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# Memorandum

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**To:** Mayor & Members of Council  
**From:** Monica Irelan, City Manager  
**Subject:** General Information  
**Date:** March 24, 2016

## CALENDAR

### AGENDA

*Finance & Budget Committee; Monday, March 28<sup>th</sup> @6:30 pm*

- I. Approval of Minutes
  - a. The minutes from the January 25, 2016 meeting are included.
- II. Review of Investment Policy and Updates
  - a. Enclosed is Greg Heath's memorandum with his proposed changes.

### CANCELLATIONS

- I. *Safety & Human Resources Committee Meeting*
- II. *Parks & Recreation Board Meeting*

### REMINDER

OML Newly Elected Council Training Seminar; Saturday, April 2<sup>nd</sup> at Oberhaus Shelterhouse



MI:rd

Records Retention - CM-11 - 2 Years

March 2016							April 2016							May 2016						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

 Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>27</b>	<b>28</b> 6:30 PM FINANCE & BUDGET Committee Meeting	<b>29</b>	<b>30</b>	<b>31</b>	<b>1</b>	<b>2</b> 8:45 AM OML Newly Elected Council Training @ Oberhaus Park
<b>3</b>	<b>4</b> 6:15 PM Technology & Communications Committee 7:00 PM City Council Meeting	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>10</b>	<b>11</b> 6:30 PM Electric Committee/BOPA Meeting 7:00 PM Water/Sewer Committee Meeting 7:30 PM Municipal Properties/ED Committee Meeting	<b>12</b> 4:30 PM Board of Zoning Appeals Meeting 5:00 PM Planning Commission Meeting	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
<b>17</b>	<b>18</b> 6:00 PM Tree Commission Meeting 6:15 PM Parks & Recreation Committee Meeting 7:00 PM City Council Meeting	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>
<b>24</b>	<b>25</b> 6:30 PM FINANCE & BUDGET Committee Meeting 7:30 PM SAFETY & HUMAN RESOURCES Committee Meeting	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>

City of Napoleon, Ohio  
Finance & Budget Committee

LOCATION: Council Chambers, 255 W. Riverview Avenue, Napoleon, Ohio 43545

Meeting Agenda  
Monday, March 28, 2016 at 6:30pm

- I. Approval of Minutes (*In the absence of any objections or corrections, the Minutes shall stand approved.*)
- II. Review of Investment Policy and updates
- III. Any other matters currently assigned to the Committee
- IV. Adjournment

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Gregory J. Heath, Finance Director/Clerk

City of Napoleon, Ohio  
Finance and Budget Committee

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Meeting Minutes  
Monday, January 25, 2016 at 6:30pm

**PRESENT**

**Committee**  
**City Staff**

Jon Tassler - Chair, Patrick McColley, Mayor Jason Maassel  
Robert Weitzel, Police Chief  
Gregory J. Heath, Finance Director/Clerk of Council  
Monica S. Irelan, City Manager  
Lisa L. Nagel, Law Director  
Christine R. Peddicord, Assistant Finance Director  
Roxanne Dietrich, Administrative Assistant  
Tammy Fein

**Recorder**

**Others**

**ABSENT**

**Committee**  
**Others**

Joe Bialorucki

**Call To Order**

Chairman Tassler called the meeting to order at 6:30pm.

**Approval Of Minutes**

Minutes from the October 26, November 13 and November 14 meetings stand approved with no objections or corrections.

**Parttime Seasonal Income Tax  
Position**

Heath requested Committee approval for a parttime seasonal Income Tax Department position for a one (1) time special project involving preparing and filing documents with the Court regarding prior year non-filing cases that require auditing, documenting, completion and filing; Heath added that this position would work solely on non-filing cases by auditing the potential non-filers, gathering evidence, and preparing case files to be filed in the Municipal Court with the goal of catching up the prior years of non-filing cases so only the current year of non-filing cases remains. Heath stated that he intends to hire Tim Speiser to this position, a former City employee who retired over one (1) year ago to work two (2) days per week for approximately sixteen (16) weeks, adding that Speiser worked for many years in the Income Tax Department and no additional training would be needed. Heath reported that there are approximately 1,300 potential cases to be filed for the years 2010 through 2014 inclusively. Heath estimated the cost for this request to be approximately five thousand dollars (\$5,000) to cover salary and fringes, adding that he is not requesting supplemental appropriations; funds have been identified from the current 2016 Budget Income Tax Funds Refund Account for this request, and these transfers would be approved by Council. Heath project that, of the estimated 1,300 cases, approximately six hundred (600) will be able to be filed with the Municipal Court, adding that in the past two (2) years the Income Tax Department has

filed 195 such cases collecting \$46,290 and in addition there are currently sixty seven (67) cases with \$38,292 in Order Judgements pending collections, and there are an additional 176 cases pending on the docket that have not yet been heard. Heath reported that he used the historical data to estimate each case may collect approximately one hundred dollars (\$100) to three hundred dollars (\$300), with a low end estimated collection amount for this project to be approximately \$60,000. Tassler asked if the cases that cannot be filed would be written off; Peddicord reported that the unfiled cases would remain pending as the Statute of Limitation allows; Heath added that the Court is dedicating one (1) day per week to this project adding that the Court will collect fines from these cases as well.

