



# Investment and Depository Policy

**SCOPE** The Council of the City of Mason hereby directs that the Investing Authority of this public entity shall reside with the Finance Director (the "Finance Director") in accordance with this Investment Policy. This Policy is designed to cover all monies under the control of the Finance Director and those that comprise the core investment portfolio. Notwithstanding the polices detailed below, Chapter 135 of the Ohio Revised Code will be adhered to at all times.

**I. Objective and Guidelines.** The following investment objectives will be applied in the management of this public entity's funds:

- A. The primary objective shall be the preservation of capital and protection of principal while earning investment interest.
- B. In investing public funds, the Finance Director will strive to achieve a fair and safe average rate of return on the investment portfolio over the course of budgetary and economic cycles taking into account state law, safety considerations and cash flow requirements.
- C. The investment portfolio shall remain sufficiently liquid to enable the Finance Director to meet reasonable anticipated operating requirements.
- D. The investments portfolio should be diversified in order to avoid incurring potential losses regarding individual securities, which may not be held to maturity, whether by erosion of market value or change in market conditions.
- E. Investments shall be made with the exercise of that degree of 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 to be derived.
- F. Bank account relationships will be managed in order to secure adequate services while minimizing costs. Deposits should be concentrated in single accounts except where audit control considerations dictate otherwise.

**II. Authorized Financial Institutions and Dealers.** U.S. Treasury and Agency securities purchased outright shall be purchased only through financial institutions located within the State of Ohio or thorough "primary securities dealers" as designated by the Federal Reserve Board.

Repurchase Agreements shall be transacted only through banks located within the State of Ohio with which the Finance Director has signed a Master Repurchase Agreement as required in O.R.C. Chapter 135.

Certificates of Deposit shall be transacted through commercial banks or savings and loans

with FDIC or FSLIC coverage, which are located within the State of Ohio and qualify as eligible financial institutions under O.R.C. Chapter 135.

**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. ~~A list authorized institutions and dealers shall be maintained with the investing authority.~~ The Finance Director shall maintain a list of authorized institutions and dealers.** Additions and deletions to this list shall be made when deemed in the best interest of the ~~investing authority~~ **City of Mason.**

**III. Maturity.** To the extent possible, the Finance director will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Finance Director will not directly invest in securities maturing more than ~~two~~ **(2) five (5)** years from the date of purchase.

**IV. Investments, which are specifically prohibited.**

- A. Derivatives. Investments in derivatives and in stripped principal or interest obligation of eligible obligations are strictly prohibited. A derivative means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Additionally, any security, obligation, trust account or instrument that is created from an obligation of a federal agency or instrumentality or in created from both is considered a derivative instrument.
- B. **Reverse repurchase agreements are strictly prohibited.**
- C. **Equities (stocks). O.R.C. and this policy prohibit owning stocks, should any equities be donated (or received by the City in any other manner), this policy authorizes the Finance Director to sell the stocks in order to comply with state law.**

**V. 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.

**VI. Allowable Investments.** The Finance Director may invest in any instrument or security authorized in O.R.C. Chapter 135 as amended. A copy of the appropriate O.R.C. section will be kept with this policy.

**VII. Collateral.** All deposits shall be collateralized pursuant to O.R.C. Chapter 135.

**VIII. Reporting.** ~~The investment authority shall establish and maintain an inventory of all obligations and securities acquired by the investment authority. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupons rate.~~ The ~~investing authority~~ **Finance Director** shall produce for City Council **or its designated**

**committee, reports of the City's investments and related activity. a quarterly portfolio report detailing the current inventory of all obligations and securities, including its cost, par value, maturity date, settlement date, any coupon rate, and if available, its current market value or, if no market value is available, a reasonable estimate of its market value, and all transactions during the quarter, income received and investment expenses paid, and the names of any person effecting transactions on behalf of the investment authority. Such reporting will include all items as required by O.R.C. 135 and other such information as deemed appropriate for the proper management and oversight of the City's investment function.**

**IX. Records.** ~~The City Council will meet at least once every quarter to review the portfolio in terms of security, type, risk and investment return. The Finance Director shall be responsible for maintaining record of all investments and deposits, and preparing reports that summarize recent market conditions, economic conditions, economic developments and anticipated investments for the City Council.~~ **The Finance Director shall establish and maintain an inventory of all obligations and securities acquired for the City of Mason. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupons rate.**

**X. Ethics and Conflict of Interest.** **All City of Mason officials 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 or its designated committee any material personal financial activity in financial institutions with which they conduct City business, including, but not limited to material personal borrowing or investments.**

**XI. Acknowledgement.** Pursuant to O.R.C. Chapter 135, all brokers, dealers and financial institutions initiating transactions with the investment authority by giving advice or making investment policy, or executing transactions initiated by the investment authority, must acknowledge their agreement to abide by the investment policy's content.

