
(A) **Purpose.** To provide a framework for the prudent management of all public funds and to invest public funds in a manner that will provide the highest investment return with the maximum security, safety and preservation of principal while meeting the daily cash flow demands of the college, in accordance with all applicable statutes governing the investment of public funds.

(B) **Authority.** The authority to conduct the purchase and sale of investments is limited to the college's president, treasurer, and deputy treasurers. These individuals will adhere to this stated policy, Sections 3358.06 and 3345.05 of the Ohio Revised Code, and all other applicable provisions of the Ohio Revised Code.

(C) **Scope**. The scope of this investment policy applies to all financial assets of the college, including state and federal funds held by it, to the extent allowable by state or federal guidelines. The treasurer and/or staff shall routinely monitor the contents of the college's investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly.

(D) **Standard of Prudence**. The standard of prudence to be applied by the treasurer shall be the industry-standard "Prudent Person Rule," which states: "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."

Acting in accordance with this investment policy or any other written procedures pertaining to the administration and management of the college's investment portfolio and exercising due diligence shall relieve the treasurer of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the board of trustees in a timely fashion and appropriate action is taken to control adverse development.

(E) **Objectives.** The primary objectives, in priority order, of the college's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the college shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

2. **Diversification:** Diversification of assets and maturities is required in order to avoid potential losses on individual securities that may exceed the income generated from the remainder of the portfolio.

3. **Liquidity**: The college's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements, which might be reasonably anticipated.

4. **Return on Investment:** The college'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 and the cash flow characteristics of the portfolio. Performance benchmarks may be assigned to the college's portfolio, based upon asset characteristics and maturity parameters.

5. **Investment Transactions:** Investment advisors shall execute transactions on a best price and execution basis within the context of changing market conditions.

(F) **Ethics and Conflict of Interest.** Designated college employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the college investment program, or which could impair the ability to make impartial investment decisions. Members of the investment committee and investment advisors shall disclose to the college any material financial interest in financial institutions and any large personal financial or investment positions that could be related to, or affected by, the performance of the college's portfolio. All employees, officers and investment consultants to the college shall subordinate their personal investment transactions to those of the college, particularly with regard to the timing of purchases and sales.

(G) **Authorized Financial Dealers and Institutions.** All financial institutions, brokers/dealers, investment advisors, and consultants, that desire to conduct investment business with the college, must sign the investment policy certifying they have read it, understand it, and agree to abide by its contents.

(H) **Authorized Investments.** At least 25% of the average amount of the investment portfolio over the course of the previous fiscal year shall be invested only in:

1. Securities of the United States Government, including U.S. Treasury Bills, Notes, and Bonds; various federal agency securities including issues of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), and other agencies or instrumentalities of the United States. Eligible investments include securities

that may be “called” prior to the final maturity date. Any eligible investment may be purchased at a premium or a discount.

2. Bankers’ acceptances, maturing in 270 days or less, which are eligible for purchase by the Federal Reserve System, as a reserve, provided that such issuers have a minimum long term debt rating of “A,” or the equivalent by at least two nationally recognized rating agencies.

3. Certificates of deposit of any national bank located in this state.

4. No-Load Money Market Mutual Funds, rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined under Chapters 3358.06 and 3345.05 of the Ohio Revised Code (ORC). Eligible Money Market Funds shall comply with 135.01 ORC, regarding limitations and restrictions.

5. Written repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank. Eligible repurchase collateral is restricted to securities listed in Division (B) (1) or (B) (2) as defined under 135.14 of the Ohio Revised Code. The market value of securities subject to a repurchase agreement must exceed the principal value of the repurchase amount by at least 2% prior to the execution of any repurchase transaction;

6. The state treasurer’s pooled investment (STAR Ohio), pursuant to Ohio Revised Code 135.45 or any other investment program offered or endorsed by the Treasurer of the State of Ohio.

7. Bonds and other obligations of the State of Ohio or its political subdivisions.

(I) Authorized investments for the balance of the investment portfolio not defined in Section (H) above may include any or all of the investment instruments listed in Section (H), and may also include

1. **Federal Agency Mortgage-Backed Securities** of any U.S. Federal Government Agency, instrumentality or government sponsored enterprise.

2. **Commercial Paper** notes issued by an entity that has assets exceeding $500 million, are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services, the aggregate value of which does not exceed 10% of the aggregate commercial paper of the issuing

corporation, and that mature not later than 270 days after the date of their purchase.

3. **Corporate Obligations** issued by corporations that are incorporated under the laws of the united states and that are operating within the united states, or by depository institutions that are doing business under authority granted by the united states or any state and that are operating within the united states, provided that the notes are rated a or the equivalent, at the time of purchase, by a nationally recognized standard rating service.