**Motion To Approve Request For Parttime Seasonal Income Tax Position For One Time Project**

Motion: McColley Second: Maassel  
To approve request for parttime seasonal Income Tax positions for one time project

**Passed**  
**Yea- 3**  
**Nay- 0**

Roll call vote on above motion:  
Yea- Tassler, McColley, Maassel  
Nay-

**Any Other Matters Assigned To The Committee**

None

**Motion To Adjourn**

Motion: Maassel Second: McColley  
To adjourn the meeting at 6:40pm

**Passed**  
**Yea- 3**  
**Nay- 0**

Roll call vote on above motion:  
Yea- Tassler, McColley, Maassel  
Nay-

**Approved:**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
Jon Tassler, Chair



# CITY OF NAPOLEON, OHIO

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Web Page: www.napoleonohio.com  
E-mail: gheath@napoleonohio.com

DATE: March 28, 2016  
TO: Members of Finance Committee; Members of City Council  
Jason Maassel, Mayor; Monica Ireland, City Manager, Lisa Nagel, Law Director  
FROM: Gregory J. Heath, Finance Director/Clerk of Council  
SUBJECT: 2016 Review of City's Investment Policy and Proposed Changes

Attached is a copy of the current City of Napoleon, Ohio (City), Investment Policy (Please See Attached Word File - INVESTMENT-POLICY-MASTER-05-10-2013). This Policy was last modified in 2013. Based on a review of the current policy with the City's Financial Advisor a Ms. Eileen Stanic of Meeder Investments (previously known as Productive Capital Management, Inc.), we recommend the following changes as marked through with changes in **RED** and **BOLDED**:

## **POLICY 3.0 PRUDENCE AND DUE DILIGENCE:**

### **3.2 Due Diligence:**

Investment officials acting in accordance with written procedures of the POLICY...

#### **Change to:**

Investment officials acting in accordance with written procedures of **this Investment** POLICY...

## **POLICY 4.0 OBJECTIVE:**

... The objective will be to mitigate credit risk and interest rate risk.

#### **Change to:**

... The objective will **include steps** to mitigate credit risk and interest rate risk.

1.) Credit Risk - the CITY will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- A - Limiting investments to the safest types of securities;
- B - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the CITY will do business;
- C - Diversifying the investment portfolio so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

#### **Change to: (Eliminate Item B)**

(Investment Policy Changes – Continued Next Page)

(Investment Policy Changes – Continued)

A - Limiting investments to the safest types of securities;

**B - “Eliminate Section”**

B - Diversifying the investment portfolio so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**NOTE: Section B is eliminated due to Securities held in 3<sup>rd</sup> Party Custodian (Safekeeping).**

2.) Interest Rate Risk - the CITY will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

A - ...

B - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Change to:**

B - Investing **a portion of** operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

## **POLICY 5.0 DELEGATION OF AUTHORITY AND INVESTMENT PROCEDURES:**

...

### **5.1 Management Responsibility:**

...

**Add 2<sup>nd</sup> Paragraph:**

**The DIRECTOR and his/her Assistants shall participate in any beginning and/or continuing education training programs sponsored by the Treasurer of the State of Ohio, the Auditor of State of Ohio, or any professional association such as the Government Finance Officers Association (GFOA) or the Ohio Association of Public Treasurers (OAPT). Through participation in such programs, the DIRECTOR will develop and maintain an enhanced background and working knowledge in investment, cash management, and ethics.**

## **POLICY 7.0 AUTHORIZED FINANCIAL DEALERS, ADVISORS & INSTITUTIONS:**

The DIRECTOR will maintain a list of Financial Institutions and Advisors authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of Ohio. These may include “primary” dealers or regional dealers that qualify under Security & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). See attached list “**APPENDIX F**” for approved financial institutions, advisors and dealers. This Appendix shall be updated from time-to-time as institutions or dealers are added or deleted.

**Change To and Add: (Remove 2<sup>nd</sup> and 3<sup>rd</sup> Sentence in 1<sup>st</sup> Paragraph)**

The DIRECTOR will maintain a list of Financial Institutions and Advisors authorized to provide investment services **to the City.** *(Remove 2<sup>nd</sup> and 3<sup>rd</sup> Sentence)* See attached list “**APPENDIX F**” for approved financial institutions, advisors and dealers. This Appendix shall be updated from time-to-time as institutions or dealers are added or deleted.

**Add:**

### **7.1 Investment Advisors:**

**The CITY may engage the services of an investment advisor (hereinafter referred to as ADVISOR) to assist in the management of the CITY’s investment portfolio in a**

(Investment Policy Changes – Continued Next Page)

(Investment Policy Changes – Continued)

manner consistent with the CITY’s objectives. 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 section 1707.141 of ORC or registered with the Securities & 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 section of 135.03 of the ORC.

