

RECORD OF ORDINANCES

CITY OF UPPER ARLINGTON
STATE OF OHIO

ORDINANCE NO. 75-2018

TO AMEND C.O. CHAPTER 221 - DEPOSITORYES AND INVESTMENTS

WHEREAS, the Financial Policies Committee met on September 12, 2018 and September 24, 2018 and made the following recommendation to the City's investment policy;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Upper Arlington, Ohio:

SECTION 1. That C.O. § 221.06 – Authorized Investment Instruments is hereby amended as follows:

§ 221.06 AUTHORIZED INVESTMENT INSTRUMENTS

The following instruments are authorized for investment purposes:

- (A) U.S. Treasury Bills, Notes, and Bonds; various federal agency securities including issues of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corp. (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), Tennessee Valley Authority (TVA) and other agencies or instrumentalities of the United States. GNMA mortgage-backed, pass-through securities are considered as eligible investments of the City and are not derivative securities, as defined under Ohio Revised Code § 135.14(C). 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. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
- (B) General obligations of the State of Ohio.
- (C) General Obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of Ohio, which is not at the time of such investment, in default in the payment of principal on any of its obligations, provided that all of the following apply:
 - 1) The bonds are payable from the general revenues and backed by the full faith and credit of the political subdivision,
 - 2) The bonds are rated at the time of purchase in the three highest classifications of at least one of the nationally recognized rating agencies and purchased through a registered securities broker or dealer,
 - 3) The aggregate value of the bonds/obligations does not exceed 20% of the

portfolio,

4) The City is not the sole buyer of the issue.

(D) Certificates of Deposit issued by institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), ~~provided that such institutions maintain banking operations within the State of Ohio.~~ Certificates of deposit shall be collateralized using eligible securities or instruments as defined under Ohio Revised Code § 135.18 or 135.181. The selection of Ohio Revised Code § 135.18 or 135.181 for purposes of collateralization, shall be determined by the Finance Director. Under either method, the Finance Director may require an additional percentage of eligible collateral to compensate for any depreciation of market value of such pledged collateral, less any portion insured by the FDIC.

(E) Repurchase Agreements with any eligible institution mentioned in Ohio Revised Code § 135.03, or any eligible securities dealer pursuant to (M) of Ohio Revised Code §135.14. Repurchase agreements transacted with eligible securities dealers shall be executed on a delivery vs. payment basis. Eligible repurchase agreement collateral is restricted to securities listed in C.O. § 221.06(A), limited to final maturity dates of ten (10) years. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase agreement amount by at least two percent (2%) and marked to market daily. Term repurchase agreements shall be limited to a maximum of thirty (30) days.

(F) Banker's acceptances issued by any domestic bank rated in the highest category by one of two nationally recognized rating agencies.

(G) ~~No-load money market mutual funds, as defined in ORC § 135.14(B)(5), rated in the highest category by at least one (1) nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined in Division B(1) or B(2) under ORC § 135.14, and repurchase agreements secured by such obligations. Eligible money market funds shall comply with ORC § 135.01, regarding limitations and restrictions. No-load money market mutual funds consisting exclusively of obligations described in ORC Sections 135.14 (B)(1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.03 of the Revised Code.~~

(H) ~~Commercial paper issues of companies incorporated under the laws of the United States, rated A1+, A1 by Standard & Poor's and P1 by Moody's. The maximum maturity of commercial paper shall be two hundred and seventy (270) days from the date of purchase. 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 notes all of the following apply:~~

- 1) ~~The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.~~
- 2) ~~The aggregate value of the notes does not exceed ten per cent of the aggregate~~

Commented [JL1]: 135.14(5)

Commented [JL2]: 135.14(7)(a)

value of the outstanding commercial paper of the issuing corporation.

- 3) The notes mature not later than two hundred seventy days after purchase.
- 4) The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five per cent of interim moneys available for investment at the time of purchase.

(I) Medium term notes issued by a corporation, domiciled within the United States and having assets in excess of \$500 million, provided that such medium term notes have a maximum maturity of five (5) years and are rated, at the time of purchase, by Standard & Poor's ("S&P"), FitchRatings ("Fitch"), or Moody's Investors Service, Inc. ("Moody's") under the following limitations:

Years to Maturity	Rating Required		
	S&P	Fitch	Moody's
Less than or equal to 2 Years	A+, A, or A-	A+, A, or A-	A1, A2, or A3
Greater than 2 and less than or equal to 3 Years	AA+, AA, or AA-	AA+, AA, or AA-	Aa1, Aa2, or Aa3
Greater than 3 but less than 5 Years	AAA	AAA	Aaa

If a security has a split rating, at least two ratings must qualify as to rating and term to determine the eligibility for investment purposes.

(J) The State Treasurer's investment pool (STAR OHIO), pursuant to Ohio Revised Code § 135.45.

SECTION 2. That this ordinance shall take effect at the earliest date allowed by law.