



NORWOOD, OHIO

Resolution No. 1 2024

RESOLUTION ADOPTING THE CITY OF NORWOOD TREASURER'S STATEMENT OF INVESTMENT POLICY

WHEREAS, the City Treasurer has requested that the Council approve the City of Norwood's Investment Policy; and

WHEREAS, the City of Norwood was placed in a state of Fiscal Emergency in 2016; and

WHEREAS, in order to end the state of Fiscal Emergency, the Auditor of State and the Financial Planning and Supervision Commission must approve a variety of items listed in the Report on Accounting Methods; and

WHEREAS, a written Investment Policy is also wise fiscal policy; now therefore,

BE IT RESOLVED by the Council of the City of Norwood, State of Ohio, that:

SECTION 1. The City of Norwood Treasurer's Statement of Investment Policy, updated January 3, 2024, attached hereto as Exhibit "A", is hereby approved, and adopted.

PASSED 1/9/2024
Date



Joseph S. Geers
President of Council

ATTEST:

Natalie Assaf, the duly appointed Clerk of Council, attests that this resolution was passed at a regular/special meeting of Norwood City Council on the 9th day of January, 2024, in compliance with the rules of Norwood City Council and the laws of the State of Ohio. The foregoing resolution was submitted to the Mayor of the City of Norwood, Ohio for his signature on the 9th day of January, 2024.

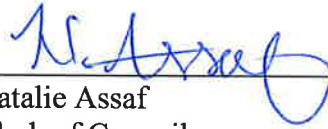

Natalie Assaf Alexis Boyce
Clerk of Council Pro Tem

APPROVED 9 Jan 24
Date


Victor Schneider
Mayor

CERTIFICATION OF PUBLICATION:

Natalie Assaf, the duly appointed Clerk of Council, attests that this resolution was published in the Cincinnati Enquirer on 2/6/24 and 2/13/24.
(Name of Newspaper) (date) (date)



Natalie Assaf
Clerk of Council

1st Reading _____
Date

2nd Reading _____
Date

3rd Reading _____
Date

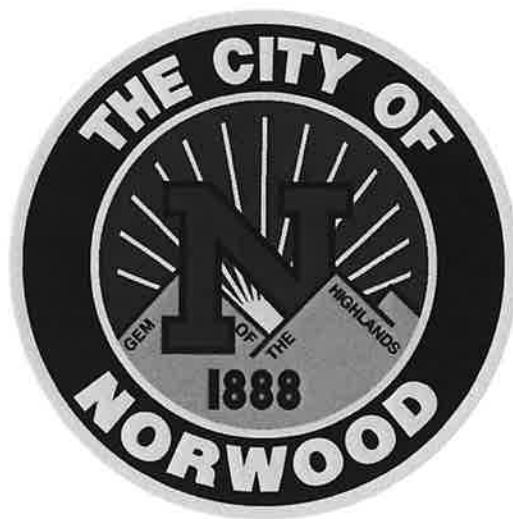
All 3 Readings 1/9/2024
Date

Tabled _____
Date

Vetoed _____
Date

James Bonsall
Treasurer – City of Norwood

Statement of Investment Policy



Updated 1/3/2024

Exhibit A

This investment policy (the "Policy") has been adopted by the City of Norwood Treasurer and governs the investment activities (the "Investment Activities") of the Treasurer in connection with the investment of funds within the City's Treasury (the "Portfolio").

The Policy is designed to ensure the prudent management of funds, conformance to the Ohio Revised Code, the Codified Ordinances of the City of Norwood, and the availability of operating and capital funds when needed. The City's Treasury will consolidate cash and reserve balances from all funds to maximize earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

Investment Objectives

In order of priority, the objectives of the Treasurer's Investment Activities are safety, liquidity, and yield:

- 1. Safety of Principal:** The safety of funds is the single most important objective of the Treasurer. Consistent with this paramount goal, Investment Activities shall be undertaken in a manner that both ensures the preservation of capital in the Portfolio and mitigates credit risk and interest rate risk.

- a. Credit Risk**

The Treasurer will manage credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- i. Limiting investments to the types of securities listed in the Policy; and
- ii. Diversifying the Portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

- b. Interest rate risk**

The Treasurer will manage interest rate risk, which is the risk that the market value of securities in the Portfolio will fall due to changes in the market interest rates, by:

- i. Structuring the Portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- ii. Investing operating funds primarily in short-term securities, money market funds, or similar investment pools and limiting the average maturity of the Portfolio.

If market conditions or liquidity needs require the portfolio to be rebalanced, it may be necessary for the Treasurer's Investments staff to liquidate certain maturities at a net loss.

- 2. Preservation of Liquidity:** The Portfolio shall be managed in such a manner that ensures that funds are available as needed to meet the immediate and/or future operating requirements of the City. Since all possible cash demands cannot be anticipated, the Portfolio shall consist largely

of liquid securities with active secondary markets. A portion of City interim funds may be placed in money market mutual funds or "STAR Ohio" (State Treasury Asset Reserve of Ohio) which offer same day liquidity.

3. **Yield.** The Portfolio shall be managed in such a fashion as to attain a reasonable rate of return throughout budgetary and economic cycles

Delegation of Authority

The Treasurer is responsible for the prudent investment of funds within the Portfolio. The Tax Commissioner is responsible for the implementation of the investment program and the establishment of investment procedures consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Tax Commissioner and approved by the Treasurer.

Standard of Prudence

All Investment Activities shall be conducted with judgment and care, under circumstances currently prevailing that 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.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the Portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of prudence and professionalism that is worthy of the public trust.

