

VILLAGE OF WOODMERE, OHIO
ORDINANCE NO. 2014-39

**AN ORDINANCE ADOPTING THE STATEMENT OF INVESTMENT POLICY,
REVISED OCTOBER 16, 2013 AND UPDATED JUNE 4, 2014, AND DECLARING AN
EMERGENCY**

WHEREAS, on June 4, 2014, the Treasurer updated the Village's Statement Of Investment Policy, revised October 16, 2013 ("Investment Policy"), to identify the policies that will govern the investment activities of the Village with regard to the management of its investments; and

WHEREAS, on June 4, 2014, the Mayor and the Finance Committee of Council reviewed and recommended to Council that the Investment Policy, as updated by the Treasurer, be adopted.


NOW, THEREFORE, Be it Ordained by the Council of the Village of Woodmere, County of Cuyahoga, State of Ohio that:

Section 1. Council hereby adopts the Statement Of Investment Policy, revised October 16, 2013, and updated June 4, 2014 by the Treasurer, which is attached hereto as Exhibit A, and incorporated as if fully rewritten herein.

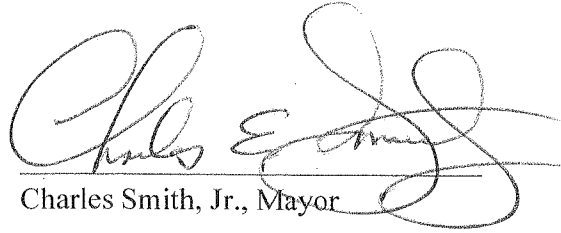
Section 2. It is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in open meetings of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including the Village's Charter and Codified Ordinances and Section 121.22 of the Ohio Revised Code.

Section 3. This Ordinance is hereby determined to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the inhabitants of the Village and for the further reason to immediately ensure continued prudent management of public funds in compliance with Section 135 of the Ohio Revised Code. It shall therefore become effective upon its passage by the affirmative vote of not less than five (5) members of Council and approval by the Mayor; otherwise, it shall become effective at the earliest time allowed by law.

PASSED: 6-11-2014

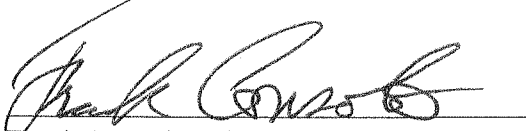


Benjamin I. Holbert, III, Council President



Charles Smith, Jr., Mayor

Approved as to legal form:



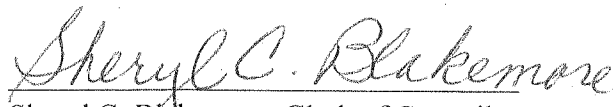
Frank Consolo, Director of Law

ATTEST:



Sheryl C. Blakemore, Clerk of Council

I, Sheryl C. Blakemore, as Clerk of Council of the Village of Woodmere, Ohio do hereby certify that the foregoing is a true and correct copy of Ordinance No. 2014-39 adopted by the Council of said Municipality on the 17th day of June, 2014.

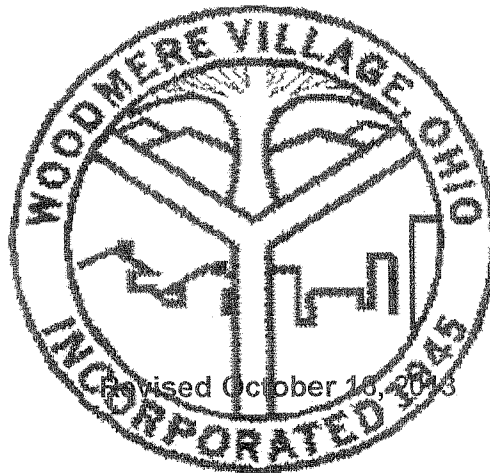


Sheryl C. Blakemore, Clerk of Council

Village of Woodmere

Village Treasury

Statement of Investment Policy



Statement of Investment Policy

Village of Woodmere
Village Treasury

UPDATED BY TOM CORNHOFF, TREASURER JUNE 4, 2014

REVIEWED AND RECOMMENDED BY MAYOR CHARLES SMITH AND THE WOODMERE
VILLAGE FINANCE COMMITTEE JUNE 4, 2014

ADOPTED BY VILLAGE COUNCIL JUNE 11, 2014

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Woodmere Village

Village Treasury

Statement of Investment Policy

Purpose and Scope

The purpose of this document is to identify the policies that will govern the investment activities of Woodmere Village with regard to the management of their investments. These policies have been adopted by, and can be changed only by Woodmere Village Council.

