



COMMON COUNCIL  
CITY OF SOUTHPORT, 137 WORMAN STREET  
SOUTHPORT, INDIANA 46227

ORDINANCE NO. 2018.08

**A SPECIAL ORDINANCE ESTABLISHING INVESTMENT POLICIES, AUTHORIZING  
INVESTMENT MATURITIES, AND IDENTIFYING DEPOSITORIES FOR CITY FUNDS**

WHEREAS, the Common Council (“Common Council”) of the City of Southport, Indiana, (the “City”), believes it to be in the best interest of the City to establish policies relative to the investment of City funds, to authorize the maximum maturity length for investments of City funds, and to designate the financial institutions authorized to hold funds of the City.

NOW THEREFORE, be it ordained by the Common Council of the City of Southport as follows:

Section 1. Purpose. The purpose of this investment policy ordinance (the “Policy”) is to set forth the investment objectives and parameters for the management of public funds of the City. This investment policy is designed to safeguard funds on behalf of the City, to assure the availability of funds when needed, and provide a competitive investment return.

Section 2. Scope.

- A. This policy applies to the investment of all funds of the City including but not limited to, the general fund, special revenue funds, debt service funds, project funds, and trust and agency funds.
- B. The City may consolidate fund balances to increase investment earnings and to increase efficiencies with regard to investment pricing, banking fees and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Section 3. General Objectives. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and return:

**A. Safety**

1. **Credit Risk** – The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in Section 6 of this Policy.
2. **Interest Rate Risk** – The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity.

**B. Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that the securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio may be placed in money market mutual funds or government investment pools which offer same day liquidity for short-term funds.

**C. Yield.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to



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the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Section 4. Standards of Care.

- A. **Delegation of Authority.** The City Clerk-Treasurer, hereinafter referred to as the Investment Officer, shall be responsible to oversee the day-to-day management of the City's investments pursuant to Indiana Code 36-5-6-6. Should the City elect to select an outside investment advisor, such advisor or firm must be registered under the Investment Advisor's Act of 1940.
- B. **Prudence.** The standard of prudence to be used by the Investment Officer shall be the "prudent person" standard and shall be applied in the context of managing all funds of the City. The "prudent person" standard states that, "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 of their capital as well as the probable income to be derived."
- C. **Ethics and Conflicts of Interest.** The Investment Officer 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 decisions. The Investment Officer and employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

Section 5. Authorized Financial Institutions and Broker/Dealers.

- A. **Authorized Financial Institutions and Broker/Dealers.** The Investment Officer is authorized to deposit, invest, and reinvest funds of the City with Old National Bank and Trust Indiana. The Investment Officer is also authorized to deposit, invest, and reinvest funds of the City with and any other depository that has been designated by the state board of finance as a depository for state deposits under IC 5-13-9.5; however, pursuant to IC 5-13-9-5(a), the authorization provided in this sentence shall expire on the date that is two years after the date this ordinance is adopted. In addition, the City will only use broker/dealers that meet the following requirements:
1. Primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule);
  2. Capital of no less than \$10,000,000;
  3. Registered as a dealer under the Securities Exchange Act of 1934;
  4. A member of the National Association of Securities Dealers (NASD);
  5. Proof of state registration.
- B. Consistent with Indiana Code 36-1-7, the City may pass a resolution to enter into interlocal cooperation agreements for the joint exercise of powers, including the investment of public funds, provided such agreements are consistent with this Policy.



