

INVESTMENT POLICY

This Investment Policy applies to all financial assets of the Board, including any State and federal funds that it holds. The Chief Financial Officer is the investment officer for the Board, responsible for the purchase and sale of investments, and the carrying out of this Investment Policy. The Chief Financial Officer shall routinely monitor the contents of the Board's investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly. The Chief Financial Officer shall make investments on behalf of the Board 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.

The Chief Financial Officer is responsible for the safekeeping of all documents evidencing a deposit or investment acquired under this policy.

Classification of Monies Held by the Board

The Ohio Revised Code requires the classification of monies held by the Board into three categories:

1. **Active Deposits**

A public deposit necessary to meet current demands on the District's treasury. Such monies shall only be deposited in accounts permitted by Ohio law.

2. **Interim Deposits**

Public moneys in the treasury of the District or any subdivision after the award of inactive deposits has been made in accordance with section 135.07 of the Revised Code, which moneys are in excess of the aggregate amount of the inactive deposits as estimated by the Board prior to the period of designation and which the Chief Financial Officer or Board finds should not be deposited as active or inactive deposits for the reason that such moneys will not be needed for immediate use but will be needed before the end of the period of designation.

3. **Inactive Deposits**

A public deposit other than an interim deposit or active deposit.

Objectives

The primary objectives, in order of priority, of the Board’s investment activities shall be:

1. Safety

Investments of the Board shall be undertaken in a safe manner that seeks to ensure the preservation of capital in the overall portfolio. “Safety” is defined as the certainty of receiving the full par value plus accrued interest upon final maturity of the security. At no time shall the safety of the portfolio’s principal investment be impaired or jeopardized. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity

The Board’s investment portfolio shall remain sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated, while avoiding unreasonable and avoidable risks. Portfolio liquidity is defined as the ability to sell a security on short notice at or near the par value of the security.

3. Yield

The Board’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account this Investment Policy, the various investment vehicles available to the Board and the cash flow characteristics of the portfolio.

Authorized Financial Dealers and Institutions

1. All investments, except for investments in securities described in Paragraphs 5 and 6 under “Authorized Investments,” shall be made only through a member of the financial industry regulatory authority (“FINRA”), or be associated with a bank, savings bank, or savings and loan association regulated by the Superintendent of Financial Institutions, the Comptroller of Currency, the Federal Deposit Insurance Corporation, or the Board of Governors of the Federal Reserve System.
2. All entities conducting investment business with the Chief Financial Officer shall sign this investment policy. All brokers, dealers, and financial institutions described in O.R.C. §135.14(M) initiating transactions with the Chief Financial Officer by giving advice or making investment recommendations shall sign this investment policy acknowledging their agreement to abide by the policy’s

contents. All such brokers, dealers, and financial institutions executing transactions initiated by the Chief Financial Officer, having read the policy's contents, shall sign the investment policy thereby acknowledging their comprehension and receipt.

Retaining an Investment Advisor

In making investments authorized by this Policy and Ohio law, the Board may retain the services of (1) an investment advisor licensed by the Division of Securities under O.R.C. §1707.141 or registered with the Securities and Exchange Commission, and who possesses experience in public funds investment management, specifically in the area of state and local government investment portfolios; or (2) an eligible institution under O.R.C. §135.03.

Ethics Standards

All participants in the investment process shall act responsibly as custodians of the public trust, and avoid any transactions that might impair public confidence in the Board. Persons involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, impair their ability to make impartial investment decisions, or which is otherwise prohibited by law. Employees and investment consultants shall disclose to the Board any material financial interests they may have in financial institutions that conduct business within the District and any large personal financial or investment positions that could be related to, or affected by, the performance of the Board's portfolio. All employees, officers and investment consultants to the Board shall subordinate their personal investment transactions to those of the Board, particularly with regard to the timing of purchases and sales.

Authorized Investments

- A. The Chief Financial Officer may invest any part or all of its interim monies in any of the following types of securities:
 1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
 2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Association, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

3. Interim deposits in duly authorized depositories of the Board, provided those deposits are properly insured or collateralized as required by law.
4. Bonds and other obligations of the State of Ohio, or the political subdivisions of this state, provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:
 - (a) The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.
 - (b) The bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer.
 - (c) The aggregate value of the bonds or other obligations does not exceed twenty percent of interim moneys available for investment at the time of purchase.
 - (d) The treasurer or governing board is not the sole purchaser of the bonds or other obligations at original issuance.