**7.1 Public Depository:**

No public deposit shall be made except in a qualified public depository as established by laws of the State of Ohio. All investment transactions shall be conducted through banks or broker/dealers with offices located in the State of Ohio. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the DIRECTOR with the following:

- 1.) Audited Financial Statements;
- 2.) Proof of National Association of Security Dealers Certification;
- 3.) Proof of State of Ohio Registration;
- 4.) Completed broker/dealer questionnaire as amended;
- 5.) Certification of having read CITY’s POLICY and depository contracts.

**Change to:**

**7.2 Public Depository:**

No public deposit shall be made except in a qualified public depository as established by laws of the State of Ohio. ...

**(Eliminate Remaining Language)**

**7.2 Annual Review:**

An annual review of the financial condition and registrations of qualified bidders will be conducted by the DIRECTOR and/or the ADVISOR.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the CITY invests with the DIRECTOR and/or the ADVISOR.

**Change to: (Eliminate 7.2)**

...

**POLICY 8.0 AUTHORIZED & SUITABLE INVESTMENTS:**

... The DIRECTOR and/or ADVISOR should obtain quotes from three (3) authorized institutions for each offering. ...

**Change to:**

... The DIRECTOR and/or ADVISOR may obtain competitive quotes for each investment transaction. ...

(Investment Policy Changes – Continued Next Page)



**8.1 Obligations of the United States Government:**

- 1.) U.S. Treasury Bills;
- 2.) U.S. Treasury Notes;
- 3.) U.S. Treasury Bonds;
- 4.) U.S. Treasury Strips.

**Add Paragraph:**

**8.1 Obligations of the United States Government:**

**Bonds, notes, or other obligations of or guaranteed by the United States, or those of which the faith of the United States is pledged for the payment of the principal and interest thereon. This will include:**

- 1.) U.S. Treasury Bills;
- 2.) U.S. Treasury Notes;
- 3.) U.S. Treasury Bonds;
- 4.) U.S. Treasury Strips.

**8.2 Instrumentalities of the Federal Government:**

- 1.) Federal Farm Credit Bank;
- 2.) Federal Home Loan Bank;
- 3.) Federal Home Loan Mortgage Corporation;
- 4.) Federal National Mortgage Association.

**Add Paragraph:**

**8.2 Instrumentalities of the Federal Government:**

**Bonds, notes, debentures, or any obligations or securities issued by any federal government agency or instrumentality. All federal government agency or instrumentality securities must be direct issuances of the federal government agency or instrumentality. Issuers include:**

- 1.) Federal Farm Credit Bank;
- 2.) Federal Home Loan Bank;
- 3.) Federal Home Loan Mortgage Corporation;
- 4.) Federal National Mortgage Association.

**8.3 Commercial Paper (CP) and Banker's Acceptances (BA):**

CP's issued by any corporation incorporated under the laws of the United States or any State if the following condition applies:

- 1.) Two nationally recognized rating agencies rank the CP in the highest category. BA's under the following conditions:

- 1.) The BA's mature in 270 days or less;
- 2.) The BA's are eligible for purchase by the Federal Reserve System.

The total amount invested in both CP's and BA's does not exceed 25% of the total portfolio at the time of purchase.

**8.4 Master Repurchase Agreements:**

Repurchase Agreements with banks or institutions that have signed a written "Master Repurchase Agreement" which is on file with the CITY and are eligible for investment under State of Ohio Statutes.

**8.5 Other Suitable Investments:**

- 1.) The Ohio State Treasurer's Asset Reserve Fund (Star Ohio).
- 2.) Bank certificates of deposit (CD's) with eligible institutions.
- 3.) Certificate of Deposit Account Registry (CDAR's).
- 4.) Bonds and other obligations of the State of Ohio, including any political Subdivision of the State of Ohio.

**Change (Sections 8.3 through 8.5) to:**

**8.3 Commercial Paper:**

**Commercial Paper issued by any corporation incorporated under the laws of the United States or any state for which the following conditions apply:**

- 1) **Rated at the time of purchase in the single highest classification by two nationally recognized rating agencies.**
- 2) **The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.**
- 3) **Any investment in commercial paper of a single issuer shall not exceed 5% of the CITY's investment portfolio at time of purchase.**
- 4) **The maximum maturity is 270 days.**
- 5) **The combined total invested in commercial paper and bankers acceptances is limited to 40% of the CITY's investment portfolio at time of purchase.**

**8.4 Banker's Acceptances:**

**Banker's acceptances of banks insured by the Federal Deposit Insurance Corporation (FDIC) for which the following conditions apply:**

- 1) **The maximum maturity is 270 days.**
- 2) **The combined total invested in commercial paper and bankers acceptances is limited to 40% of the CITY's investment portfolio at time of purchase.**

**8.5 Master Repurchase Agreements:**

**Repurchase Agreements with banks or institutions that have signed a written "Master Repurchase Agreement" which is on file with the CITY and are eligible for investment under State of Ohio statutes.**

**8.6 Certificates of Deposit:**

**Interim deposits in the eligible institutions applying for interim monies as provided in Section 135.08 of the ORC. The award of interim deposits shall be made in accordance with Section 135.09 of the ORC.**

**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.135.144 and would also apply to any other program that is deemed to meet the requirements of such statute.**

**8.7 Municipal Securities:**

**Bonds and other obligations of the State or its political subdivisions provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:**

- 1) **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.**
- 2) **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.**
- 3) **The aggregate value of the bonds or other obligations does not exceed 20% of the CITY's investment portfolio at the time of purchase.**

4) The CITY is not the sole purchaser of the bonds or other obligations at original issuance.

