

LIBERTY TOWNSHIP INVESTMENT AND DEPOSITORY POLICY

Adopted as of September 16, 1996

SCOPE This Policy is designed to cover all monies under the control of the Board of Trustees of Liberty Township. Notwithstanding the policies detailed below, Chapter 135 of the Ohio Revised Code will be adhered to at all times.

- I. **Objectives and Guidelines.** The following investment objectives will be applied in the management of the township's funds:
- A. The primary objective shall be the preservation of capital and protection of principal while earning investment interest.
 - B. In investing public funds, the Clerk-Treasurer will strive to achieve a fair and safe average rate of return on the investment portfolio over the course of budgetary and economic cycles taking into account state law, safety considerations and cash flow requirements.
 - C. The investment portfolio shall remain sufficiently liquid to enable the Clerk-Treasurer to meet reasonable anticipated operating requirements.
 - D. The investments portfolio should be diversified in order to avoid incurring potential losses regarding individual securities which may not be held to maturity, whether by erosion of market value or change in market conditions.
 - E. Investments shall be made with the exercise of that degree of 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.
 - F. Bank account relationships will be managed in order to secure adequate services while minimizing costs. Deposits should be concentrated in single accounts except where audit control considerations dictate otherwise.
- II. **Authorized Financial Institutions and Dealers.** U.S. Treasury and Agency securities purchased outright shall be purchased only through financial institutions located within the State of Ohio or through "primary securities dealers" as designated by the Federal Reserve Board.
- Repurchase Agreements shall be transacted only through banks located within the State of Ohio with which the Clerk-Treasurer has signed a Master Repurchase Agreement as required in O.R.C., Chapter 135.
- Certificates of Deposit shall be transacted through commercial banks or savings and loans with FDIC or FSLIC coverage which are located within the State of Ohio and qualify as eligible financial institutions under O.R.C., Chapter 135.
- A list of authorized institutions and dealers shall be maintained with the investing authority. Additions and deletions to this list shall be made when deemed in the best interest of the investing authority.
- III. **Maturity.** To the extent possible, the Clerk-Treasurer will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase.

IV. **Derivatives.** Investments in derivatives and in stripped principal or interest obligations of eligible obligations are strictly prohibited. A derivative means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Additionally, any security, obligation, trust account or instrument that is created from an obligation of a federal agency or instrumentality or is created from both is considered a derivative instrument.

V. **Allowable Investments.** The Clerk-Treasurer may invest in any instrument or security authorized in O.R.C. Chapter 135 as amended. A copy of the appropriate O.R.C. section will be kept with this policy.

VI. **Collateral.** All deposits shall be collateralized pursuant to O.R.C. Chapter 135.

VII. **Reporting.** The investing authority shall establish and maintain an inventory of all obligations and securities acquired by the investing authority. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupon rate. The investing authority shall produce a monthly portfolio report detailing the current inventory of all obligations and securities, and all transactions during the month, income received and investment expenses paid, and the names of any persons effecting transactions on behalf of the investment authority.

Pursuant to O.R.C. Chapter 135, all brokers, dealers, and financial institutions initiating transactions with the investment authority by giving advice or making investment policy, or executing transactions initiated by the investment authority, must acknowledge their agreement to abide by the investment policy's content.

The Institution below by signing submits that it has read and acknowledges the investment policy, and agrees to abide by its content.

<u>Seasongood Asset Management</u>	
Name of Institution	
<u>Ryan K. Nelson</u>	
Authorized Officer	
<u>12/6/01</u>	
Date	