No investment shall be made under this policy unless the treasurer has completed additional training for making them. The type and amount of additional training shall be approved by the treasurer of state and may be conducted by or provided under the supervision of the treasurer of state.

5. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of securities described in paragraphs 1 and 2 of this Section and repurchase agreements secured by such obligations, provided all such investments under this paragraph shall be made with a bank or savings and loan association eligible to be a depository for public funds of Ohio subdivisions, and provided further that any such funds meet the requirements of Chapter 135 of the Revised Code, including that such funds not include any investment in a derivative.
6. Ohio's Subdivision Fund.
7. Written repurchase agreements with any eligible institution or dealer, by which the Chief Financial Officer agrees to purchase, and the institution or dealer agrees unconditionally to repurchase, any security listed in paragraphs 1 through 5

above, except certain letters of credit described in O.R.C. §135.18(B)(2). Such written repurchase agreements shall not exceed thirty (30) days, and the market value of securities subject to a written repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily. Institutions and dealers participating in such agreements must provide the Chief Financial Officer with the information set forth in O.R.C. §135.14(E).

B. In addition to the investments authorized above, the Chief Financial Officer may invest interim moneys in certificates of deposit in accordance with all of the following:

1. The interim moneys initially are deposited with an eligible public depository described in O.R.C. §135.03 and designated by the Board as a public depository for interim moneys.
2. The eligible public depository invests the interim moneys in certificates of deposit of one or more federally insured banks, savings banks, or savings and loan associations. The full amount of principal and accrued interest shall be insured by federal deposit insurance.
3. The public depository acts as custodian of the certificates of deposit.
4. In the event of a redeposit as authorized by law, on the same date the public moneys are redeposited by the public depository, the public depository may, in its sole discretion, choose whether to receive deposits, in any amount, from other banks, savings banks, or savings and loan associations.
5. The public depository provides to the Chief Financial Officer a monthly account statement that includes the amount of its funds deposited and held at each bank, savings bank, or savings and loan association for which the public depository acts as custodian.

C. In addition to the above, the Chief Financial Officer, upon the deposit of interim moneys with, or the award of active or inactive deposits to, an eligible public depository described in O.R.C. §135.03 and designated by the Board as a public depository, may authorize the public depository to arrange for the deposit of public moneys in accordance with the following conditions:

1. The public depository, on or after the date the public moneys are received, arranges for the redeposit of the moneys into deposit accounts in one or more federally insured banks, savings banks, or savings and loan associations that are located in the United States, and acts as custodian of the moneys deposited or redeposited under this section.

2. If the amount of the public moneys deposited with and held at the close of business by the public depository exceeds the amount insured by the federal deposit insurance corporation, the excess amount is subject to the pledging requirements described in O.R.C. §135.18 or §135.181.
 3. The full amount of the public moneys redeposited by the public depository into deposit accounts in banks, savings and loan associations, plus any accrued interest, is insured by the federal deposit insurance corporation.
 4. On the same date the public moneys are redeposited by the public depository, the public depository may, in its sole discretion, choose whether to receive deposits, in any amount, from other banks, savings banks, or savings and loan associations.
 5. The public depository provides to the Chief Financial Officer an account statement at least monthly and access to daily reporting that include the amount of its funds deposited and held at each bank, savings bank, or savings and loan association for which the public depository acts as a custodian pursuant to this section.
- D. In addition to the investments authorized above, the Board, by a two-thirds vote of its members, may authorize the Chief Financial Officer to invest up to forty percent of the interim moneys of the Board, available for investment at any one time, in either of the following:
1. Commercial paper notes issued by any entity that is defined in O.R.C. §1705.01(D) and has assets exceeding five hundred million dollars, and to which notes all of the following apply:
 - a. The notes are rated at the time of purchase in the highest classification established by at least two nationally-recognized standard rating services;
 - b. The aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation;
 - c. The notes mature no later than two hundred seventy days after purchase.
 - d. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.
 2. Bankers' acceptances of banks that are members of the federal deposit insurance corporation and that mature no later than one hundred eighty days after purchase.

3. Other investments authorized in Chapter 135 of the Ohio Revised Code.

The Board shall not authorize such an investment unless the Chief Financial Officer has completed additional training for making this type of investment. The type and amount of such training shall be approved and may be conducted by or provided under the supervision of the auditor of state.