**8.8 Money Market Mutual Funds:**

No-load money market mutual funds consisting exclusively of securities described in paragraphs 8.1 and 8.2 of this Section and repurchase agreements secured by such obligations, provided that the investments in securities described in the division are made only through eligible institutions mentioned in Section 135.03 of the ORC.

**8.9 Other Suitable Investments:**

- 1) The Ohio State Treasurer's Asset Reserve Fund (STAR Ohio).
- 2) The STAR Plus Federally Insured Cash account.

**POLICY 9.0 INVESTMENT POOLS AND MUTUAL FUNDS:**

...

Change by Eliminating Entire Section: (Now Addressed in Section 8.0)

...

**POLICY 10.0 COLLATERALIZATION:**

...

**10.1 Certificates of Deposit:**

CD's must be backed by collateral with a market value of at least one hundred ten percent (110%) of pooled collateral of the certificate's value, less FDIC, by a surety bond, or other as allowed by ORC.

Change to:

**9.1 Certificates of Deposit:**

CD's must be backed by collateral with a market value of at least **one hundred five percent (105%)** of pooled collateral of the certificate's value, less FDIC, by a surety bond, or other as allowed by ORC.

**10.2 Collateral Holding:**

The collateral for certificates of deposit may be held by a third party, or in a separate trust account, or in a pool of securities as defined in Chapter 135 of the ORC. Collateral issued will always be held by an independent third party with whom the CITY has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the CITY and retained. The right of collateral substitution is granted.

**10.3 Repurchase Agreements:**

If repurchase agreements are legal or authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

The individual securities which collectively are the subject of a repurchase agreement become the property of the CITY for the period of the agreement and are to be held by a third party for safekeeping. The CITY's demand deposit accounts may be placed in an account which meets the pooled collateral requirements stated in ORC Chapter 135. The collateral may be held by the institution at which the active funds are deposited.

In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (105%) of market value of principal and accrued interest.

Change (Sections 10.2 through 10.3) to:

**9.2 Collateral Holding:**

**The collateral for certificates of deposit may be held by a third party, or in a separate trust account, or in a pool of securities as defined in Chapter 135 of the ORC. Specific collateral issued will always be held by an independent third party with whom the CITY has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the CITY and retained. The right of collateral substitution is granted.**

**The CITY’s demand deposit accounts may be placed in an account which meets the pooled collateral requirements stated in ORC Chapter 135. In this case, the collateral may be held by the institution at which the active funds are deposited.**

**9.3 Repurchase Agreements:**

**A Master Repurchase Agreement must be entered into between the CITY and the bank or broker/dealer covering any investments in repurchase agreements.**

**The individual securities which collectively are the subject of a repurchase agreement become the property of the CITY for the period of the agreement and are to be held by a third party for safekeeping. In order to anticipate market changes and provide a level of security for all funds invested under a repurchase agreement, the collateralization level will be one hundred two percent (102%) of the market value of principal and accrued interest.**

**POLICY 12.0 DIVERSIFICATION:**

The CITY will consider diversification in its investments by security type and institution. Portfolio allocations by percentage of total funds available at time of investments are:

- |  |      |
|--|------|
| 1.) U.S. Government Guaranteed Obligations   | 100% |
| 2.) Obligations of Federal Instrumentality's | 100% |
| 3.) Certificates of Deposits                 | 100% |
| 4.) Repurchase Agreements                    | 100% |
| 5.) Star Ohio (Authorized Pool)              | 100% |
| 6.) Banker's Acceptances                     | 25%  |
| 7.) Commercial Paper                         | 25%  |

**Change To and Add:**

**POLICY 11.0 DIVERSIFICATION:**

The CITY will consider diversification in its investments by security type and institution. Portfolio allocations by percentage of total funds available at time of investments are:

- |  |                    |
|--|--------------------|
| 1.) U.S. Government Guaranteed Obligations                             | 100%               |
| 2.) Obligations of Federal Instrumentality's                           | 100%               |
| 3.) Certificates of Deposits   | <b><u>60%</u></b>  |
| 4.) Repurchase Agreements  | <b><u>25%</u></b>  |
| 5.) Star Ohio (Authorized Pool)  | 100%               |
| 6.) <b><u>Commercial Paper &amp; Banker's Acceptances Combined</u></b> | <b><u>40%</u></b>  |
| 7.) Commercial Paper <b><u>per Issuer</u></b>                          | <b><u>5%</u></b>   |
| <b><u>8.) Municipal Securities</u></b>                                 | <b><u>20%</u></b>  |
| <b><u>9.) Money Market Mutual Funds</u></b>                            | <b><u>100%</u></b> |
| <b><u>10.) Star Ohio or Star Plus</u></b>                              | <b><u>100%</u></b> |

(Investment Policy Changes – Continued)

**Add NEW SECTION:**

**POLICY 12.0 PROHIBITED INVESTMENT PRACTICES:**

**The City is prohibited by state law from investment in stripped principal or interest obligations, reverse purchase agreements and derivatives. The issuance of taxable notes for the purpose of arbitrage, as well as the use of leverage and short term selling is also prohibited.**

**POLICY 13.0 MAXIMUM MATURITIES:**

To the extent possible, the CITY will attempt to match its investments with anticipated cash flow requirements.

