

ORDINANCE NO. 2012- 3595

AN ORDINANCE TO ESTABLISH AN AMENDED INVESTMENT POLICY FOR THE CITY OF FREMONT, AND DECLARING AN EMERGENCY.

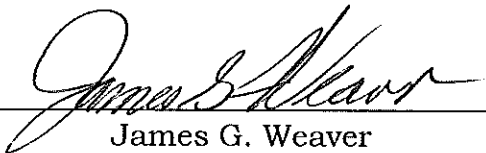
BE IT ORDAINED BY THE COUNCIL, CITY OF FREMONT, STATE OF OHIO:

SECTION 1. The Fremont City Council hereby approves the establishment of an amended Investment Policy for the City of Fremont, a copy of which is attached as Exhibit A.

SECTION 2. All prior ordinances pertaining to the City of Fremont's Investment Policy are hereby repealed.

SECTION 3. The immediate operation of the provisions of this ordinance is necessary for the preservation of the health, safety, and welfare of the citizens of Fremont, said emergency being the need to expedite the re-financing of bonds.

This ordinance, provided it receives a two-thirds yea or nay vote of all the members elected to the Fremont City Council, is hereby declared to be an emergency measure and this ordinance shall be in full force and effect from and after its passage by the Council of the City of Fremont, approval by the Mayor, and publication and posting as required by law.

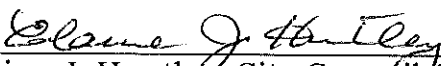


James G. Weaver
President of Council

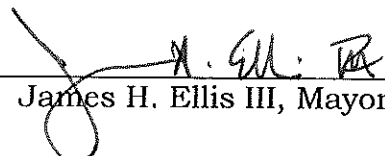
PASSED: 8-2-12

Effective date: 8-2-12

YEAS: 6 NAYS: 0



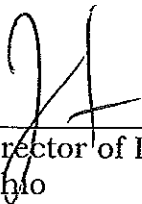
Elaine J. Huntley, City Council Clerk



James H. Ellis III, Mayor

ORDI742

Approved as to form:

A handwritten signature in black ink, appearing to be 'JM', is written over a horizontal line.

James F. Melle, Director of Law
City of Fremont, Ohio

**CITY OF FREMONT, OHIO
INVESTMENT POLICY**

1.0 Policy:

It is the policy of the City of Fremont to invest funds in conformance with all state and local statutes and provisions of this policy in a manner which will protect the safety of City funds and earn a market rate of return while meeting the daily cash flow requirements of the City.

2.0 Scope:

This investment policy applies to all financial assets of the City of Fremont. These funds are accounted for in the City of Fremont's Annual Financial Report and include;

2.1 Funds:

- 2.1.1 General Fund**
- 2.1.2 Special Revenue Funds**
- 2.1.3 Capital Project Funds**
- 2.1.4 Enterprise Funds**
- 2.1.5 Interservice Funds**
- 2.1.6 Trust and Agency Funds**

3.0 Prudence:

Investments shall 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 and liquidity of their capital as well as the probable income to be derived.

3.1 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. Investment officers acting in accordance with the written procedures and the investment policy and exercising due diligences shall be relieved of personal responsibility for an individual security's credit risk or marked price

changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective:

The primary objectives, in priority order, of the City of Fremont's investment activities shall be:

4.1 Safety: To attain this objective, the City will diversify its investments by investing funds among a variety of individual securities and financial institutions.

4.2 Liquidity: The City of Fremont'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 of Fremont's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

Authority to manage the City of Fremont's investment programs is derived from Chapter 135 of the Ohio Revised Code. Management responsibility for the investment program is hereby delegated to the Auditor of the City of Fremont, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investments transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Auditor. The Auditor shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 Ethics and Conflicts of Interest:

Officers 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. Employees and officers shall subordinate their personal investment transactions to those of the City of Fremont, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions:

The Auditor will maintain a list of financial institutions and security broker/dealers authorized to provide investment services. These may include "Primary Dealers" or "Regional Dealers" that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform capital rule.) No public deposit shall be made except in a qualified public depository as established by the State of Ohio.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions may be asked to supply the auditor or investments advisors with some of, but not limited to, the following:

Audited financial statements, proof of National Association of Security Dealers certification, proof of state registration, certification of having read the City of Fremont's investment policy, depository contracts.

8.0 Authorized & Suitable Investments:

The City of Fremont is empowered by the Ohio Revised Code Chapter 135 as amended from time to time to invest in securities including but not limited to:

8.1 Bonds, notes, or other obligations 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.

8.2 Bonds, notes, debentures, instrumentalities, or other obligations or securities issued by any federal government agency.

8.3 Certificate of Deposits.

8.4 Bonds and other obligations of the State of Ohio.

8.5 Written repurchase agreement that sets forth the terms and conditions of the agreement between the parties for a period not to exceed thirty days.

8.6 The Treasurer of State of Ohio investment pool.

9.0 Collateralization

City funds deposited in designated public depositories shall be collateralized in accordance with O.R.C. 135.18, 135.181 and/or 135.14(E). If specific collateral is provided (135.18) the market value of such pledged collateral shall be equal to the amount of the public deposits in excess of that amount which is insured by federal deposit Insurance Corporation. If the depository opts to pledge a pool of collateral the aggregate market value of the pledged securities shall be 105% of the public deposits held in excess of the amount insured by the federal insurance corporation.

Collateral will always be held by an independent third party with whom the City of Fremont has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City of Fremont and retained.

The right of collateral substitution is granted. (Rev. 12/2007)

10.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City of Fremont shall be conducted on a delivery-virus-payment (DVP) basis. Securities will be held by a third party custodian, designated by the Auditor and evidenced by safekeeping receipts.

11.0 The City of Fremont will seek to diversify its investments by security type and institution in order to mitigate certain types of investment risk.

12.0 Maximum Maturities:

To the extent possible, the City of Fremont will attempt to match its investments with anticipated cash flow requirements. Except as otherwise limited, the City of Fremont will not directly invest in securities that will not mature or are not redeemable within (5) years from the date of purchase.

13.0 Internal Control:

The Auditor 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.

14.0 Performance Standards:

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City of Fremont's investment risk constraints and cash flow needs.

14.1 Market Yield (benchmark): The City of Fremont's investment strategy is passive. Given this strategy, the basis used by the Auditor to determine whether market yields are being achieved shall be the six-month U.S. Treasury bill rate.

15.0 Reporting:

The Auditor is charged with the responsibility of including market report on investment activity and returns in the City of Fremont's Financial Report. Reports should include, but not limited to the following:

Performance, Consolidated Investment Portfolio and interest earnings.

16.0 Investment Policy Adoption:

The City of Fremont's investment policy shall be adopted by resolution of the Fremont City Council. The Finance Committee of the Fremont City Council shall review the policy on a biennial basis and the Fremont City Council must approve any modifications made thereto.