

The City of Brooklyn's Statement of Investment Policy is as follows:

(a) Governing Authority. This document, in conjunction with the Ohio Revised Code, as amended, will govern the investments and the investment activities of the City of Brooklyn. It will be reviewed periodically for compliance and to assure the flexibility necessary to effectively manage the investment portfolio.

(b) Purpose. The purpose of the investment policy is to ensure that the City's investment objectives of preservation of principal, maintenance of liquidity and maximization of returns are adhered to while conforming to all applicable statutes governing the investment of public funds by an Ohio municipality.

(c) Scope. This investment policy applies to all financial assets of the City, including state and federal funds held by it. Any practice not clearly authorized under these policies or the ORC Chapter 135 is prohibited. The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

(d) Investment Objectives. The City's investment portfolio shall be managed to accomplish the following hierarchy of objectives:

(1) Preservation of Principal: The single most important objective of the City's investment program is the preservation of principal within the portfolio.

(2) Maintenance of Liquidity: The portfolio should be managed in such a manner that assures that the funds are available as needed to meet those immediate and or future obligations of the City.

(3) Maximization of Returns: The portfolio shall be managed in such a fashion as to attain a market-average rate of return throughout budgetary and economic cycles, within the context and parameters set forth by objectives 1 and 2 above.

(e) Authorized Financial Dealers and institutions. The Director of Finance will maintain a list of financial institutions and approved security broker/dealers. All financial institutions, broker/dealers and consultants which desire to conduct investment business with the City must sign this investment policy, certifying they have read it, understand it and agree to abide by its contents.

(f) Authorized Investments. The City is permitted to invest in any security authorized by the ORC Chapter 135 and any other relevant sections. Those securities include, but are not limited to, the following:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those of which the faith of the United States is pledged for the payment of the principal and interest thereon;

(2) Bonds, notes, debentures, or any obligations or securities issued by any federal government agency or instrumentality; all federal government agency or instrumentality securities must be direct issuances of the federal government agency or instrumentality.

(3) Interim deposits in the eligible institutions applying for interim monies as provided in ORC Section 135.08. The award of interim deposits shall be made in accordance with ORC Section 135.09. This includes investments in certificates of deposit with FDIC insurance coverage on the full amount of deposit plus accrued interest administered through the Certificate of Deposit Account Registry Service (CDARS). Eligibility of this investment is outlined in ORC Section 135.144 and would also apply to any other program that is deemed to meet the requirements of such statute.

(4) Bonds and other obligations of the state or its political subdivisions provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:

A. The bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer.

B. The aggregate value of the bonds or other obligations does not exceed 20% of the City's interim funds at the time of purchase.

C. The City is not the sole purchaser of the bonds or other obligations at original issuance.

(5) Commercial paper which is rated at the time of purchase in the single highest classification by Moody's or Standard & Poor's. Any investment in commercial paper of a single issuer shall not exceed 5 percent of the City's interim funds at time of purchase. The maximum maturity is 270 days. The total invested in commercial paper and bankers acceptances is limited to 40 percent of the City's interim funds at time of purchase.

(6) Bankers acceptances of banks insured by the Federal Deposit Insurance Corporation (FDIC). The maximum maturity is 180 days. The total invested in commercial paper and bankers acceptances is limited to 40 percent of the City's interim funds at time of purchase.

(7) No-load money market mutual funds consisting exclusively of securities described in subsections (1) and (2) of this subsection (f) and repurchase agreements secured by such obligations, provided that the investments in securities described in the division are made only through eligible institutions mentioned in ORC Section 135.03.

(8) Written repurchase agreements that set forth terms and conditions of the agreement between the parties for a period of not to exceed 30 days with any eligible institution mentioned in ORC Section 135.03 or a member of FINRA, under the terms of which agreement, the Director of Finance purchases and such institution agrees unconditional to repurchase any securities listed in subsections (1) and (2) of this subsection (f) that will mature or are redeemable within five years of the date of purchase. The market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily. Such agreement shall include the face amount of the securities, type, rate, maturity date and the numerical identifier.

(g) Maximum Maturities. The maximum maturity for any investment including CDs will be five years from the date of purchase unless, as per the Ohio Revised Code, the investment is matched to a longer term liability of the City. Any security may be sold prior to maturity.

(h) Safekeeping and Custody. All security transactions, including collateral for repurchase agreements entered into by the City shall be conducted on a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts. Securities shall be pledged at the Federal Reserve Bank to collateralize all repurchase agreements with financial institutions. Pledge collateral will only be released by the City after verification that the principal and interest have been credited to the City's account.

(i) Prohibited Investment Practices. The City is prohibited by state law from investment in stripped principal or interest obligations, reverse purchase agreements and derivatives. The issuance of taxable notes for the purpose of arbitrage, as well as the use of leverage and short term selling is also prohibited. All investments must be purchased with the expectation that the investment will be held to maturity.

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

(k) Management and Administrative Responsibilities.

(1) The Director of Finance shall routinely monitor the contents of the City's investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly. The Director of Finance shall also develop and maintain procedures for the operation of the City's investment program in accordance with this Investment Policy. These procedures shall be designed to prevent loss of the City's funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions. A detailed inventory of all investments which shall include a description of each security, cost, par value, rate of return, and seller along with the purchase, settlement and maturity dates, shall be available upon request.

(2) 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 derived.

(3) The standard of prudence to be used by the Director of Finance and others involved in the management of the investment portfolio shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Acting in accordance with this investment policy and exercising due diligence shall relieve the Director of Finance and others involved in the management of the portfolio from personal responsibility for an individual security's credit risk or market price changes, provided deviations from the expectations are reported to the Council in a timely fashion and appropriate action is taken to control adverse developments.

(4) The Director of Finance shall participate in any beginning and/or continuing education training programs sponsored by the State Treasurer or the State Auditor. Through participation in those programs,

the Director of Finance will develop and maintain an enhanced background and working knowledge in investment, case management, and ethics.

(l) Investment Policy Adoption. This investment policy shall be filed in the office of the Auditor of State. The policy shall be reviewed on an annual basis by the Council or a committee designated by it and any modifications made thereto must be approved by the Council and, upon adoption, filed in the office of the Auditor of State.

CERTIFICATION OF UNDERSTANDING AND ACCEPTANCE.

I, the undersigned acknowledge that I am authorized to sign this policy on behalf of my employer and have received and read this investment policy established by the City of Brooklyn and will abide by the guidelines set forth.

Firm/Company: _____

By: _____

Title: _____

Date: _____