investment Account.

Education

a) The Treasurer shall participate in any beginning and/or continuing education training programs sponsored by the State Treasurer or the Auditor of State in which the Treasurer is required to participate pursuant to Section 135.22 of the Revised Code. Through participation in those programs, the Treasurer is to develop and maintain an enhanced background and working knowledge of investments, cash management and related ethical considerations.

Non-Binding Arbitration

The City may enter into a written investment or deposit agreement that includes a provision under which the parties agree to submit to nonbinding arbitration (but not binding arbitration) to settle any controversy that may arise in connection with that agreement so long as such provision meets the requirements of Section 135.14(O) of the Revised Code and is expressly and specifically approved in writing by the City Council.

Investment Policy Adoption

This Investment Policy shall be filed in the office of the Auditor of State. It shall be reviewed annually by the Treasurer, the Treasury Investment Board and the Finance Committee of the City Council; any modifications to it must be approved by the City Council and, upon adoption, a copy of this Investment Policy, as so modified, shall be filed in the office of the Auditor of State.

Adopted: _____, 2019

ACKNOWLEDGEMENT OF READING, UNDERSTANDING AND ACCEPTANCE

The undersigned, _____ hereby acknowledges that (i) it has read, understands and accepts and will abide by the foregoing Investment Policy and the relevant provisions of the Ohio Revised Code in its dealings with the City of Warren, and it understands that binding arbitration provisions are not permitted by Ohio law and any nonbinding arbitration provisions that purport to govern its relationship with the City must be expressly and specifically approved in writing by the City Council (approval by the City Council, the Treasurer or the Treasury Investment Board of an agreement or transaction in which such provisions are contained, whether expressly or incorporated by reference, without express and specific approval in writing of the proposed arbitration provisions, shall not constitute the required express and specific approval of those provisions), and (ii) the officer executing this Certification is authorized to do so on behalf of the undersigned.

(Name of Entity)

By: _____

Title: _____

Date: _____, 20__.