These policies are designed to ensure the prudent management of public funds, conformance to the Ohio Revised Code in particular Section 135, the availability of operating and capital funds when needed, an investment return competitive with comparable funds and financial market indices.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public view and evaluation. The overall program shall be designed and managed with a degree of prudence and professionalism that is worthy of the public trust.

This policy applies to the investment of all interim funds of Woodmere Village. Any practice not clearly authorized under these policies is prohibited. The guidance set forth therein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

Woodmere Village's investment goal is to maximize earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration.

Investment Objectives

The Woodmere Village portfolio shall be managed to accomplish the following hierarchy of objectives:

1. **Preservation of Principal** – The safety of principal is the foremost objective of the Village's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, the protection of investment principal in the overall portfolio and to mitigate credit risk and interest rate risk.

- a. Credit Risk

The Treasurer will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities in the investment policy
- Diversifying the investment portfolio so that the impact of potential losses from anyone type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

The Treasurer will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by:

- Structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools and limiting the average maturity of the portfolio.
2. **Preservation of Liquidity** – the Portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the Village. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of liquid securities with active secondary markets. A portion of Village interim funds may be placed in money market mutual funds or STAR Ohio which offer same day liquidity for short-term funds.
3. **Yield** – The Portfolio shall be managed in such a fashion as to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the constraints of reinvestment risk and liquidity needs.

Delegation of Authority

The Treasurer is responsible for the prudent investment of funds within the Village Treasury. The Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken, shall establish a system of controls to regulate the activities of subordinate officials and shall exercise control over that staff. Investment staff shall be bonded in amounts appropriate to levels of responsibility and portfolio characteristics. Subject to the approval of the Mayor and Village Council, periodically the Treasurer may contract with an investment advisor.

Standard of Prudence

The “Prudent Person” standard shall be applied to the investment of funds within the Village portfolio. The Standard specifies the following:

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.”

Investment staff acting in accordance with this policy or any other written procedures or any other written procedures pertaining to the administration and management of the Village Treasury and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately to the Village Treasurer and that appropriate action is taken to control and prevent any further adverse developments.

Ethics and Conflict of Interest

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Further no employee involved in the investment process shall use the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the public official or employee with respect to that person's duties.

Employees and investment officials shall comply fully with the reporting and disclosure requirements of R.C. Chapter 102 and the Ethics Policy specifically adopted by the Village Treasurer.

Authorized Investments

Investment of the Public Moneys of the Village shall be made only in Eligible Investments, and such Eligible Investments shall be purchased or entered onto only through Eligible Institutions or Eligible Dealers who should be authorized through Village Council.

The Village Treasurer is authorized to invest in assets as described in R.C. § 135.1.43 and summarized and restricted below:

A. U.S. Treasury Obligations

U.S. Treasury bills, notes or any other obligation or security issued by the U.S. Treasury or any other obligation guaranteed by the full faith and credit of the U.S. government.

B. U.S. Federal Agency Obligations

Bonds, notes, debentures, floating rate instruments or other obligations or securities issued by any GSE or federal government agency so long as the issue has a short-term rating of a least 'A-1' by S&P, or, if the issue does not have a short-term rating, then a long-term rating of the issuer of at least A+ by S&P, provided that the issue is not of a subordinated nature.

C. Municipal Bonds

The Village of Woodmere may invest in bonds and other direct obligations of the Village of issued by the Village Treasurer, the Ohio Public Facilities Commission, the Ohio Building Authority and the Ohio Housing Finance Agency.

D. Bank Deposits

CD, money market savings, deposit accounts or overnight repurchase agreements in financial institutions not exceeding one year.

- a. Collateralization on bank deposits (i.e., deposits that exceed FDIC guidelines or limits) is required in an amount equal to at least 102% as stated in R.C. § 135.18 and § 135.181 for financial institutions rated 'A-1' or better by at least two NRSROs.
- b. Collateralization of any bank deposit shall be the greater of the amount recommended by S&P or the R.C. but shall never be less than 102%.
- c. Substitutions of collateral will be permitted only with advance written approval of the office of the Village Treasurer.