Ethics and Conflict of Interest

Employees involved in Investment Activities shall refrain from personal business activity that could conflict with the proper execution and management of the investment of the Portfolio, or that could impair their ability to make impartial decisions. Further, no employee involved in Investment Activities shall use the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the public official or employee with respect to that person's duties.

Employees and investment officials shall comply fully with the reporting and disclosure requirements of R.C. Chapter 102 and the ethics policy adopted by the Treasurer's office.

Authorized Investments

- A. **State Treasury Asset Reserve of Ohio.** The investment pool authorized under R.C. § 135.45 and operated by the Treasurer's office, which is currently branded as "STAR Ohio" (State Treasury Asset Reserve of Ohio).
- B. **U.S. Treasury Obligations.** U.S. Treasury bills, notes, bonds, or any other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal and interest by the

United States, provided that floating rate U.S. obligations shall be indexed to the three-month U.S. Treasury Bill.

- C. U.S. Agency Securities.** Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, or government sponsored enterprise, these include, but are not limited to:
1. Federal National Mortgage Association-Federal Home Loan Bank
 2. Federal Farm Credit Bank
 3. Federal Home Loan Mortgage Corporation
 4. Government National Mortgage Association
- D. Certificates of Deposit.** Funds may be placed in one or both of the following types of deposit instruments purchased from an institution that meets all eligibility requirements set forth in R.C. §§ 135.03 and 135.04:
1. Time certificates of deposit or savings or deposit accounts, all of which must be collateralized in accordance with R.C. § 135.18. Any certificate of deposit purchased as part of a linked deposit program shall comply with all statutory requirements applicable to that program.
 2. Federally-insured certificates of deposit purchased in the manner set forth in R.C. § 135.144 by a public depository holding deposits of city funds.
- E. State and Local Government Securities.** Municipal bonds or other obligations of the State of Ohio, or any political subdivision of the State of Ohio and any other state or political subdivision with at least a AA rating or better at the time of purchase. In the event a security is rated by three rating agencies, the middle rating will apply. If the security is rated by two rating agencies, the lowest rating will apply. In the event a security falls below an AA rating subsequent to purchase, the Treasurer will be notified and will make a decision on how to proceed.
- F. Corporate Bonds.** Medium term notes issued by corporations that are incorporated under the laws of the United States and that are operating within the United States having assets in excess of \$500 million and are rated in the second highest or higher rating category by at least two nationally recognized standard rating services at the time of purchase. No more than 5% of the city's investment portfolio may be invested in a single corporate issuer.
- G. Other Ohio Investment Pools.** Any other investment pool operating in Ohio and available exclusively to public fund agencies of Ohio. The instruments of these pools must have the full faith and credit backing of the United States or be fully collateralized or insured.

Investment Diversification

The Portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific type of security.

The maximum percentage of the book value of the Portfolio and maximum percentage of the book value of the portfolio permitted in each eligible security is set forth below. Unless otherwise specified, all limitations below shall apply at the time of purchase.

Asset Class	Maximum Percentage of Book Value of the Portfolio
State Treasury Asset Reserve of Ohio	100%
U.S. Treasury Obligations	100%
U.S. Agency Securities	100%
Certificates of Deposits & similar products	40%
Municipal and Local Government Securities	25%
Corporate Bonds	15%
Other Ohio Investment Pools	80%

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the City is essential. Accordingly, each account within the Portfolio shall be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with forecasted cash requirements, so as to avoid the forced sale of securities prior to maturity.

Assets categorized as short-term funds shall be invested in permitted investments maturing in eighteen (18) months or less. The average weighted maturity of the short-term assets shall not exceed ninety (90) days.

Assets categorized as long-term funds shall be invested in permitted investments with a stated maturity of no more than five (5) years from the date of purchase. To control the volatility of the assets categorized as long-term funds, the Treasurer shall determine a duration target, not to exceed two (2) years.

Under no circumstances shall short-term funds or long-term funds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

Prohibited Investments and Investment Practices

The Treasurer's office is expressly prohibited from engaging in the following Investment Activities:

1. Short sales (selling a specific security or asset before it has been legally purchased).
2. Investment in complex derivatives including, but not limited to, range notes; dual index notes, inverse floating rate notes and de-leveraged notes; and notes linked to lagging indices or to long-term indices.

3. Investment in collateralized mortgage obligations (CMOs) or real estate mortgage investment conduits (REMICs).
4. Investment in any security or asset not specifically permitted by this Policy, or pursuant to the conditions set forth in this Policy with respect to such security or asset.

Monitoring and Adjusting the Portfolio

The authorized investment officers responsible for the day-to-day management of the Portfolio will routinely monitor the holdings of the Portfolio, current market conditions and the relative values of competing instruments, and will adjust the Portfolio as necessary to meet the investment objectives set forth in this Policy.

Allocation of Interest

Unless otherwise restricted, all interest earnings will be credited to the General Fund. The following funds will have interest calculated using the following formula at the end of each month:

- Fund 2 (Fund 2002 in VIP): Street Maintenance & Repair Fund
- Fund 3 (Fund 2003 in VIP): State Highway Improvement
- Fund 15 (Fund 2015 in VIP): Health Department Grant Fund
- Fund 55 (Fund 2055 in VIP): Board of Health Fund

Unexpended balance of fund divided by the total unexpended balance of all City funds, multiplied by the total amount of interest received by the City for that month. The amount will be allocated to that specific fund for their share of the interest received, with the exception of Fund 15, which will have their proportion of interest allocated to Fund 55.

Investment Policy Adoption

This Policy is adopted as of 1/3/2024 and approved by the Council of the City of Norwood on

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James Bonsall III, Treasurer

Received and Acknowledged,

Ken Miracle, Auditor