

CITY OF BEDFORD, OHIO

ORDINANCE NO. 082-23

AN ORDINANCE AMENDING ORDINANCE 9013-12, AMENDING SECTIONS 133.08 “INVESTMENT OF SURPLUS FUNDS” AND 133.09 “INVESTMENT AUTHORIZED; LIMITATIONS; PROCEDURE”, AND REPEALING ALL OF 133.10 “TREASURY INVESTMENT ACCOUNT; DUTY OF FINANCE DIRECTOR”, 133.105 “DEFINITIONS”, AND 133.11 “CUSTODY OF SECURITIES”, TO THE CODIFIED ORDINANCES OF THE CITY OF BEDFORD AND DECLARING AN EMERGENCY

WHEREAS, the City of Bedford hereby desires to amend Codified Ordinance 133.08 and 133.09; and repeal 133.10, 133.105 and 133.11,

WHEREAS, the City of Bedford hereby desires to maintain a separate investment policy which in compliance with and refers to and incorporates Ohio Revised Code Chapter 135.14, as amended and any other statues or federal law that controls investments.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Bedford, County of Cuyahoga and State of Ohio:

Section 1. That Section 133.08 of the City’s Codified Ordinances be amended to read:

Council provides that whenever there are monies in the City treasury which will not be required to be used by the City for a period of six months or more, such money may, in lieu of being deposited in a bank, be invested in accordance with the provisions of [section 135.14 of the Ohio Revised Code and any other applicable section of Ohio Revised Code](#). ~~Section 133.09 of the Codified Ordinances.~~

Section 2. That Section 133.09 of the City’s Codified Ordinances be amended to read:

(a) Whenever the money in the City treasury is to be invested, the Director of Finance shall submit to the City Manager and the Law Director a statement of monies in the treasury or in the process of collection and a schedule showing the probable requirements of money for the use of the City for a period of six months or more, together with a recommendation as to whether any monies in the treasury shall be invested. ~~in any of the following classifications of obligations, which are hereby determined to be eligible for investment:.~~ [The City shall maintain a separate investment policy which will and refer to and be in compliance with the requirements set forth in Ohio Revised Code Chapter 135.14, as amended](#) ~~in any of the following classifications of obligations, which are hereby determined to be eligible for investment:~~

—(1) ~~Bonds, notes, or other obligations of any maturity of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon;~~

—(2) ~~Bonds, notes, debentures, or other obligations of any maturity of securities issued by any federal government agency or instrumentality;~~

—(3) ~~Discount notes of any maturity of the federal national mortgage association, and bonds of any maturity issued by the homeowners' loan corporation, as defined in Section 731.56 of the Revised Code of Ohio;~~