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Section 6. Suitable and Authorized Investments. Consistent with Indiana Code 5-13-9, only the following investments will be permitted by this Policy:

- C. Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issues by any of the following:
  - 1. The United States Treasury.
  - 2. A federal agency.
  - 3. A federal instrumentality.
  - 4. A federal government sponsored enterprise.
- B. Securities fully guaranteed and issued by any of the following:
  - 1. A federal agency.
  - 2. A federal instrumentality.
  - 3. A federal government sponsored enterprise.
- C. Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase in accordance with IC 5-13-9.2.
- D. Money market mutual funds rated AAAM, or its equivalent, by Standard and Poor's Corporation or Aaa, or its equivalent, by Moody's Investors Service, Inc. in accordance with IC 5-13-9-2.5.
- E. Repurchase agreements in accordance with IC 5-13-9-3.
- F. Transaction accounts, certificates of deposit and deposit accounts issued or offered by a designated depository of the City's political subdivision. The investigating officer making a deposit in a certificate of deposit shall obtain quotes from each designated depository in accordance with IC 5-13-9-4.
- G. Certificates of deposit in accordance with IC 5-13-9-5 and 5-13-9-5.3.
- H. Local government investment pools in accordance with IC 5-13-9-11.

Section 7. Investment Parameters.

- A. **Maximum Maturities.** Except as provided in subsection B below, the City's investments must have a stated final maturity of not more than two years pursuant to IC 5-139-5.6. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.



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- B. Pursuant to IC 5-13-9-5.7 and subject to the prior approval of the City Council and the conditions of this subsection, the Investment Officer may make investments having a stated final maturity that is more than two (2) years but not more than five (5) years after the date of purchase. The total investments of the City with maturities of two (2) to five (5) years outstanding at the time of purchase may not exceed twenty-five (25%) of its total portfolio of public funds invested, including balances in transaction accounts. Pursuant to IC 5-13-9-5.7, this subsection shall expire on the date that is four years after the date this ordinance is adopted.
- C. **Competitive Bids.** The Investment Officer or its designee shall obtain competitive bids for investment with financial institutions in accordance with IC 5-13-9-4. The Investment Officer or its designee shall obtain bids from at least two brokers or financial institutions on all purchases of investment instruments on the secondary market. Overnight sweep investment instruments shall not be subject to this section.

Section 8. Reporting. During the annual meeting of the Board of Finance of the City, required by IC 5-13-7-6, the Investment Officer shall make a written report to the Board summarizing the City's investments during the previous calendar year. The report must contain the name of each financial institution, government agency or instrumentality, or other person with whom the political subdivision invested money during the previous calendar year. At such meeting, the Board of Finance shall review the report and review the overall investment policy of the City.

Section 9. Policy Considerations.

- A. **Exemption.** Except as otherwise provided by applicable law, any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.
- B. **Amendments.** This Policy shall be reviewed annually by the City Council and the City Board of Finance.

Section 10. This Ordinance shall be in full force and effect after its passage and approval by the Mayor of the City of Southport, Indiana, or as otherwise provided by I.C. 36-4-6-14.



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The foregoing ordinance was introduced for first reading at a public meeting of the City of Southport Common Council on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_, and was passed by the Common Council on its final reading on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_.

\_\_\_\_\_  
Mayor Russell McClure, as Presiding Officer only, pursuant  
to I.C. 36-4-6-8, 14, 15, & 17

CITY OF SOUTHPORT COUNCIL MEMBERS

FOR

AGAINST

\_\_\_\_\_  
James Cooney

\_\_\_\_\_  
James Cooney

\_\_\_\_\_  
Joseph E. Haley, Jr.

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Joseph E. Haley, Jr.

\_\_\_\_\_  
Shara Hostetler

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Shara Hostetler

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Larry L Tunget

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Larry L Tunget

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Kenny Winslow

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Kenny Winslow

ATTEST:

\_\_\_\_\_  
Diana S. Bossingham, Clerk-Treasurer

Pursuant to I.C. 36-4-6-15, the foregoing attached Ordinance has been presented by me to the Mayor of the City of Southport, Indiana on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_.

\_\_\_\_\_  
Diana S. Bossingham, Clerk-Treasurer

Pursuant to I.C. 36-4-6-16, is hereby signed and approved by me, Russell McClure, as Mayor of the City of Southport, Indiana on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_.

\_\_\_\_\_  
Russell McClure, Mayor