

**ORDINANCE NO. 15 - 2021**

**AN ORDINANCE ADOPTING A REVISED INVESTMENT  
POLICY FOR THE VILLAGE OF MADISON;  
AND DECLARING AN EMERGENCY**

WHEREAS, there are funds on deposit with the Village Treasury not needed for immediate use but which will be needed before the end of a designated period, such funds being known as "interim moneys;"

WHEREAS, such interim moneys may only be invested (the "interim deposit") based upon a duly enacted policy which is in agreement with the requirements of Ohio Revised Code § 135.14, that being an "investment policy;"

WHEREAS, Ohio Revised Code § 135.14(O) mandates that no municipal treasurer (fiscal officer) is permitted to make any investment or deposit, except under limited statutory exceptions, pursuant to § 135.14 unless there is on file with the Auditor of State the written investment policy;

WHEREAS, Ohio Revised Code § 135.14 further mandates required training for the fiscal officer for investments to be made pursuant to said Code section, the amount and type of training to be as approved by the Treasurer of State;

WHEREAS, the Village Fiscal Officer, in consideration of changes in Ohio law and the lapse of time, recommends to the Council the adoption of a revised investment policy; and

WHEREAS, the Council, having considered the matter, now desires to adopt a revised investment policy.

NOW, THEREFORE, BE IT ORDERED BY THE COUNCIL OF THE VILLAGE OF MADISON, LAKE COUNTY, STATE OF OHIO:

SECTION 1. That the investment policy attached herein as Exhibit 1 is hereby approved as the investment policy of the Village of Madison, all prior policies in effect prior to the effective date of this Ordinance are and shall be hereby revoked, except solely, that revocation does not affect funds now invested in accordance with prior investment policies

SECTION 2. That the Fiscal Officer is hereby authorized and directed to file the investment policy with the Auditor of State.

1<sup>st</sup> Reading, July 26, 2021  
Tabled, July 26, 2021  
Removed from table, September 13, 2021  
2<sup>nd</sup> Reading, September 13, 2021  
3<sup>rd</sup> Reading, September 27, 2021

Introduced by: Mayor Britton

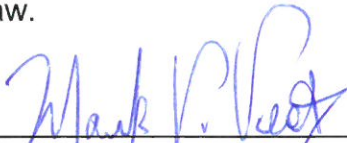
SECTION 3. That the Fiscal Officer is hereby authorized, consistent with funds budgeted and appropriated for this purpose, to undergo such training as required by the Treasurer of State to implement the investment policy.

SECTION 4. It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all 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 § 121.22 of the Ohio Revised Code.

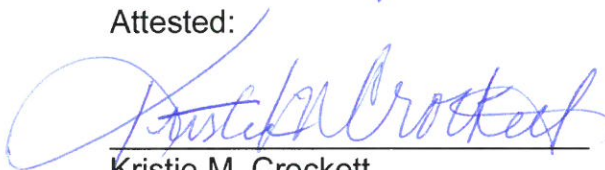
SECTION 5. This Ordinance is hereby declared to be an emergency measure for the immediate preservation of the peace, health, safety and welfare of the inhabitants of the Village of Madison, and for the further reason that immediate passage is necessary to ensure compliance with State law and the orderly administration of the Village finances, and it shall, therefore, take effect and be in full force from and upon its adoption if adopted by the affirmative vote of at least four members of Council and otherwise at the earliest time provided by Ohio law.

PASSED:


1<sup>st</sup> Reading: JULY 26, 2021

  
\_\_\_\_\_  
Mark V. Vest,  
President of Council

Attested:

 9-27-2021  
\_\_\_\_\_  
Kristie M. Crockett,  
Fiscal Officer / Clerk of Council

Approved:

  
\_\_\_\_\_  
Sam Britton Jr.,  
Mayor

9/27/2021  
\_\_\_\_\_  
Date

# Village of Madison, Ohio

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## INVESTMENT POLICY

### Policy

It is the policy of the Village of Madison, Ohio (“Village”) to invest public funds in a manner that will provide the highest investment return while preserving principal and maintaining adequate daily cash flow for the Village. Investment activities of the Village will conform to federal, state, and/or local statutes governing the investment of public funds unless otherwise noted in this investment policy.

### Scope

This policy includes all funds governed by the Village. The Fiscal Officer shall routinely monitor the contents of the Village’s investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly.

### Objectives

In order of importance, the primary objectives of the Village’s investment activities are:

- Safety – Investments of the Village shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.  
The Village will minimize this risk by limiting investments to only the safest types of securities and by diversifying the investment portfolio both in type of investment and in financial institutions.
- Liquidity – Investments of the Village shall remain sufficiently liquid to enable the Village to meet all operating requirements which might be reasonably anticipated.  
The Village will minimize this risk by structuring the portfolio so that the Village is able to meet all reasonably anticipated obligations in a timely manner.
- Return on Investment– The investment portfolio shall be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles taking into account the Village’s risk constraints and cash flow characteristics.  
The Village will minimize this risk by restricting maturities of investments and by diversifying the length of maturities within the portfolio.

Securities shall generally be held until maturity, but if prudent, the portfolio may be actively managed to enhance overall interest income or minimize loss of principal.