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- ~~—(4) Bonds and notes of any maturity of the State of Ohio;~~
- ~~—(5) Bonds and notes of any maturity of any municipal corporation, including the City, county, township or other political subdivisions of Ohio as to which there is no default of principal, interest or coupons;~~
- ~~—(6) Repurchase Agreements with a termination or maturity date either not greater than one year or on demand entered into pursuant to a written agreement with (A) any eligible institution mentioned in Section [135.03](#) of the Revised Code of Ohio, or (B) any Qualified Securities; Dealer provided that in the latter case such securities subject to repurchase shall be safekept with a Qualified Trustee. Under the terms of such agreement, the Director of Finance purchases for the City, and such institution agrees unconditionally to repurchase, any of the securities listed in subsection (b) (1) and (2) of this section that will mature or are redeemable at the option of the City without redemption premium if such securities are not marked to the market at least daily, within five years from the date of purchase, or if such securities are marked to the market daily and the repurchase agreement provides for a margin percentage applicable to the securities under the repurchase transaction of at least 102%, within a period of time acceptable to the Director of Finance. Notwithstanding the provisions of any repurchase agreement, non-compliance with any margin maintenance percentage provided for in the repurchase agreement or, if no margin maintenance percentage is provided in the repurchase agreement the market value of which at any time is at least equal to the purchase price paid by the City under the repurchase agreement, upon continuance of such event after one business day's oral or written notice thereof to the other party to the repurchase agreement, shall constitute an event of default under, or breach of, the repurchase agreement. Upon such occurrence and continuance after one business day's notice, the City, in addition to exercising any rights or remedies under the repurchase agreement and notwithstanding any provisions therein, may immediately sell, in a recognized market at such price or prices as the City may reasonably deem satisfactory, any or all of the securities subject to the repurchase agreement and after such sale shall apply the proceeds thereof to the unpaid repurchase price due from such defaulting party through such sale date and any other amounts owing by the defaulting party. Any excess proceeds after such application shall be returned to the defaulting party;~~
- ~~—(7) Certificates of deposit of any maturity of Eligible Depositories which may provide (and if so, shall be shown on its face) that the amount of such deposit is payable upon written notice a specified period before the date of the repayment maturity, provided that such certificates of deposit are collateralized as provided in Section 135.18 or 135.181 of the Ohio Revised Code;~~
- ~~—(8) Insured deposit accounts in Eligible Depositories paying interest at a rate greater than the interest rate paid on the City's active deposits, provided that such investments must be approved in writing by the City Manager and Director of Law and that such approval by the City Manager and Director of Law shall also include approval of the insurance provided to secure and protect the City's ability to recover the principal deposited in such deposit account; and;~~
- ~~—(9) CDAR"S (only when backed by FDIC coverage in full) and Certificates of deposits of any maturity of Eligible depositories which may provide (and if so, shall be shown on its face) that the amount of such deposit is payable upon written notice a specified period before the date of the repayment maturity, provided that such certificates of deposit are collateralized as provided in sections 135.18 or 135.181 of the Ohio Revised Code.~~
- ~~—(10) Bankers Acceptances and Commercial Paper (Corporate Debt) limited by State law with the highest short term ratings from a top nationally recognized statistical rating organizations. These corporate debt investments are limited to the top rating of "AAA" assigned~~

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~~by Fitch Ratings and Standard & Poor's, and "AAA" assigned by Moody's Investor Services. Investments in commercial paper are rated P-1 by Moody's Investor Service, F-1 by Fitch Ratings, and A-1 by Standard & Poor's. No Corporate debt investment can be purchased by the city, unless an employee of the city has taken qualified coursework and is current with the State of Ohio's Education hours allowing for the purchase of these types of investments.~~

~~— A. Commercial paper notes issued by an entity that is defined in division (D) of Section 1705.01 of the Ohio Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:~~

~~— 1. The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.~~

~~— 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. The notes mature not later than one hundred eighty days after purchase.~~

~~— B. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:~~

~~— 1. The obligations are eligible for purchase by the Federal Reserve System.~~

~~— 2. The obligations mature not later than one hundred eighty days after purchase.~~

~~(11) A. No Load money market mutual funds registered by the Securities and Exchange Commission consisting exclusively of obligations described in Section [133.09\(a\)\(1\)](#) through (10); and the Ohio Subdivision's fund created pursuant to the Ohio Revised Code 135.45.~~

~~— B. The Director of Finance and his or her designee, the Mayor and the members of Council shall not be held accountable or personally liable for any loss occasioned by the sale of any eligible investment authorized pursuant to paragraph (c) (1) hereof at prices lower than its cost or balance. Any loss or expense in making such sale shall be payable as other expenses of the City.~~

~~— C. The members of Council, the Mayor, and the Director of Finance and the Director of Finance's designees shall not be personally liable for or with respect to the purchase of any eligible investments authorized as investments pursuant to paragraph (c) (1) hereof, and the members of Council and the Mayor shall not be personally liable for any unauthorized deposit or investment by the Director of Finance or such Director of Finance's designee.~~

