

RUSSELL TOWNSHIP INVESTMENT POLICY

- 1) Purpose.** The purpose of this policy is to ensure that **all** public funds are prudently managed in accordance with the stated fundamental investment principles of Russell Township, Geauga County, Ohio. The Fiscal Officer, Board of Trustees, and all Township staff shall adhere to this policy, O.R.C. Chapter 135, and all other applicable laws and regulations at all times. This policy has been approved and adopted by the Board of Trustees, and a copy has been filed with the Auditor of State as required by law.
- 2) Fundamental Investment Principles.** The Fiscal Officer, Trustees, and all other persons who are responsible for investing public funds have responsibilities to the Township and the taxpayers for the proper stewardship of public funds. Such persons shall follow the "prudent person" standard. The prudent person standard requires the Fiscal Officer, Board of Trustees, and other persons responsible for investing funds to (1) exercise care, skill, and experience that a prudent investor would use to manage his or her personal financial affairs, and (2) ensure preservation of principal while maximizing income and growth and minimizing risk.
- 3) Investment Objectives.**

 - a) Principal Preservation.** The Township's primary investment objective is preservation of principal. To meet this objective, portfolio diversification shall be established and maintained to ensure that losses in individual security values do not exceed the income generated by the remainder of the portfolio. It is recognized that occasional measured losses, though undesirable, are inevitable, and such possibility shall be considered in evaluating diversification decisions and investment strategy.
 - b) Asset Liquidity.** The Township's second investment objective is maintenance of liquidity of assets. Once cash flow requirements have been determined, maturity date selection shall be determined by market conditions and interest rate forecasts.
 - c) Income Maximization.** Income maximization is the Township's third investment objective. To accomplish this objective, the investment portfolio shall be managed with the goals of producing income returns that equal or exceed the market's average rate of return for allowable securities. High financial risk is unacceptable.
 - d) Cost Minimization.** The Township's fourth objective is to minimize transaction costs. To meet this objective, relationships with securities dealers, investment bankers, and other entities providing investment services shall be carefully managed to secure high quality services while simultaneously minimizing costs.

4) Personal Conduct and Qualifications.

- a) **Standards of Conduct.** The Fiscal Officer, The Board of Trustees, and the Township staff must be aware of the nature of their responsibility for investing public funds under their control.

The Fiscal Officer, the Board of Trustees, and the Township staff are prohibited from taking direct or indirect interests in any of the investments made by the Fiscal Officer, and from receiving payments, bonuses, or other compensation for investment services in excess of their designated Township compensation.

The Fiscal Officer, the Board of Trustees, and the Township staff are prohibited from dealing with any banker, broker, dealer, securities dealer, or other person or entity that has any business or financial relationship (direct or indirect) to any Trustee, the Fiscal Officer, or any member of the Township staff with the ability to participate in investment decisions. This is to ensure that any potential conflicts of interest are eliminated.

- b) **Continuing Education.** The Fiscal Officer or a designee thereof will annually complete continuing education programs relating to investment of public funds provided by the Treasurer of State and/or the Auditor of State.

- 5) **Transactions.** A copy of this policy shall be provided to all bankers, brokers, dealers, securities dealers, and other persons and entities who are involved with the investment of public monies. Other interested parties may receive a copy of this policy upon request. No banker, broker, dealer, securities dealer, or other person and entity shall provide services to the Township without first having reviewed, signed, and agreed to abide by the terms and conditions of this policy.

While every effort will be made to obtain appropriate discounts, entities with which the Township elects to engage for purposes of investment of public monies shall be selected to achieve the best possible transaction executions. The fact that an entity provides statistical and market information and services shall be considered in the selection process. All entities selected shall be authorized to do business within the State of Ohio and have all required licenses and be in good standing with all government and regulatory bodies which have the authority to regulate the activities of such entity. A periodic review of the entity's capital and disciplinary standing shall be conducted, and necessary changes in the list of approved entities will be approved by the Fiscal Officer.

All securities orders shall be placed according to accepted investment practices. All receipts confirming securities transactions will include the trade date, par value, maturity, interest rate, price, yield, settlement date, description of securities provided, entity, amount due, and third-party custodial information where applicable. Confirmation receipts shall be received within seven business days after the trade, and payment for investments shall only be made upon receipt of securities.

Certificates of Deposit shall be purchased pursuant to Ohio Revised Code Chapter 135.

6) Authorized Investments. The following investment constitute appropriate investments:

- a) **Star Ohio.** The State Treasurer Access Reserve of Ohio (STAR Ohio); and
- b) **Other.** Other investments as permitted under the Ohio Revised Code Chapter 135.

7) Prohibited Investments. Any investments other than an authorized investment under the foregoing paragraph 6 shall be a prohibited investment.

8) Collateralization of Deposits. All deposits of public funds shall be collateralized pursuant to O.R.C. 135.18 and 135.181.

9) Reporting. The Fiscal Officer shall maintain a ledger of all purchases and sales and an inventory of all investments acquired. The inventory shall include a description of each investment, including its type, cost, par value, maturity date, settlements date, and coupon rate, where applicable. This record shall be presented as part of the monthly bank reconciliation to the Board of Trustees for review and approval.

10) Acceptance. We, the undersigned, wish to do business with Russell Township. We have reviewed this Investment Policy and, to the extent applicable to the undersigned, agree to abide by its terms and conditions.

By: _____ signature
_____ print name
_____ title, date
_____ institution