



**Brad Cromes**  
**Portage County Treasurer**

## **Portage County Investment Policy**

### **I. Introduction and Purpose**

The purpose of this investment policy is to establish priorities, procedures and guidelines for the investment of public monies under the control of the Portage County Treasurer's Office.

### **II. Rule of Law, Standard of Prudence, Adoption and Revision**

The procedures and guidelines contained in this policy are based upon and governed by applicable provisions of Ohio Revised Code ("ORC"), including Chapter 135.

This policy is designed to ensure the prudent management of public funds. As such, investments will be made utilizing the "prudent person rule," or "with the judgment and care, under the circumstances prevailing at the time investments are made, 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 the capital as well as the expected income to be derived."

This policy has been adopted by the Portage County Investment Advisory Committee ("Committee") at the recommendation of the Treasurer ("Investing Authority"), and may only be revised or replaced by a majority vote of the Committee.

### **III. Ethics**

The Portage County Treasurer and Investment Advisory Committee recognize the responsibility the Treasurer's staff has in administering the County's investment assets. Integrity in the process must be maintained at all times.

In the exercise of county investment authority, all persons responsible for investment of county funds shall owe a fiduciary duty to the taxpayers of Portage County.

Members of the Investment Advisory Committee, the Treasurer, and deputies engaged in investment activities shall refrain from personal business activity tending to conflict with proper execution of the County's investment program, or which may impair that person's ability to make impartial investment decisions. The aforementioned parties may not have direct or indirect personal interest in gains or profits from any investments made on behalf of the Portage County Treasury, and may not receive pay or emolument for services other than designed compensation and authorized expenses.

All persons responsible for investment decisions in Portage County shall be governed in their personal investment activity by the codes of conduct established by the ORC, National Association of Securities Dealers, Securities and Exchange Commission, and the code of ethics and standards of professional conduct of the Association for Investment Management and Research.

#### IV. Investment Objectives

In order of priority, the investment objectives of Portage County are:

- 1) Compliance with state and federal law;
- 2) Safety of principal;

The investment of County funds shall be conducted in a manner that seeks to ensure the preservation of capital within the context of credit risk and market risk.

Credit risk, for purposes of this policy, shall be defined as “the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest.” Eligible investments under the ORC subject to credit risk include certificates of deposit, commercial paper, and bankers acceptances. Credit risk will be minimized by a) diversifying assets by issuer; b) insuring that required, minimum credit quality ratings exist prior to the purchase of commercial paper, bankers acceptances, and other similarly situated instruments; c) maintaining adequate collateralization as required by the ORC; and d) obtaining delivery of securities purchased subject to a repurchase agreement to the Treasurer or an appropriate custodian under the provisions of this policy.

Market risk, for purposes of this policy, shall be defined as “the risk of loss due to fluctuations in the financial marketplace, based upon changes in the general and individual levels of interest rates.” The effects of market value fluctuations will be minimized by a) maintaining adequate liquidity so that current obligations of the County may be met without selling securities prior to maturity; and b) diversifying investments as to maturity, issuer, and type.

- 3) Liquidity; and

The portfolio shall remain sufficiently liquid to meet all current obligations of the County that might reasonably be anticipated, and shall be structured so that investments mature concurrently with known cash needs.

To that end, minimum liquidity levels may be established at the discretion of the Investment Advisory Committee.

The Treasurer or an authorized designee, for ease of administration, may elect to separate the County’s total investment fund balances into a liquidity portfolio, comprised of short-term investments and/or eligible money market funds, and a core portfolio comprised of various eligible securities with longer-term maturities.

- 4) Yield.

The portfolio shall be managed to attain at least a market-average rate of return over budgetary and economic cycles, taking into account the provisions of the ORC, the requirements of this policy, and cash flow needs within the county.

For purposes of this policy, “market-average rate of return” shall be defined as the average yield of the three-month U.S. Treasury Bill. Whenever possible, and consistent with risk limitations and prudent investment management, the County shall seek to augment returns through implementation of active portfolio management strategies.

#### **V. Authorized Investments**

The Treasurer, or an authorized designee, shall be permitted to invest in any security specifically authorized by the provisions of the ORC.

#### **VI. Prohibited Investments**

No investments shall be made contrary to the provisions of the ORC or the principles of prudent financial management. The final maturity of eligible instruments utilized in the County’s investment strategy shall not exceed five years, except as provided by ORC 135.35. An exception to this limit may be made by unanimous vote of the Advisory Committee when purchasing an investment to match a known obligation of the County beyond five years.