**13.1 Maximum Maturity:**

The maximum maturity of any investment will be five (5) years from the date of purchase with an average weighted maturity not to exceed three (3) years.

**Change to:**

**POLICY 13.0 MAXIMUM MATURITIES:**

**To the extent possible, the CITY will attempt to match its investments with anticipated cash flow requirements.**

**13.1 Maximum Maturity:**

**The maximum maturity for any investment including certificates of deposit but excluding commercial paper and banker's acceptances will be five (5) years from the date of purchase unless, as per the ORC, the investment is matched to a longer term liability of the CITY. Commercial paper and banker's acceptances are limited to a maximum maturity of 270 days.**

**Investments shall be made with the reasonable expectation they 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 re-structure the portfolio or to realize any capital gains.**

SPECIAL NOTE: Policy Section Numbers NOT LISTED in this Memo will be Changed to flow with the above recommended changes in the final document.

The above are the recommended changes listed to the Investment Policy. I am requesting approval for these changes from the Finance and Budget Committee with a recommendation to City Council. I will be requesting City Council to adopt these changes by Ordinance.

If you have any questions regarding this information, please let me know.

Thank you.

# City of Napoleon, Ohio - Investment Policy



## CITY OF NAPOLEON, OHIO

# INVESTMENT POLICY

ORIGINAL ORDINANCE EFFECTIVE DATE - DECEMBER 14, 1999

Policy Updates: - Council Motion on October 6, 2008  
- Council Motion on July 2, 2012

ORIGINAL POLICY APPROVED AND ADOPTED BY CITY COUNCIL  
IN ORDINANCE NO. 87-99, Passed November 15, 1999,  
Effective December 14, 1999, REPEALED ORDINANCE NO. 94-95,  
Passed October 16, 1995, INCLUDING ALL AMENDMENTS THEREIN.  
Subsequent Policy Updates and Changes made and approved by simple Council Motions.

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# City of Napoleon, Ohio - Investment Policy

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## APPENDIX'S ATTACHED:

- APPENDIX A       - Chart of Accounts - Fund Listing
- APPENDIX B       - Ordinance Authorizing Crediting of Interest
- APPENDIX C       - Authorization to Invest (City and State Code Sections)
- APPENDIX D       - Procedures Manual
- APPENDIX E       - Ohio Ethics Law
- APPENDIX F       - Authorized Brokers/Dealers, Banks and Advisors
- APPENDIX G       - Ordinance Adopting Investment Policy



# City of Napoleon, Ohio - Investment Policy

## **POLICY 0.0 PREFACE:**

This document known as the Investment Policy (hereinafter referred to as **POLICY**), of the City of Napoleon, Ohio (hereinafter referred to as **CITY**), has been adopted and formally approved by the Legislative Body of the CITY, its City Council (hereinafter referred to as **COUNCIL**), in conjunction with the Revised Code of the State of Ohio as amended (hereinafter referred to as **ORC**), will govern the investments and the investment activities of the CITY.

## **POLICY 1.0 INVESTMENT POLICY MISSION STATEMENT:**

It is the **POLICY** of the CITY to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the CITY, and conforming to all ORC and CITY statutes governing the investment of public funds.

## **POLICY 2.0 SCOPE:**

This **POLICY** applies to all financial assets of the CITY. These funds are accounted for in the CITY's Comprehensive Annual Financial Report (hereinafter referred to as **CAFR**), and includes the following categories of funds:

### **2.1 Fund Categories:**

- 1) General Funds
- 2) Special Revenue Funds
- 3) Debt Service Funds
- 4) Capital Project Funds
- 5) Enterprise Funds
- 6) Internal Service and Agency Funds

See "**APPENDIX A**" for a detailed listing of Fund Numbers and Names. Fund income allocation is authorized by a separate City Ordinance and is attached as "**APPENDIX B**". These Appendixes shall be deemed automatically updated from time-to-time as funds are added or deleted. All new funds are established and approved by **COUNCIL**, or by State Legislative Action pursuant to the ORC.

## **POLICY 3.0 PRUDENCE AND DUE DILIGENCE:**

Investments will be made with 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.