The institution below by signing submits that it has read and acknowledges the investment policy, and agrees to abide by its content.

\_\_\_\_\_  
**Finance Director                      Date**

**Acknowledgment:**

\_\_\_\_\_  
**Name of Financial Institution**

\_\_\_\_\_  
**Authorized Officer                      Date**

## Investment and Depository Policy

**SCOPE** The Council of the City of Mason hereby directs that the Investing Authority of this public entity shall reside with the Finance Director (the "Finance Director") in accordance with this Investment Policy. This Policy is designed to cover all monies under the control of the Finance Director and those that comprise the core investment portfolio. Notwithstanding the polices detailed below, Chapter 135 of the Ohio Revised Code will be adhered to at all times.

**I. Objective and Guidelines.** The following investment objectives will be applied in the management of this public entity's funds:

- G. The primary objective shall be the preservation of capital and protection of principal while earning investment interest.
- H. In investing public funds, the Finance Director will strive to achieve a fair and safe average rate of return on the investment portfolio over the course of budgetary and economic cycles taking into account state law, safety considerations and cash flow requirements.
- I. The investment portfolio shall remain sufficiently liquid to enable the Finance Director to meet reasonable anticipated operating requirements.
- J. The investments portfolio should be diversified in order to avoid incurring potential losses regarding individual securities, which may not be held to maturity, whether by erosion of market value or change in market conditions.
- K. Investments shall be made with the exercise of that degree of 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 to be derived.
- L. Bank account relationships will be managed in order to secure adequate services while minimizing costs. Deposits should be concentrated in single accounts except where audit control considerations dictate otherwise.

**II. Authorized Financial Institutions and Dealers.** U.S. Treasury and Agency securities purchased outright shall be purchased only through financial institutions located within the State of Ohio or thorough "primary securities dealers" as designated by the Federal Reserve Board.

Repurchase Agreements shall be transacted only through banks located within the State of Ohio with which the Finance Director has signed a Master Repurchase Agreement as required in O.R.C. Chapter 135.

Certificates of Deposit shall be transacted through commercial banks or savings and loans with FDIC coverage, which are located within the State of Ohio and qualify as eligible financial institutions under O.R.C. Chapter 135.

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. The Finance Director shall maintain a list of authorized institutions and dealers. Additions and deletions to this list shall be made when deemed in the best interest of City of Mason.

**III. Maturity.** To the extent possible, the Finance director will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Finance Director will not directly invest in securities maturing more than five (5) years from the date of purchase.

**V. Investments which are specifically prohibited.**

- A. Derivatives. Investments in derivatives and in stripped principal or interest obligation of eligible obligations are strictly prohibited. A derivative means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Additionally, any security, obligation, trust account or instrument that is created from an obligation of a federal agency or instrumentality or in created from both is considered a derivative instrument.
- B. Reverse repurchase agreements are strictly prohibited.
- C. Equities (stocks). O.R.C. and this policy prohibit owning stocks, should any equities be donated (or received by the City in any other manner), this policy authorizes the Finance Director to sell the stocks in order to comply with state law.

**V. 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.

**VI. Allowable Investments.** The Finance Director may invest in any instrument or security authorized in O.R.C. Chapter 135 as amended. A copy of the appropriate O.R.C. section will be kept with this policy.

**VII. Collateral.** All deposits shall be collateralized pursuant to O.R.C. Chapter 135.

**VIII. Reporting.** Finance Director shall produce for City Council or its designated committee, reports of the City's investments and related activity. Such reporting will include all items as required by O.R.C. 135 and other such information as deemed appropriate for the proper management and oversight of the City's investment function.