#### **VII. Competitive Bidding**

Whenever possible, all transactions will be performed competitively. Bids and offerings will be solicited from a minimum of three dealers, and recorded. In the case of a tie, the transaction will be awarded at the discretion of the Treasurer or an authorized designee.

#### **VIII. Safekeeping and Custody**

The Treasurer shall be responsible for the safekeeping of all documents evidencing a deposit or investment of public funds of the County, including, without limitation, safekeeping receipts deposited with a qualified trustee or “custodian” as permitted by the ORC. Securities held in safekeeping by the custodian will be evidenced by a monthly statement describing such securities, which shall describe and identify securities held in the name of the County or County Treasurer.

#### **IX. Membership, Meetings and Minutes**

Pursuant to the ORC and action taken by the Portage County Board of Commissioners, the Investment Advisory Committee shall consist of three members: the Treasurer and two designated members of the Board of Commissioners.

The first meeting of the calendar year shall serve as the Committee’s organization meeting within the meaning of the ORC. Notice of the organization meeting shall be provided to the public via publication in a newspaper of general circulation and a posting on the Treasurer’s website, under the headings “Investments; Investment Advisory Committee; Meeting Notices.” Such notice shall be given a minimum of two weeks prior to the meeting.

At its organization meeting, the Committee shall select from its membership a Chair, Vice Chair and Secretary.

The Committee shall utilize its organization meeting to establish the remaining dates, times and locations for its regular meetings, and to review its membership, meetings and record keeping policies.

Except as otherwise required by Ohio law, notice for regular meetings of the Committee shall be given to the public via publication in a newspaper of general circulation and a posting on the Treasurer's website, under the headings "Investments; Investment Advisory Committee; Meeting Notices," a minimum of two weeks prior to the date of such meetings.

The Committee shall meet at least quarterly to review or revise this policy, and to advise the Treasurer on the County's investments to ensure the best and safest return on those investments.

Any member of the committee, upon giving five days' notice, may call a special meeting of the Committee. In such an event, notice must be provided to members of the media who have requested such notice of the date, time and location of the meeting a minimum of 24 hours in advance.

Emergency meetings, as defined in the ORC, may be called by any member for any reason allowable under the law, so long as a reasonable effort is made to notify members of the media who have so requested.

Any individual wishing to receive written notice of the Committee's meetings may receive notice by making a written request and providing stamped, self-addressed envelopes to the Secretary of the Committee. Such a request may also be made and responded to via email.

The Secretary shall serve as the custodian of records relating to the Committee's formal actions. Such records shall include written meeting minutes which accurately reflect the Committee's decisions, including motions, formal votes, and a record of how each member of the Committee voted. These records shall also include such information as is reasonably necessary to understand and appreciate the Committee's decision making process and rationale.

The Secretary may, at their discretion, assign record keeping and minutes functions to an employee. In such an instance, minutes shall be kept separately from those of the Commissioners' other meetings in a manner consistent with the ORC, and be made available to the public upon request.

## **X. Reporting**

The Treasurer shall maintain an inventory of all obligations and securities, including a description of each security by type, cost, par value, maturity date, settlement date, and interest rate, and compile that inventory into an investment report. The report shall also include a record of all security purchases and sales.

The Treasurer shall maintain a monthly portfolio report, and file that report each month with the Board of Commissioners.

The Treasurer shall also issue a quarterly portfolio report to the Investment Advisory Committee detailing the current inventory of all securities, monthly transactions, income received, and expenses paid. This report shall also state the names of any persons or entities effecting transactions on behalf of the County, and the yield, average-weighted yield and average-weighted maturity of the aggregate portfolio.

## **XI. Investment Advisors, Qualified Dealers and Financial Institutions**

The County is hereby authorized to retain the services of an investment advisor, pursuant to the provisions of the ORC. Upon request, the investment advisor shall attend meetings of the Investment Advisory Committee to discuss aspects of the portfolio, including market conditions and economic factors influencing the value of the County's investments. The investment advisor shall make recommendations regarding the investment of County funds, and/or undertake management of the portfolio.

The investment advisor shall be registered with the Securities and Exchange Commission and possess public funds investment management experience, specifically in the areas of state and local government investment portfolios.

