

RECORD OF ORDINANCES

Dayton Legal Blank, Inc.

Form No. 30043

Ordinance No. 89-12

Passed October 8, 20 12

9/5/12-gmk
(Finance & Property)

Ordinance No. 89-12

An ordinance amending Chapter 195 Investments, specifically Section 195.01(e)(3) INVESTMENT POLICY of the Codified Ordinances of the City of North Canton, Ohio.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NORTH CANTON, COUNTY OF STARK, STATE OF OHIO:

Section 1. That Chapter 195 Investments, specifically Section 195.01(e)(3) INVESTMENT POLICY of the Codified Ordinances of the City of North Canton, be, and the same is hereby amended to read as follows:

"191.01 INVESTMENT POLICY

(a) The achievement of good fiscal management for the City requires effective cash management of non-immediate funds which in turn depends on effective bank management practices with respect to the investment and deposit of these funds.

(b) The following investment and deposit objectives shall be applied in the management of the City's funds:

(1) The primary objective of the City's investment activities is the preservation of capital and the protection of investment principal.

(2) Those responsible for investing the City's public funds shall strive to maximize the return on the portfolio, but shall avoid assuming unreasonable investment risks.

(3) The City's investment portfolio shall remain sufficiently liquid to enable the City to meet operating requirements which might reasonably be anticipated.

(4) The City's investments shall be diversified to avoid the assumption of unreasonable and avoidable risks associated with specific types of securities or individual financial institutions.

(5) 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.

(6) A factor in determining which depository should hold the City's public funds shall be the City's desire to obtain the best possible banking services at the least possible cost.

(c) All active City deposits shall be concentrated in one central depository in order to provide the City with greater leverage in obtaining banking services. The request for proposals referred to in subsection (p) hereof shall indicate the City's intent to contract with one central depository.

(d) Securities shall be purchased only through financial institutions located within the State of Ohio or through "primary securities dealers" as designated by the Federal Reserve Bank. A list of these institutions shall be maintained by the Director of Finance. The Director of Finance:

(1) May make additions to the authorized list when the investment and deposit policy requirements are met;

(2) Shall make deletions from the list:

- A. If and as directed by ordinance of City Council,
- B. Upon failure of the financial institution to meet the foregoing investment and deposit policy requirements, or
- C. Upon request of the financial institution or dealer; and

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(3) May make deletions from the list if the Director of Finance determines that:

- A. The financial institution or dealer is experiencing financial difficulties;
- B. There is a consistent lack of competitiveness by the financial institution or dealer;
- C. The account representative handling the City's account lacks experience or familiarity in providing service to large institutional accounts; or
- D. It is in the best interest of the City.

All financial institutions, primary securities dealers and consultants which desire to conduct investment business with the City must sign a Certificate of Reading, Understanding and Acceptance, certifying they have read, understand and agree to abide by the contents of this section, which sets forth and regulates the City's investment policies.

(e) The Director of Finance may invest on behalf of and in the name of the City in the following instruments at a price not exceeding their fair market value:

- (1) Government Securities, including:
 - A. Negotiable direct obligations of the United States or obligations issued by federal agencies the principal of and interest on which are unconditionally guaranteed by the United States, and bonds, notes, debentures, or other obligations or securities issued by any federal government agency, whether or not they are guaranteed by the United States, including but not limited to, the following:
 - 1. Direct obligations:
 - a. Treasury bills.
 - b. Treasury notes.
 - 2. Obligations of the following federal agencies:
 - a. Government National Mortgage Association (GNMA).
 - b. Small Business Association (SBA).
 - c. Federal Housing Administration (FHA).
 - d. Farmers Home Administration (FmHA).
 - e. General Services Administration (GSA).
 - B. Obligations of Federal Farm Credit System, Export-Import Bank of the United States, Federal Home Loan Mortgage Corporation, or Federal Home Loan Bank or its district banks, including Federal Home Loan Mortgage Corporation participation certificates, or obligations guaranteed by the Government National Mortgage Association.

(3) Non-negotiable interest bearing time certificates of deposits and savings accounts through an eligible public depository, that acts as custodian and arranges for the redeposit of the moneys into one or more federally insured banks, savings banks, or savings and loan associations that are located in the United States and the full amount of moneys deposited, plus any accrued interest, is insured by the federal deposit insurance corporation.

(4) Negotiable interest bearing time certificates of deposit issued by institutions that are ranked nationally as being in the top fifty in asset and deposit size within their industry, provided that any such deposits are secured by collateral as provided in subsection (h) hereof.

(5) Bankers Acceptances eligible for purchase by the Federal Reserve System and issued by institutions that are ranked nationally as being in the top fifty in asset and deposit size within their industry.