The Chief Financial Officer shall prepare annually and submit to the Board, the superintendent of public instruction, and the auditor of state, on or before the thirty-first day of August, a report listing each investment made pursuant to this provision during the preceding fiscal year. The report shall include the income earned from such investments, fees and commissions paid, and any other information required by the Board, the superintendent, and the auditor of state.

Maximum Maturities

To the extent possible, the Board will attempt to match its investments with anticipated cash flow requirements. No investment shall be made unless the Chief Financial Officer, at the time of making the investment, reasonably expects it can be held to its maturity. Except as set forth in paragraph 7 above, any interim deposit investment made must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

Safekeeping and Custody

Any securities may be deposited for safekeeping with a qualified trustee defined in O.R.C. §135.18, except the delivery of securities acquired under any repurchase agreement under this policy shall be made to a qualified trustee, provided, however, that the qualified trustee shall be required to report to the Chief Financial Officer, Board, auditor of state, or an authorized outside auditor at any time upon request as to the identity, market value, and location of the document evidencing each security, and that if the participating institution is a designated depository of the subdivision for the current period of designation, the securities that are the subject of the repurchase agreement may be delivered to the Chief Financial Officer or held in trust by the participating institution on behalf of the subdivision. Interest earned on any investments of deposits authorized by this section shall be collected by the Chief Financial Officer and credited by the Chief Financial Officer to the proper fund of the subdivision.

Prohibited Investment Practices

In addition to any other prohibitions in the Revised Code, the Board shall not:

1. Contract to sell securities that have not yet been acquired on the speculation that prices will decline;
2. Make any investment in “derivatives” as defined in O.R.C. §135.14(C);
3. Invest in a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either: (a) STAROhio, or (b) a fund created solely for the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under O.R.C. §715.02 or Section 4 of Article XVIII of the Ohio Constitution;
4. Enter into reverse repurchase agreements;
5. Issue taxable notes for the purchase of arbitrage;
6. Leverage current investments as collateral to purchase other assets;
7. Invest in stripped principal or interest obligations of otherwise eligible obligations; or,
8. Invest in any security that the Chief Financial Officer, at the time of making the investment, does not reasonably think can be held until its maturity.

Education

The Chief Financial Officer shall participate in any beginning and/or continuing education training programs sponsored by the State Treasurer or the State Auditor in which the Chief Financial Officer is required to participate pursuant to O.R.C. §§117.44, 135.22 and 733.27. Through the Chief Financial Officer’s participation in those programs, the Chief Financial Officer shall develop an enhanced background and working knowledge in investment, case management, and ethics.

Internal Controls

The Chief Financial Officer shall develop and maintain procedures of the operation of the District’s investment program in accordance with this Investment Policy. These procedures shall be designed to prevent loss of the District’s funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

Reporting

The Chief Financial Officer shall maintain a current inventory of all investments including, but not limited to:

1. Description of each security;
2. Cost;
3. Par value;
4. Expected market value, or if available, current market value;
5. Beginning, maturity and settlement dates;
6. Rates.

The Chief Financial Officer shall also prepare and distribute monthly a list of all investments, including all of the above described information and a report on investment activity and returns as required by law.

Non-Binding Arbitration

The Chief Financial Officer may enter into a written investment or deposit agreement that includes a provision under which the parties agree to submit to nonbinding arbitration (but not binding arbitration) to settle any controversy that may arise out of that agreement so long as such provision meets the requirements of the Revised Code and is specifically approved by the Board.

The arbitration provision shall be set forth entirely in the agreement, and the agreement shall include a conspicuous notice to the parties that any party to the arbitration may apply to the court of common pleas of the county in which the arbitration was held for an order to vacate, modify, or correct the award. Any such party may also apply to the court for an order to change venue to a court of common pleas located more than one hundred miles from the county in which the Chief Financial Officer or government board is located.

Investment Policy Adoption

This Investment Policy shall be filed in the office of the Auditor of State.

LEGAL REFS. O.R.C. §§135.14; 135.142; 135.144; 135.145

Adopted: April 12, 2016

CERTIFICATION OF READING, UNDERSTANDING AND ACCEPTANCE

The undersigned, _____, hereby certifies that it has read, understands and will accept and abide by this Investment Policy and the relevant provisions of the Revised Code in its dealings with the Board, that it understands that binding arbitration provisions are not permitted and that any nonbinding arbitration provisions governing its relationship with the Board must be expressly approved by the Board, and that the officer signing this Certification is authorized to do so on behalf of the undersigned.

By: _____

Title: _____

Date: _____, 20____.