Investment decisions made by the investment advisor shall be communicated to the Treasurer or an authorized designee. Upon execution of an investment transaction, the investment advisor will provide an electronic transmission to the Treasurer's Office and/or a designated custodian, no later than the trade date, detailing the transaction, including purchase costs and sale proceeds. Confirmation advices, representing the purchase and/or sale of securities executed by the investment advisor, will be issued by the eligible broker/dealer or financial institution, through which such trades have been executed, and sent to the Treasurer or an authorized designee and the investment advisor.

The County (or an investment advisor on the County's behalf) shall execute the purchase and sale of securities through eligible broker/dealers and financial institutions as defined by the ORC. Under no circumstances will brokers or broker/dealers act as an investment advisor or in a similar capacity if such broker/dealers participate in transaction business with the Treasurer or the Treasurer's investment advisor.

All persons or entities transacting investment business with the County are required to sign a copy of this policy, and file that signed copy with the Treasurer's Office. This signing shall constitute an acknowledgement of receipt, understanding of, and agreement to adhere to the policy.

## **XII. Maturity**

Securities invested on behalf of the County shall generally be redeemed, sold or reinvested at maturity. Pursuant to the ORC, securities may be redeemed, sold or reinvested prior to maturity under the following conditions:

- 1.) To meet additional liquidity needs;
- 2.) To increase yield or current income;
- 3.) To lengthen or shorten the portfolio's average maturity;
- 4.) To realize capital gains and/or income; and
- 5.) To adjust the portfolio's asset allocation to increase investment quality.

Such transactions may be referred to as "sale and purchase" or a "swap." For purposes of this section, redeemed shall also mean "called" in the case of a callable security (i.e. bonds).

**XIII. Continuing Education**

The Treasurer shall attend continuing education classes or seminars sponsored by the State Treasurer and State Auditor as required by the ORC. Through participation in these programs, the Treasurer is expected to develop and maintain an enhanced background and working knowledge of investment best practices, cash management, and ethics.

The County shall bear the cost of continuing education courses, pursuant to Ohio law.

**XIV. Personal Liability Release**

The Treasurer, deputies, and members of the Investment Advisory Committee, when acting in accordance with this policy and the requirements of Ohio law and during the exercise of due diligence, shall be relieved of personal liability for an individual security’s credit risk or market price fluctuations, provided that deviations from expectations are reported in a timely manner to the Investment Advisory Committee and appropriate action is taken to respond to adverse developments.

**XV. Statement of Compliance**

This investment policy has been approved by the Treasurer and filed with the State Auditor, pursuant to Ohio law. The Investment Advisory Committee has also reviewed and approved the policy.

All investment advisors, brokers, dealers, and financial institutions executing transactions initiated by the Treasurer have signed a copy of the approved investment policy, and that signed copy is on file in the Treasurer’s Office.

Any amendments to this policy will be filed with the Auditor of State, Attn: Clerk of the Bureau, 88 E. Broad St. 4<sup>th</sup> Floor, Columbus, OH 43215, within 15 days of the effective date of the amendment.

Last Revised: March 24, 2016

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**Acknowledgement of Policy Receipt, Understanding and Adherence**

The following entity has signed, herein, this approved investment policy. Having read the policy’s contents, the following representative(s), on behalf of the entity, acknowledge receipt and comprehension of those contents, and pledge to adhere to the principles therein.

\_\_\_\_\_  
Name of Registered Representative      Name of Firm or Institution      Date

**Statement of Currency**

Pursuant to the following resolution, the Portage County Treasurer and Investment Advisory Committee have approved an investment policy, dated March 24, 2016. Such investment policy represents a revision of a previously approved policy, dated April 28, 2015.

The revised policy has been filed with the State Auditor in accordance with Ohio law, and will remain in effect unless modified by a subsequent written filing.

**Treasurer Recommendation and Approval**

The Portage County Treasurer hereby submits the investment policy, dated March 24, 2016, for review and consideration by the Portage County Investment Advisory Committee.

  
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Brad Cromes, Portage County Treasurer

3/24/2016  
Date

**Investment Advisory Committee Acceptance and Approval**

The investment policy is, hereby, approved by the Portage County Investment Advisory Committee.

  
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Vicki A. Kline, Chair

3/24/2016  
Date

  
\_\_\_\_\_  
Maureen T. Frederick, Vice Chair

3/24/2016  
Date

  
\_\_\_\_\_  
Brad Cromes, Secretary

3/24/2016  
Date