### **3.1 Prudence:**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

# City of Napoleon, Ohio - Investment Policy

## **3.2 Due Diligence:**

Investment officials acting in accordance with written procedures of the POLICY, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **POLICY 4.0 OBJECTIVE:**

The primary objectives, in priority order, of the CITY's investment activities shall be **Safety, Liquidity and Return on Investment:**

### **4.1 Safety:**

Safety of principal is the foremost objective of the investment program. Investments of the CITY 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.

- 1.) Credit Risk - the CITY will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
  - A - Limiting investments to the safest types of securities;
  - B - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the CITY will do business;
  - C - Diversifying the investment portfolio so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- 2.) Interest Rate Risk - the CITY will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
  - A - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity;
  - B - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

### **4.2 Liquidity:**

The CITY's investment portfolio will remain sufficiently liquid to enable the CITY to meet all operating requirements which might be reasonably anticipated.

### **4.3 Return on Investment:**

The CITY's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the CITY's investment risk constraints and the cash flow characteristics of the portfolio.

# City of Napoleon, Ohio - Investment Policy

## **POLICY 5.0 DELEGATION OF AUTHORITY AND INVESTMENT PROCEDURES:**

Authority to manage the CITY's investment program is derived from the following: City Charter, Article 5, Section 5.03 and City Administrative Code of Ordinances - Chapter 137 all sections, and related sections of the ORC Chapters 135 and 731 (Sections 135.14 through 135.18, and Sections 731.57 to 731.59). All items listed are attached as "**APPENDIX C**". This Appendix shall be deemed updated from time-to-time as changes occur to those sections listed.

### **5.1 Management Responsibility:**

Management responsibility for the investment program is hereby delegated to the Finance Director (hereinafter referred to as **DIRECTOR**), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Pursuant to Section 137.03 of the City Administrative Code, in the absence of the DIRECTOR, the designated ACTING FINANCE DIRECTOR is authorized to take those actions on behalf of the CITY that are delegated to the DIRECTOR.

### **5.2 Investment Procedures:**

The DIRECTOR shall establish written procedures for the operation of the investment program consistent with this POLICY. The procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The ACTING FINANCE DIRECTOR is authorized to execute investment transactions, or delegate such authority, in the absence of the DIRECTOR. No person may engage in an investment transaction except as provided under the terms of this POLICY and following the procedures established by the DIRECTOR. Procedures are attached as "**APPENDIX D**". This Appendix shall be deemed updated from time-to-time as changes occur.

## **POLICY 6.0 ETHICS AND CONFLICTS OF INTEREST:**

### **6.1 Ethics:**

All State of Ohio ORC Ethics Laws and related statutes, see attached "**APPENDIX E**", shall apply to those with the responsibility and authority of investment transactions. This Appendix shall be deemed updated from time-to-time as changes occur.

### **6.2 Conflicts of Interest:**

Investment officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials and employees shall disclose to COUNCIL any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the CITY.

# City of Napoleon, Ohio - Investment Policy

## **POLICY 7.0 AUTHORIZED FINANCIAL DEALERS, ADVISORS & INSTITUTIONS:**

The DIRECTOR will maintain a list of Financial Institutions and Advisors authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of Ohio. These may include “primary” dealers or regional dealers that qualify under Security & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). See attached list “**APPENDIX F**” for approved financial institutions, advisors and dealers. This Appendix shall be updated from time-to-time as institutions or dealers are added or deleted.

### **7.1 Public Depository:**

No public deposit shall be made except in a qualified public depository as established by laws of the State of Ohio. All investment transactions shall be conducted through banks or broker/dealers with offices located in the State of Ohio. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the DIRECTOR with the following:

- 1.) Audited Financial Statements;
- 2.) Proof of National Association of Security Dealers Certification;
- 3.) Proof of State of Ohio Registration;
- 4.) Completed broker/dealer questionnaire as amended;
- 5.) Certification of having read CITY’s POLICY and depository contracts.

### **7.2 Annual Review:**

An annual review of the financial condition and registrations of qualified bidders will be conducted by the DIRECTOR and/or the ADVISOR.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the CITY invests with the DIRECTOR and/or the ADVISOR.

### **7.3 Policy Verification:**

The State of Ohio requires a copy of this POLICY to be forwarded to each investment advisor, bank, broker or dealer doing investment transactions with the CITY. Their signature will be required indicating that they have received, read, understand, and will abide by its contents when recommending or selling investments to the CITY. The CITY and/or ADVISOR will develop and provide an authorization form for this verification process.

## **POLICY 8.0 AUTHORIZED & SUITABLE INVESTMENTS:**

The DIRECTOR is empowered to invest in any security specifically approved as a part of this POLICY, listed below, and any security listed in the ORC, Chapter 135, that may be amended from time-to-time. The DIRECTOR and/or ADVISOR should obtain quotes from three (3) authorized institutions for each offering. Eligible obligations include but are not limited to:

# City of Napoleon, Ohio - Investment Policy

## **8.1 Obligations of the United States Government:**

- 1.) U.S. Treasury Bills;
- 2.) U.S. Treasury Notes;
- 3.) U.S. Treasury Bonds;
- 4.) U.S. Treasury Strips.