4. **Repurchase Agreements** not exceeding 30 days as to which (i) a master repurchase agreement is executed with an eligible counterparty, (ii) the counterparty is a primary government securities dealer, (iii) each transaction is settled on a “delivery vs. payment” basis, with the securities that are the subject of the repurchase agreement delivered to and held by a third party custodian acceptable to the treasurer, (iv) the counterparty is obligated to maintain the value of the securities that are subject to the repurchase agreement in an amount not less than 102% of the principal value of the repurchase obligation or such greater amount as may be required to be maintained from time to time, and (v) the securities that are the subject of the repurchase agreement are marked-to-market daily for the purpose of determining satisfaction of the requirement of clause (iv) of this paragraph. A percentage higher than 102% will be required based upon the quality and final maturity of collateral.

5. **Securities Lending Agreements** with any national bank, any bank doing business under authority granted by the superintendent of financial institutions, or any bank doing business under authority granted by the regulatory authority of another state of the United States, located in this state, that is a member of the Federal Reserve System or Federal Home Loan Bank or with any recognized United States Government Securities under the terms of which agreements the investing authority lends securities and the eligible institution or dealer agrees to simultaneously exchange similar securities or cash, equal value for equal value.

6. **Bonds and Other Obligations of any State of the United States, and Obligations or Debt Issuances of any Political Subdivision of any State of the United States.** All such debt issuances will have a minimum long-term credit rating in one of the three highest categories by a nationally recognized rating agency, at the time of purchase. The ratings categories may include numeric or mathematical symbols.

(J) **Bond/Note Proceeds.** Proceeds from the issuance of debt constitute the bond funds portion of the college's portfolio. Balances in the bond funds will be aligned with the college's capital expenditure patterns for such proceeds. Monies held in the bond funds shall be invested in authorized investments outlined in Section (H).

(K) **Prohibited Investments and Investment Practices**. In addition to any other prohibitions in the OHIO Revised Code, the college shall not:

1. Contract to sell securities that have not yet been acquired on the speculation that prices will decline;
2. Invest in a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is STAR Ohio or any other investment program offered or endorsed by the State Treasurer of Ohio.
3. Enter into reverse repurchase agreements;
4. Leverage current investments as collateral to purchase other assets.

(L) **Investment Committee/Investment Advisor(s).** An investment committee shall be established and shall consist of at least the college's treasurer and its deputy treasurers. The treasurer shall report to the board on the college's investments.

The college shall retain the services of investment advisor(s), experienced in the management and investment of public funds, to manage the college's portfolio(s) and to advise the investment committee. Such investment advisor(s) shall be authorized by the president to manage the investment funds, which includes the selection of eligible investment assets as defined under Chapters 3358.06 and 3345.05 of the Ohio Revised Code, the execution of investment transactions, and the selection of brokers/dealers that meet standards pursuant to Ohio Revised Code 135.14 (M)(1).

(M) Maximum maturities are specified under each eligible investment category.

(N) **Safekeeping and Custody**. All investment transactions, including collateral to secure repurchase agreements, shall be conducted on a delivery-versus-payment basis. Investment assets including collateral to secure repurchase agreements will be held by a third-party custodian designated by the president. Collateral to secure repurchase agreements and certificates of deposit will only be released by the college after verification that the principal and interest have been credited to the college's account.

All deposits of the college, in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC), shall be secured by pledged collateral. The amount of excess market value shall be determined by the college or shall be at least 105% of total public deposits held for those designated public depositories pledging pooled collateral in accordance with ORC 135.181. Negotiable certificates of deposit are eligible investments provided that such certificates of deposit are purchased in denominations that would permit full coverage [by the FDIC] of both principal and interest.

Any financial institution holding deposits of the college may be required to pledge specific collateral and to deliver such collateral to a third-party trustee evidenced by a document from such trustee that collateral has been specifically pledged to the college. The procedure for substituting collateral shall be determined by the president.

Under no circumstance will investment assets be held in safekeeping by broker/dealer firms.

(O) **Internal Controls**. The college shall maintain an inventory of all portfolio assets. A description of each security will include security type, issue/issuer, cost (original purchase cost or current book value), par value (maturity value), maturity date, settlement date (delivery versus payment date of purchased or sold securities), and any coupon (interest) rate. The investment report will also include a record of all security purchases and sales. An investment report shall be issued each month, detailing the inventory of all securities, all investment transactions, any income received (maturities, interest payments, and sales), and any expenses paid. The report will also include the purchase yield of each security, the average-weighted yield, average-weighted maturity of the portfolio and the market value of each asset.

(P) S**ale of Securities Prior to Maturity**. Portfolio securities may be sold prior to maturity under the following conditions:

1. To meet additional liquidity needs.
2. To purchase another security or securities in order to increase yield or current income.
3. To purchase another security or securities in order to lengthen or shorten the average duration of the portfolio, for purposes of enhancing overall performance of the portfolio during periods of increasing or declining interest rates.
4. To realize any capital gains and/or income.

5. To change the asset allocation.

(Q) **Continuing Education.** The college's treasurer and controller/deputy treasurer shall participate annually in beginning and/or continuing education training programs to develop, maintain and enhance background and working knowledge in investment, cash management, and ethics.

clh: Approved by the Board of Trustees: November 21, 2013

Last Effective Dates: April 30, 2008; August 1, 2004