## **Standards of Care**

### *Prudence*

The Village hereby adopts the “prudent person rule” as the standard of prudence to be applied in the context of managing an overall portfolio. Investments shall be made with the same judgement 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 probable safety of their principal as well as probable income to be derived.

Employees meeting the prudent person standard and acting in accordance with the Village’s written procedures and this investment policy shall be relieved of personal responsibility for a specific security’s subsequent performance, provided appropriate action is taken in a timely manner to control adverse developments.

### *Delegation of Authority*

Management responsibility for the investment program is hereby granted to the Fiscal Officer, who shall be responsible for the implementation of the investment program and the establishment of investment procedures consistent with this Policy. The Fiscal Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Fiscal Officer.

### *Conflicts of Interest & Ethics*

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial investment decisions. Investment personnel shall disclose any material interests in financial institutions or firms that conduct business with the Village. They shall further disclose any personal financial/investment positions that could be related to the performance of the Village.

## **Authorized Financial Dealers & Institutions**

The Finance Department shall maintain a list of financial institutions and broker/dealers authorized to provide depository and/or investment services to the Village. No public deposit shall be made except in a qualified public depository established by Chapter 135 of the Ohio Revised Code.

The Fiscal Officer shall periodically review the financial conditions and registrations of qualified institutions and brokers/dealers. At the Fiscal Officer’s discretion, a financial institution or firm may be removed from the authorized list if the institution or firm appears to no longer offer adequate safety for public funds.

## **Investment Advisors**

The Village may retain the services of a registered investment advisor who has experience in public funds investment management. The investment advisor shall manage the Village's portfolio, or a portion thereof, and shall be responsible for the negotiation and execution of transactions that invest and reinvest applicable Village assets. All such investment transactions shall adhere to this investment policy.

Upon the request of the Fiscal Officer, the investment advisor shall attend a Village Council meeting to discuss all aspects of the Village's portfolio, including market conditions affecting the value of the Village's investments. The investment advisor shall provide periodic reports detailing the performance of the Village's investment portfolio under his direction.

Investment advisors utilized by the Village shall provide confirmation of receiving and understanding this investment policy. This confirmation must be included as part of the investment advisory contract.

## **Authorized Investments & Deposits**

### *Authorized Investments*

Village Council authorizes the Fiscal Officer to make investments of available monies from the funds of the Village in securities authorized in Ohio Revised Code Chapter 135.14 as amended. A copy of the appropriate ORC section will be kept with this policy. <http://codes.ohio.gov/orc/135.14>

### *Prohibited Investments*

Investments in stripped principal or interest obligations of eligible obligations, inverse floaters, and collateralized mortgage obligations are strictly prohibited. Additionally, the Village shall not invest in securities that could expose the Village to foreign currency risk.

## **Collateralization**

Consistent with State law, the Village requires all bank deposits to be federally insured or collateralized with eligible securities. The Village, and all public depositories, shall comply with the collateralization requirements established in Chapter 135 of the Ohio Revised Code. Failure of an institution to abide by any of the provisions in this section is cause for immediate suspension of the institution as a qualified depository for any Village funds.

## **Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements, entered into by the Village shall be conducted on a delivery-versus-payment (DVP) basis to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by an independent third-party custodian designated by the Fiscal Officer and evidenced by safekeeping receipts and a written custodial agreement.

## **Internal Control**

The Fiscal Officer shall establish a system of internal controls designed to protect Village funds from loss, theft, or misuse. The Fiscal Officer shall evaluate the cost of any control so that it does not exceed the benefits likely to be derived. Compliance with this investment policy and the established procedures shall be independently reviewed during annual audits by or on behalf of the Auditor of the State of Ohio.

## **Diversification**

The Village will diversify its investment portfolio to reduce the risk of loss resulting from over concentration of assets in a specific maturity, a specific security type, or a specific issuer or broker.

### *Maturities*

To the extent possible, the maturity of investments will be matched to anticipated cash flow needs. Unless matched to a specific cash flow requirement or debt of the Village, investments shall mature within five years from the date of purchase.

## **Performance Standards**

The investment portfolio shall be managed to consistently achieve a market rate of return throughout budgetary and economic cycles, commensurate with the Village's investment risk constraints and cash flow needs.

## **Reporting**

At least annually, the Fiscal Officer shall report to the Village Council on the current status of the Village's investment portfolio. The report shall include information about all investments including the investments' compliance with the Village's investment policy. Also, the report shall include any recommendations that the Fiscal Officer has on amendments to this investment policy.

## **Training & Education**

Consistent with Chapter 135 of the Ohio Revised Code, the Fiscal Officer shall annually complete the public investment continuing education training requirements established by the Treasurer of the State of Ohio.

**Investment Policy Adoption**

The Village’s investment policy shall be adopted by legislation of the Village Council, and any modifications must be further approved by Village Council. A copy of the approved investment policy shall be filed with the Auditor of the State of Ohio.

Any investment currently held by the Village that does not meet the guidelines of this policy shall be exempted from the requirements of this policy until the security reaches maturity or is otherwise liquidated. At that time, such monies shall be reinvested only as provided by this policy.

**Acknowledgement of Investment Policy**

Financial Institution \_\_\_\_\_

Authorized Signer \_\_\_\_\_

Date \_\_\_\_\_