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(6) Repurchase agreements and reverse repurchase agreements of a bank or savings and loan association organized under the laws of the United States or any state thereof for the following negotiable direct obligations of the United States and obligations of the following federal agencies and federal instrumentalities:

- A. U.S. Treasury (bills and notes).
- B. Government National Mortgage Association (GNMA).
- C. Federal Farm Credit System.
- D. Federal Home Loan Bank.

(7) Now Accounts, Super Now Accounts or any other similar account authorized by the Federal Reserve's Depository Institutions' Deregulation Committee, provided that any deposits in such accounts are secured by collateral as provided in subsection (h) hereof.

(f) To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. No investment shall be made unless the Director of Finance, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the City, the City will not directly invest in securities maturing more than five years from the date of settlement regardless of whether the security bears interest at a fixed or a variable rate; provided, however, that this restriction on maturity shall not apply to any security purchased by the City prior to the effective date of this section, the purchase of all such securities being hereby ratified and confirmed.

(g) The Director of Finance shall not on behalf of and in the name of the City do any of the following:

- (1) Contract to sell securities that have not yet been acquired on the speculation that prices will decline;
- (2) Make any investment in "derivatives" as deemed in Ohio R. C. 135.14(C);
- (3) Leverage current investments as collateral to purchase other assets; or
- (4) Invest in stripped principal or interest obligations of otherwise eligible obligations.

(h) All City funds deposited pursuant to subsection (e)(2), (3) and (6) hereof shall be secured by collateral pledged at the percent of face value as provided in Ohio R. C. 135.181(C), in an amount equal to at least one hundred percent (100%) of the deposit less the amount insured by the Federal Deposit Insurance Corporation. The following securities shall be eligible to be pledged as collateral:

- (1) Bonds, notes or other obligations of the United States; or bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by language appearing in the instruments specifically providing such guarantee or pledge and not merely by interpretation or otherwise;
- (2) Bonds, notes, debentures or other obligations or securities issued by any federal government agency, or the Export-Import Bank of the United States, bonds, notes or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instruments specifically providing such guarantee or pledge;
- (3) Bonds and other obligations of this State;
- (4) Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of this State, which is not at the time of such deposit in default in the payment of principal or interest on any of its bonds or other obligations for which the full faith and credit of the issuing subdivision is pledged; and
- (5) Bonds of other states of the United States which have not during the ten years immediately preceding the time of such deposit defaulted in payments of either interest or principal on any of their bonds.

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(i) Any securities pledged as collateral pursuant to subsection (h) hereof shall, at the direction of the Director of Finance, be delivered to the Director of Finance or segregated by the depository in a separate escrow account for the benefit of the City and placed in a separate place of safe keeping and, if so segregated, shall be available for inspection by the Director of Finance at all times during the regular business hours of the depository.

(j) If the depository fails to pay over any part of a deposit due the City, the Director of Finance shall have the option of selling, in the manner determined by the Director of Finance, any of the securities deposited or segregated pursuant to the provisions of this section. If the bonds or other securities are in escrow with the depository, the Director of Finance may request the depository to deliver to the Director of Finance any of the securities so deposited and the Director of Finance shall have the option to sell such securities in the manner determined by the Director of Finance. When a sale of securities has been made, upon payment to the Director of Finance of the purchase money, the Director of Finance shall transfer such securities to the purchaser whereupon the absolute ownership of such securities shall pass to the purchaser. Any surplus remaining after deducting the amount due the City and expenses of the sale shall be paid to the depository.

(k) When a depository has deposited securities in a separate escrow account in accordance with subsection (i), the depository may substitute or exchange eligible securities having a current market value equal to or greater than the current market value of the securities then on deposit and for which they are to be substituted or exchanged only:

(1) If the Director of Finance gives written authorization for such substitution or exchange;

(2) If the Director of Finance has authorized the depository to make such substitution or exchange on a continuing basis during a specified period without prior approval of each substitution or exchange. Written authorization shall be sent to the depository stating that substitution may be made on a continuing basis during a specified period under the conditions specified therein; or

(3) If no continuing authorization for substitution or exchange has been given by the Director of Finance, the depository notifies the Director of Finance of an intended substitution or exchange, and the Director of Finance fails to object to the depository within ten business days after receipt by the Director of Finance of the notice of proposed substitution, the substitution may be made without consent of the Director of Finance. The notice from the depository to the Director of Finance shall be given in writing and delivered personally or by certified or registered mail with a return receipt requested.

(l) The depository shall notify the Director of Finance of any substitution or exchange of securities authorized pursuant to subsection (k) hereof. Upon request from the Director of Finance, the depository shall furnish a detailed statement setting forth the face and market values of all securities pledged.

(m) With the approval of the Director of Finance, a depository may provide collateral for City funds deposited pursuant to subdivisions (e)(2),(3) and (6) hereof through a single pool of securities pledged for deposits of all public funds held by the depository, subject to the following conditions:

(1) Securities committed to the pool must have a market value at least equal to one hundred ten percent (110%) of all public moneys on deposit with the depository including the amount covered by federal deposit insurance.

