

RESOLUTION NO. 69-2018

Revising the Investment and Depository Policy for  
the City of Worthington.

WHEREAS, the purpose of this policy is to provide for the preservation and protection of the principal balance of all investments of the City of Worthington; and,

WHEREAS, specific reference has been made to Ohio Revised Code (ORC) Chapter 135 in the revised policy, so as ORC 135 is modified, so too will the Worthington investment policy.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. After thoroughly discussing the memorandum from the City's Finance Director attached hereto as Exhibit A, that City Council hereby adopts the revised Investment and Depository Policy attached hereto as Exhibit B, amending the Policy adopted in 1997.

SECTION 2. That the Clerk of Council be and hereby is instructed to record this Resolution in the appropriate record book.

Adopted December 3, 2018

/s/ Bonnie D. Michael  
President of Council

Attest:

/s/ D. Kay Thress  
Clerk of Council



## MEMORANDUM

TO: Matthew Greeson, City Manager  
FROM: Scott F. Bartter, Finance Director  
DATE: September 6, 2018  
SUBJECT: Investment Policy Update

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Under the City of Worthington Charter § 2.07 the Council shall have the authority to “Adopt, and review at least annually, a policy on the investment of funds held by the City”. Administrative Regulation 4.8 titled “Investment Policy for City Funds” is reviewed annually during the budget process, however, this regulation has not been updated since 1997. Staff is recommending that the investment policy be removed from the administrative regulations and instead be a stand-alone policy adopted by Council.

The most significant change from the previous investment policy is that the revised policy references Ohio Revised Code (ORC) Chapter 135, the old policy copied much of the language from ORC 135 into the policy. The result is that as the ORC 135 is modified, so too will the Worthington investment policy.

### **Objective and Guidelines**

The updated investment policy reiterates that the primary objective of all investment activity shall be the preservation and protection of principal. This objective remains unchanged from the previous policy. The investment portfolio remains diversified between allowable investments, including certificates of deposit bought in denominations less than \$250,000, agency bonds, money market accounts, and the state treasury asset reserve account (Star Ohio).

Bank account relationships was added to the revised investment policy as it relates to the investment of funds. Every five (5) years the City issues a request for proposals (RFP) from local banks seeking to provide banking services to the City. This RFP was last issued in 2015, Park National Bank was selected, and the agreement runs until 2020.

### **Authorized Financial Institutions and Dealers**

The City currently utilizes Huntington Bank and Fifth Third bank to purchase securities. An authorized list of institutions and dealers is currently maintained by the Finance Department, local banks can be added to this list by written request.

### **Maturity**

This section limits investments to securities that mature within five (5) years from the date of purchase.

## **Allowable Investment**

Under ORC Section 135, allowable investments generally include:

- A security issued by the United States treasury and guaranteed as to principal and interest by the United States;
- Bonds or securities issued by any federal government agency, including federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation;
- Bonds and other obligations of the State of Ohio, or political subdivisions of the state, with restrictions as outlined in ORC 135.14(4)(a) through 135.14(4)(d);
- The Ohio subdivision's fund (STAR Ohio).

## **Reporting**

The Finance Department has created the attached investment report that is updated monthly and will be included in the quarterly report to Council.

**City of Worthington, Ohio**  
**Investment and Depository Policy (Fall 2018)**

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**SCOPE:** The Worthington City Council hereby directs that the investing authority of the City shall reside with the Director of Finance in accordance with this investment and depository policy. This policy is designed to cover all monies under the control of the City of Worthington and those that comprise the core investment portfolio. Notwithstanding the policies detailed below, Chapter 135 of the Ohio Revised Code (O.R.C.) will be adhered to at all times.

- I. **Objective and Guidelines:** The following investment objectives will be applied in the management of the City of Worthington funds:
  - A. The primary objective shall be the preservation of capital and protection of principal while earning investment interest.
  - B. The investment portfolio shall remain sufficiently liquid to enable the city to meet reasonable anticipated operating requirements.
  - C. In investing public funds in those investments allowed by state law and the city investment policy, the Director of Finance will strive to achieve a reasonable rate of return on the investment portfolio over the course of budgetary and economic cycles taking into account cash flow requirements.
  - D. The investment portfolio should be diversified in order to avoid incurring potential losses regarding individual securities which may not be held to maturity, whether by erosion of market value or change in market conditions.
  - E. Bank account relationships will be managed in order to secure adequate services, while minimizing costs.
  
- II. **Authorized Financial Institutions and Dealers:** U.S. Treasury and Agency securities purchased outright shall be, purchased only through financial institutions located within the State of Ohio or through "primary securities dealers" as designated by the Federal Reserve Board.

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

A list of authorized institutions and dealers shall be maintained with the Director of Finance. Additions and deletions to this list shall be made when deemed in the best interest of the City of Worthington by the Director of Finance.
  
- III. **Maturity:** To the extent possible, the Director of Finance will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Director of Finance will not directly invest in securities maturing more than five (5) years from the date of purchase.
  
- IV. **Allowable Investments:** The Director of Finance may invest in any instrument or security authorized in O.R.C. Chapter 135 as amended. A copy of the appropriate O.R.C. section will be kept with this policy.
  
- V. **Collateral:** All deposits shall be collateralized pursuant to O.R.C. Chapter 135.
  
- VI. **Reporting:** The Director of Finance shall establish and maintain an inventory of all obligations and securities acquired. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupon rate. The Director of Finance shall review the monthly portfolio report detailing the current inventory of all obligations and securities, sign and date the summary, and place in audit file.

Pursuant to O.R.C. Chapter 135, all brokers, dealers and financial institutions initiating transactions with the City of Worthington by giving advice or making investment policy, or executing transactions initiated by the City of Worthington, must acknowledge their agreement to abide by the contents of this Investment Policy.

The Institution, by signing below, submits that it has read and acknowledges this Investment Policy and agrees to abide by its content.

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Date