## **8.2 Instrumentalities of the Federal Government:**

- 1.) Federal Farm Credit Bank;
- 2.) Federal Home Loan Bank;
- 3.) Federal Home Loan Mortgage Corporation;
- 4.) Federal National Mortgage Association.

## **8.3 Commercial Paper (CP) and Banker's Acceptances (BA):**

CP's issued by any corporation incorporated under the laws of the United States or any State if the following condition applies:

1.) Two nationally recognized rating agencies rank the CP in the highest category. BA's under the following conditions:

- 1.) The BA's mature in 270 days or less;
- 2.) The BA's are eligible for purchase by the Federal Reserve System.

The total amount invested in both CP's and BA's does not exceed 25% of the total portfolio at the time of purchase.

## **8.4 Master Repurchase Agreements:**

Repurchase Agreements with banks or institutions that have signed a written "Master Repurchase Agreement" which is on file with the CITY and are eligible for investment under State of Ohio Statutes.

## **8.5 Other Suitable Investments:**

- 1.) The Ohio State Treasurer's Asset Reserve Fund (Star Ohio).
- 2.) Bank certificates of deposit (CD's) with eligible institutions.
- 3.) Certificate of Deposit Account Registry (CDAR's).
- 3.) Bonds and other obligations of the State of Ohio, including any political Subdivision of the State of Ohio.

## **POLICY 9.0 INVESTMENT POOLS AND MUTUAL FUNDS:**

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis.

### **9.1 Pool and Mutual Fund Questionnaire:**

There shall be a questionnaire developed by the DIRECTOR which will answer the following general questions:

- 1.) A description of eligible investment securities, and a written statement of POLICY and objectives.
- 2.) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- 3.) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

# City of Napoleon, Ohio - Investment Policy

- 4.) A description of who may invest in the program, how often, what size deposit and withdraws is allowed.
- 5.) A schedule for receiving statements and portfolio listings.
- 6.) Are reserves, retained earnings, etc. Utilized by the pool/fund?
- 7.) A fee schedule, and when and how is it assessed.
- 8.) Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

## **POLICY 10.0 COLLATERALIZATION:**

Collateralization will be required on two types of investments: CD's and repurchase (and reverse) agreements.

### **10.1 Certificates of Deposit:**

CD's must be backed by collateral with a market value of at least one hundred ten percent (110%) of pooled collateral of the certificate's value, less FDIC, by a surety bond, or other as allowed by ORC.

### **10.2 Collateral Holding:**

The collateral for certificates of deposit may be held by a third party, or in a separate trust account, or in a pool of securities as defined in Chapter 135 of the ORC. Collateral issued will always be held by an independent third party with whom the CITY has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the CITY and retained. The right of collateral substitution is granted.

### **10.3 Repurchase Agreements:**

If repurchase agreements are legal or authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

The individual securities which collectively are the subject of a repurchase agreement become the property of the CITY for the period of the agreement and are to be held by a third party for safekeeping. The CITY's demand deposit accounts may be placed in an account which meets the pooled collateral requirements stated in ORC Chapter 135. The collateral may be held by the institution at which the active funds are deposited.

In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (105%) of market value of principal and accrued interest.

## **.POLICY 11.0 SAFEKEEPING AND CUSTODY:**

All security transactions, including specific collateral for repurchase agreements, entered into by the CITY, except CD's, shall be conducted on a **delivery-versus-payment (DVP)** basis. Securities will be held by a third party custodian designated by the DIRECTOR and evidenced by safekeeping receipts.

# City of Napoleon, Ohio - Investment Policy

## **POLICY 12.0 DIVERSIFICATION:**

The CITY will consider diversification in its investments by security type and institution. Portfolio allocations by percentage of total funds available at time of investments are:

1.) U.S. Government Guaranteed Obligations	100%
2.) Obligations of Federal Instrumentality's	100%
3.) Certificates of Deposits	100%
4.) Repurchase Agreements	100%
5.) Star Ohio (Authorized Pool)	100%
6.) Banker's Acceptances	25%
7.) Commercial Paper	25%

## **POLICY 13.0 MAXIMUM MATURITIES:**

To the extent possible, the CITY will attempt to match its investments with anticipated cash flow requirements.

### **13.1 Maximum Maturity:**

The maximum maturity of any investment will be five (5) years from the date of purchase with an average weighted maturity not to exceed three (3) years.

## **POLICY 14.0 INTERNAL CONTROL:**

The DIRECTOR shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. Annual Audits are directed or performed by the State of Ohio, State Auditors Office.

## **POLICY 15.0 PERFORMANCE STANDARDS:**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

### **15.1 Market Yield- Benchmark:**

The entity's investment strategy is active. Given this strategy, the basis used by the DIRECTOR to determine whether market yields are being achieved shall be the one year U.S. Treasury Bill.

## **POLICY 16.0 REPORTING:**

The DIRECTOR shall provide COUNCIL, at a minimum, quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The reports should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

# City of Napoleon, Ohio - Investment Policy

## **16.1 Reporting Format:**

Schedules in the quarterly report should include the following:

- 1.) A detailed listing of individual securities held at the end of the reporting period by authorized investment category.
- 2.) Average life and final maturity of all investments listed.
- 3.) Coupon, discount or earnings rate.
- 4.) Par value, Amortized Book Value and Market Value as applicable.
- 5.) Percentage of the Portfolio represented by each investment category.