E. State Pool

State of Ohio Local Agency Investment Pool (Star Ohio) authorized under Section 135.45 of the Ohio Revised Code. Note: this includes the Star Plus program offered by the Ohio Treasurer of State's Office, minimum \$500,000 investment.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the local government investors in the Village is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs.

Prohibited Investments and Investment Practices

The Village is expressly prohibited from the following investments and investment practices (this is not an exclusive list):

- A. Short sales (selling a specific security before it has been legally purchased);

- B. Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes or notes linked to lagging indices or to long-term indices;
- C. Mortgage-backed securities (MBS); and
- D. Investing in any security not specifically permitted by this Policy.

Monitoring and Adjusting Investments

The Village Treasurer will routinely monitor the contents of each investment, the available markets and the relative values of competing instruments and will adjust the investment as necessary to meet the investment objectives of this Policy. It is recognized and understood that this non-speculative active management of the investment holdings may cause a loss on the sale of an owned investment. It is the policy of the Village to charge any such loss against the interest income account during the month in which the loss was realized.

Internal Controls

Internal Controls should be designed to prevent the loss of public funds arising from fraud, misrepresentation by third parties, unanticipated changes in the financial markets and errors or imprudent actions by employees. Everyone within the organization assumes a role with respect to internal controls. The roles vary depending upon an individual's level of responsibility and nature of involvement. The administration establishes the presence of integrity, ethics, competence and a positive control environment. The directors have oversight responsibility for internal controls within their units. The supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Each individual within a unit must be cognizant of the proper internal control procedures associated with their specific job responsibilities.

As part of the annual or bi-annual audit, the Village Treasurer shall have the investment program of reviewed by the Ohio Auditor of State or their designee. This audit will be designed to measure compliance with the State investment policies and procedures. Monthly investment reports shall be presented to the Mayor and the Village Finance Committee and available to all members of Council.

Eligible Banking/Investing Institutions

The Village Treasurer will establish and maintain a list of eligible institutions with whom Village Funds will be deposited/invested.

Investment of Bond Proceeds

The Treasurer intends to manage the Village in a manner that will allow it to qualify as a commingled fund for arbitrage purposes (see Section 148(f) of the Internal Revenue Code of 1986, as amended). The Village will accept bond proceeds subject to arbitrage rebate.

Safekeeping and Custody

All investment securities purchased by the Treasurer or held as collateral on deposits or investments shall be held in third-party safekeeping at a public depository as required by R.C. § 135.03.

All securities in the Village portfolio shall be held for the benefit of the Village of Woodmere and will be free and clear of any lien. The depository shall issue a safekeeping receipt to the Village listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will also provide reports which list all securities held for the Village, the book value of holdings and the market value as of month-end.

Reporting

The Treasurer shall maintain accurate, complete and timely records of all investment activities to the Mayor and Finance Committee summarizing the previous month's activity. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31 pertaining to the valuation of investments and the treatment of unrealized gains/losses.

The report will also include a statement that the investment of the Village portfolio is in compliance with this investment policy. The report will be submitted to the Finance Committee on a monthly basis. The Treasurer will also prepare annual reports in sufficient detail to provide full disclosure of all investment activities to the Mayor, Village Council and the general public.

Conflict of Law

In the event that any portion of this policy is in conflict with any State or Federal law, that law will prevail.

Investment Policy Adoption

This policy is adopted as of June 11, 2014

Thomas M. Cornhoff, CGFM
Village of Woodmere Treasurer

DEFINITIONS:

- A) "Eligible Institutions" – shall mean those institutions described in Section 135 of the Ohio Revised Code (see 135.03).

- B) "Eligible Investments" – shall mean those investments from time to time authorized in Section 135.14 of the Ohio Revised Code.

- C) "Overnight Repurchase Agreement" – shall mean a repurchase agreement authorized in Section 135.14(E) of the Ohio Revised Code whose maturity is or term ends on the next succeeding business day immediately following the business day on which such repurchase agreement was entered into.

- D) "Public Moneys of the Village" shall mean all moneys in the Treasury of the Village or moneys coming lawfully into the possession or custody of the Treasurer's Office.