

**City of South Bend  
Administration & Finance Policy Manual**



**2.8 Investment Policy**

**Effective: January 1, 2010**

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**Purpose:** This policy defines the cash investment policy of the City of South Bend.

**Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend. This policy shall be in accordance with the terms and limitations of I.C. 5-13-9, Deposit and Investment Powers, as amended from time to time.

**Responsibility:** This policy is the responsibility of the Board of Finance of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Board of Finance.

**Effective Date:** This policy is effective upon approval and execution of the Board of Finance. The Board of Finance will review this policy on an annual basis coincident with the Annual Meeting of the Board of Finance, held after the 1<sup>st</sup> Monday in January and before January 31<sup>st</sup>.

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**1.0 Policy Statement**

The City of South Bend, Indiana shall make all investments, in both Deposit and Investment Accounts, in accordance with the terms and limitations of IC 5-13-9, Deposit and Investment Powers, as amended from time to time.

**2.0 Deposit and Investment Options**

Eligible deposit accounts mean any of the following:

1. Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts
2. Passbook savings accounts
3. Certificates of Deposit
4. Money market deposit accounts
5. Any interest-bearing account that is authorized and offered by a financial institution in the course of its respective business

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**3.0 Eligible Investment Products:**

Each investment officer may invest or reinvest any funds that are held by the officer and available for investment in any of the following (IC 5-13-9):

- 3.1 Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
1. The United States Treasury
  2. A federal agency
  3. A federal instrumentality
  4. A federal government sponsored enterprise
- 3.2 Discount notes issued by any of the following:
1. A federal agency
  2. A federal instrumentality
  3. A federal government sponsored enterprise
- 3.3 An investment officer shall annually obtain the approval of the Common Council before making investments in the following:
1. Money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended. The portfolio of this type must be limited to the following:
    - A. Direct obligations of the United States
    - B. Obligations issued by any of the following:
      - a. A federal agency
      - b. A federal instrumentality
      - c. A federal government sponsored enterprise
    - C. Repurchase agreements fully collateralized by obligations described in both A and B above.
  2. The money market mutual fund must be rated as one of the following:
    - A. AAAm, or its equivalent, by Standard and Poor's Corporation
    - B. Aaa, or its equivalent, by Moody's Investors Service, Inc.
- 3.4 The investment is considered to have a stated final maturity of one day, and shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5.

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**4.0 Terms of Repurchase Agreements**

Each investment officer may enter into, with any funds that are held by the officer and available for investment, repurchase agreements with depositories designated by the State Board of Finance as depositories under IC 5-13-9.5; and involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations;

- A. issued; or
- B. fully insured or guaranteed by the United States, a United States Government Agency, an instrumentality of the United States, or a federal government sponsored enterprise.

The depository shall determine daily that the amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by their current market value. The collateral is not subject to the two-year maturity limitation.

Repurchase agreements may be entered into for a fixed term or arranged on an open or continuing basis as a continuing contract that:

- 1. operates like a series of overnight repurchase agreements (may be referred to as overnight sweep products),
- 2. is renewed each day with the repurchase rate and the amount of funds invested determined daily; and
- 3. for this purpose is considered to have a final maturity of one day.

**5.0 Investment in Other Securities**

Each investing officer may invest or reinvest in obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Redevelopment or the African Development Bank (IC 5-13-9.3.3)

**6.0 Inter-local Cooperation Agreement**

IC 36-1-7-1 authorizes and permits local units of government to enter into inter-local cooperation agreements, and thus to exercise a power jointly pursuant to a written agreement authorized by ordinance or resolution. MBIA provides through Invest Indiana, such an inter-local agreement. The investments of the joint structure are limited to all investments authorized by IC 5-13.