## **POLICY 17.0 INVESTMENT POLICY ADOPTION:**

The CITY's POLICY shall be adopted by Ordinance of the CITY's legislative authority, see "**APPENDIX G**". This POLICY may be reviewed annually by the COUNCIL and modifications made thereto must be approved by the COUNCIL on a simple Motion.

## **POLICY 18.0 SIGNATURES (APPOINTING AUTHORITY):**

_____ Dr. Jon A. Bisher, City Manager	_____ /S/ Dr. Jon A. Bisher, City Manager
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_____ Gregory J. Heath, Finance Director	_____ /S/ Gregory J. Heath, Finance Director
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## **APPROVED AS TO FORM**

_____ Trevor Hayberger, Law Director	_____ /S/ Trevor Hayberger, Law Director
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# City of Napoleon, Ohio - Investment Policy

## GLOSSARY:

**Agencies:** Federal agency securities and/or Government-sponsored enterprises.

**Asked:** The price at which securities are offered.

**Bankers' acceptance (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Bid:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**Broker:** A broker brings buyers and sellers together for a commission.

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**Collateral:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public funds.

**Comprehensive Annual Financial Report (CAFR):** The official annual report for the City of Napoleon, Ohio. It includes five (5) combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**Coupon:** 1.) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. 2.) A certificate attached to a bond evidencing interest due on a payment date.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**Debenture:** A bond secured only by the general credit of the issuer.

**Delivery Versus Payment:** There are two (2) methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Discount:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**Discount securities:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Credit Agencies:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**Federal Funds Rate:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

# City of Napoleon, Ohio - Investment Policy

**Federal Home Loan Banks (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**Federal National Mortgage Association (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC):** Consists of seven members of the Federal Reserve Board and five (5) of the twelve (12) Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Federal Reserve System:** The central bank of the United States created by Congress and consisting of a seven (7) member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**Generally Accepted Accounting Practice (GAAP):** Generally Accepted Accounting Practice for local governmental entities.

**General Purpose Financial Statements (GPFS):** General Purpose Financial Statements prepared for the entity reporting financial status.

**Government National Mortgage Association (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-through" is often used to describe Ginnie Maes.

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Local Government Investment Pool (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**Market Value:** The price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

# City of Napoleon, Ohio - Investment Policy

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**Offer:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**Open Market Operations:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

**Prudent Person Rule:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Qualified Public Depositories:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad Valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**Rate Of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**Repurchase Agreement (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities & Exchange Commission:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**Sec Rule 15c301:** See Uniform Net Capital Rule.

# City of Napoleon, Ohio - Investment Policy

**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, BNMA, SLMA, etc.) And Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Treasury Bills:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three (3) months, six (6) months, or one (1) year.

**Treasury Bonds:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten (10) years.

**Treasury Notes:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two (2) to ten (10) years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as non-member broker-dealers in securities maintain a maximum ratio of indebtedness of liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Yield:** The rate of annual income return on an investment, expressed as a percentage.

- 1.) *Income Yield* is obtained by dividing the current dollar income by the current market price for the security.
- 2.) *Net Yield* or *Yield To Maturity* is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

## Memorandum

**To:** Safety and Human Resources Committee, Township Trustees, Council,  
Mayor, City Manager, City Law Director, City Finance Director, Department  
Supervisors, Media

**From:** Gregory J. Heath, Finance Director/Clerk of Council

**Date:** 3/24/2016

**Re:** Safety and Human Resources Committee Meeting Cancellation

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The Safety and Human Resources Committee meeting scheduled for Monday,  
March 28, 2016, at 7:30pm has been CANCELED due to lack of agenda items.

## Memorandum

**To:** Parks & Recreation Board, Council, Mayor, City Manager, City Law  
Director, City Finance Director, Department Supervisors

**From:** Gregory J. Heath, Finance Director/Clerk of Council

**Date:** 3/24/2016

**Re:** Parks & Recreation Board Meeting Cancellation

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The meeting of the Parks & Recreation Board, regularly scheduled for Wednesday, March 30, 2016 at 6:30pm, has been CANCELED due to lack of agenda items.

# REMINDER

## *Newly Elected Council Training Program!*



**Ohio Municipal League**  
*Our Cities and Villages ★ Bringing Ohio to Life*

**Date:** Saturday, April 2, 2016

**Time:** 9:00 am– 4:00 pm

**Where:** Oberhaus Park Shelter house  
750 W. Maumee St., Napoleon Ohio, 43545

The City of Napoleon is partnering with the Ohio Municipal League to bring their “**Newly Elected Council Members**” training to Northwest Ohio!

This is a great opportunity to help newly elected officials understand the sometimes complicated world of local government regulations.

**Cost:** \$60 per person for OML members or  
\$120 per person for non-members.

Registration Form and Program included