

CITY OF NORTH ROYALTON

Investment Policy

I. Introduction

It is the policy of the City of North Royalton to invest public moneys in a manner which will provide the maximum safety and preservation of principal, while meeting all the liquidity and operating demands, at reasonable, market interest rates available.

II. Governing Authority

All investments made will conform to all applicable laws and regulations governing the investment of public moneys, including all federal, state and other legal requirements including Ohio Revised Code, Chapter 135.

III. Scope

All public funds of the City of North Royalton, as may be prescribed by the Director of Finance, may be invested by the Director of Finance in the Eligible Investments described in this policy. The Director of Finance is authorized to pool cash balances of multiple funds of the City for investment hereunder.

IV. Objectives

The achievement of sound fiscal management for the City of North Royalton requires effective investment of the public moneys of the City. To that effect, the following investment objectives shall be applied in the investment of public moneys.

A. Safety.

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

B. Liquidity.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

C. Yield.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

V. Standards of Care

A. Prudence

The standard of prudence to be used by investment officials shall be the “reasonably prudent person” standard and shall be applied in the context of managing an overall portfolio of an Ohio municipal corporation of like size and resources. The Director of Finance acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided that deviations from expectations are reported on a timely fashion and appropriate action is taken to control adverse developments.

B. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial or objective investment decisions. The Director of Finance shall disclose any material interests in financial institutions with which they conduct business. Officers and employees of the City of North Royalton shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C. Authority to Manage Investment Program

Authority to manage the investment program is granted to the Director of Finance of the City of North Royalton, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

VI. Eligible Investments

The Director of Finance may invest in any of the following classifications of obligations which are hereby determined to be eligible for investment of the Public Moneys of the City:

- A. U. S. government obligations, U. S. Government agency obligations, 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.
- B. Investment-grade obligations of the State of Ohio, or any municipal corporation, county, township or other political subdivisions of the State of Ohio rated in not less than the third highest rating category by a nationally recognized rating agency with respect to such bonds or notes as to which there is no default of principal, interest, or coupons.
- C. Certificates of deposit and other evidences of deposit at financial institutions, banker’s acceptances
- D. Local government investment pools, either state administered or through joining powers statutes and other intergovernmental agreement legislation (STAR Ohio).

- E. Aggregate bank deposit programs (Star Plus), where the funds are redeposited into deposit accounts in one or more federally insured banks, savings banks, or savings and loan associations that are located in the United States, and the public depository acts as custodian of the moneys deposited or redeposited.
 - 1. If the amount of the public moneys deposited with and held at the close of business by the public depository exceeds the amount insured by the federal deposit insurance corporation, the excess amount is subject to the pledging requirements described in ORC section 138.18 or 135.181.
 - 2. The full amount of the public moneys redeposited by the public depository into deposit accounts in banks, savings banks, or savings and loan associations, plus any accrued interest, is insured by the federal deposit insurance corporation.
 - 3. The public depository provides to the Finance Director an account statement at least monthly and access to daily reporting that include the amount of its funds deposited and held at each bank, savings bank, or savings and loan association for which the public depository acts as a custodian pursuant to ORC 135.145.

F. Collateralization

In accordance with Chapter 135 of the Ohio Revised Code, any public depository pursuant to an award shall be required to pledge as security for repayment of all public moneys to be deposited in the public depository during the period of designation eligible securities of aggregate market value equal to the values required. All requirements of the Ohio Revised Code shall be complied with by the public depository including eligibility and market value of pledged securities and quarterly reporting of such to the City.

VII. Investment Parameters

A. Diversification

The investments shall be diversified by:

- 1. Limiting investments to avoid over concentration in securities from a specific issuer
- 2. Limiting investment in securities that have higher credit risks
- 3. Investing in securities with varying maturities
- 4. Continuously investing a portion of the portfolio in readily available funds such as money market funds, STAR Ohio, STAR Plus, to ensure that appropriate liquidity is maintained.

B. Maximum Maturities

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or certificates of deposit maturing more than three (3) years from the date of purchase. For the purpose of this policy, all active, inactive or interim deposits shall be subject to the three (3) year maturity limit.

VIII. Approval of the Investment Policy

The investment policy and any modifications to that policy shall be formally approved and adopted by the Council of the City of North Royalton.