(2) The securities eligible for deposit in the pool shall be those described in subsection (h) hereof.

(3) The securities constituting the pool shall be segregated in a separate escrow account as described in subsection (i) hereof.

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(4) If the depository fails to pay over any part of the deposits due the City, the Director of Finance may request the depository to deliver to the Director of Finance any of the securities on deposit as selected by the Director of Finance, provided the value of the securities delivered shall not exceed the amount necessary to produce an amount equal to City deposits made and not paid over, less the portions of such deposits covered by federal deposit insurance, plus any accrued interest due on the deposits; in any event, the value of such securities shall not exceed the City's proportional interest in the market value of the pool as of the date of the depository's failure to pay over the deposits. The Director of Finance shall have the option to sell the securities in such manner as determined by the Director of Finance. Any surplus remaining after deducting the amount due the City and expenses of the sale shall be paid to the depository.

(5) Within thirty days of the end of each calendar quarter, the depository shall provide a detailed statement setting forth the face and market values of all securities pledged to the pool and the total of all public funds on deposit.

(6) If at any time the market value of the pool is less than one hundred ten percent (110%) of all public deposits held by the Trustee, the depository shall immediately add securities to the pool sufficient to bring the market value of the pool to at least one hundred ten percent (110%) of all public funds on deposit with the depository.

(7) Failure of the institution to abide by any of the provisions of this section shall be cause for the immediate suspension of the institution as a qualified depository for any City funds.

(n) The Director of Finance is hereby authorized and directed to invest the City's funds so as to yield the highest returns consistent with the City investment principles provided in subsection (b) hereof and the applicable investment strategy.

(o) Price and rate quotations for all of the City's investments may be obtained from sources within or outside the City. In the case of the sale or purchase of securities where all other factors considered by the Director of Finance are equal, placement shall be made in a banking institution situated within the City.

(p) The Director of Finance is hereby authorized and directed to prepare and distribute a request for proposals for banking services in such form as may be approved by the Director of Law. Such a request shall be made as often as deemed appropriate by the Director of Finance, but in no case less often than every three years. Each request for proposals shall contain the following:

(1) A statement which provides that, to ensure the City will receive the best service possible, no financial institution shall receive deposits of City funds without an open and fair competitive process, and that all financial institutions have an equal opportunity to competitively bid in future years;

(2) A list of requirements which the depository must meet in order to maintain the depository agreement in good standing;

(3) A description of the accounts required to be maintained under the depository agreement and of the specifics of operation related thereto;

(4) A statement of guidelines for the investment of the City's funds;

(5) A list of services required by the City under the depository agreement, together with guidelines for the calculation of service charges and for the subsequent provision of additional services;

(6) A list of the criteria upon which the financial strength of each institution submitting a proposal will be evaluated;

(7) A statement of the instructions for submitting a proposal; and

(8) A description of the selection process and of the procedure for submitting questions relating to the request for proposals.

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(q) The Director of Finance is authorized and directed to seek competition in the investment of all City funds and may invest all or part of such funds outside the designated central depository bank, provided the central depository bank may bid for such investments as any other financial institution.

(r) The Director of Finance shall maintain a current inventory of all investments including:

- (1) Description of each security;
- (2) Cost;
- (3) Par value;
- (4) Dates;
- (5) Rates; and
- (6) Seller.

The Director of Finance shall also prepare and distribute quarterly to the Council and the Mayor (or more frequently if requested by the Council or the Mayor) a list of all investments and a report on investment activity and returns.

(s) The Director of Finance is authorized to pool cash balances from the several funds of the City for investment purposes.

(t) Persons involved in the process of investing the City's funds shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment consultants shall disclose to the City any material financial interests in financial institutions that conduct business within the City and any large personal financial or investment positions that could be related to, or affected by, the performance of the City's portfolio. All employees, officers and investment consultants to the City shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

(u) The Director of Finance shall participate in any beginning and/or continuing education training programs, including as a possible program, but not limited to, the program sponsored by the State Treasurer pursuant to Ohio R. C. 135.22. Through participation in such programs, the Director of Finance will develop and maintain an enhanced background and working knowledge in investment, case management and ethics.

(v) The Director of Finance and the Mayor shall be relieved from any liability for the loss of any public moneys deposited or invested pursuant to and in compliance with this section, including, but not limited to, losses occasioned by the sale of any instruments, securities or obligations, the closing of any deposit accounts or the failure of any depository."

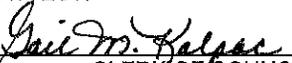
Section 2. That this ordinance shall take effect and be in full force from and after the earliest period allowed by law.

North Canton, OH
Passed: 10/8/12


MAYOR

SIGNED: 10/08, 2012

ATTEST:


CLERK OF COUNCIL