~~— D. Upon the expiration of the term of office of the Director of Finance, or in the event of a vacancy in the office of the Director of Finance by reason of death, resignation, removal from office or otherwise, the Director of Finance or his or her legal representative shall transfer and deliver to his or her successor all eligible investments held by him or her. For the eligible investments so transferred and delivered, such Director of Finance shall be credited with, and his or her successor shall be charge with, the amount of money invested in such eligible investments.~~

~~— E. Whenever eligible investments acquired under this section mature and become due and payable, the Director of Finance shall present them for payment according to their tenor and shall collect the moneys payable thereon. The moneys so collected shall be treated as public moneys subject to the provisions of this section, with respect to their reinvestment, and the Uniform Depository Act, with respect to their deposit.~~

~~— (12) Shares of the State Treasury Asset Reserve of Ohio, commonly known as STAR Ohio. The City Manager, the Law Director and the Director of Finance may thereupon order such investments of monies in the treasury in such obligations at not more than current market value, as they may deem advisable in the interest of the City.~~

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~~The following are risk reduction requirements that are to be incorporated in line with the investment of City moneys in the obligations as set forth in Section 2 heretofore approved by the Director of Law, Director of Finance and City Manager:~~

~~**Interest Rate Risk:** As a means of limiting its exposure to fair value losses caused by rates, the City's investment policy requires that operating funds be invested primarily in short term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.~~

~~The city will manage its exposure to declines in fair values by limiting the weighted City of its short term investment portfolio (less than 3 years), to less than 12 months. The long term Investment portfolio is limited to all investments maturing greater than three years and less than 5 years. The city will limit exposure to the risk of too much long term investments (3-5 years) by limiting the amount that is invested into long term investments to 50% of the total investment portfolio.~~

~~**Custodial Credit Risk:** This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty.~~

~~Securities are held by the pledging financial institutions' trust department and secured collateral is held by a third party's trust department, in line with all state of Ohio required statutes. Ohio law and the City law requires that deposits be either insured or be protected by eligible pledged securities deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. The City will limit the custodial risk associated with investments by limiting the amount of investments that are being held by a single financial institution to 40% of all city moneys held. All eligible financial institutions must be reviewed periodically (monthly) for continued investment worthiness, These financial institutions will be analyzed by looking at current ratings by the top rating institutions of their corporate debt, current market conditions and any current events that might affect any investments. The City Manager, Law Director and Finance Director will make the final determinations of investing with the financial institutions in the best interests of the City.~~

~~**Concentration of Credit Risk:** The City policy places a 40% limit on the amount that may be invested with any one issuer. The City may invest up to 10% of its portfolio into Bankers Acceptances and Commercial Paper. The City may invest up to 60% of its investment portfolio into Federal Agencies or US Treasury investments. There is no limit on the amount that the City may invest into repurchase agreements or authorized equivalent liquid investments (STAR Ohio, Mutual Bond Fund Investments, etc....).~~

~~— (Ord. 9013-12. Passed 10-15-12.)~~

Section 3. Council hereby repeals sections 133.10, 133.105 and 133.11 in their entirety.

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Section 4. Section 133.08 and 133.09 are hereby amended as stated above. All prior ordinances and policies in conflict with the provisions contained herein are hereby repealed **and/or amended accordingly.**

Section 5. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were adopted in an open meeting of this Council, and that all such deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including the City's Charter and Codified Ordinances and Section §121.22 of the Ohio Revised Code.

Section 6. This Ordinance is hereby declared to be an emergency measure for the immediate preservation of the public peace, health, safety and welfare of the City and for the further reason that it is immediately necessary to amend the local procedures authorized and established for the investment of moneys in the City's treasury to enable the City to more efficiently manage such moneys.

WHEREFORE, this Ordinance shall take effect and be in force from and after the earliest date permitted by law.

Stanley C. Koci, Mayor-President of Council

Tracy M. Simons, Clerk of Council

Prepared and approved as to legal content by: _____
John J. Montello, Law Director

PASSED: November 6, 2023