

Canaan Township, Morrow County, Ohio
Board of Trustees
Statement of Investment Policy

Purpose

The purpose of this document is to identify the policies that will govern the investment activities of the Fiscal Officer of the Canaan Township Board of Trustees ("Fiscal Officer") with regard to the management of the Canaan Township Funds. These policies have been adopted by, and can be changed only by the Canaan Township Board of Trustees.

These policies are designed to ensure the prudent management of public funds, conformance to the Ohio Revised Code ("O.R.C"), the availability of operating and capital funds when needed, and an investment return competitive with designated 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 review and evaluation. The overall program shall be designed and managed with a degree of prudence and professionalism that is worthy of the public trust.

Scope of the Investment Policy

This policy applies to the investment of all interim funds of the Canaan Township Treasury. Any practice not clearly authorized under these policies 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.

The Canaan Township Fiscal Officer will consolidate cash and reserve balances from all funds to maximize earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration.

Investment Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **Safety of Principal** - The safety of interim funds is the single most important objective of the State investment program. **Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.** The Fiscal Officer 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 listed in the investment policy.

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 State. The portfolio shall consist of STAR Ohio which offers same day liquidity for short-term funds.

Delegation of Authority

The Fiscal officer is responsible for the prudent investment of funds within the Township Treasury and is responsible for the implementation of the investment program and the establishment of investment procedures consistent with this policy.

Standard of Prudence

The standard of prudence to be applied to the investment of funds within the Township Treasury shall be the industry standard "Prudent Investor Rule," which states: *"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."*

The Fiscal Officer acting in accordance with this policy or any other written procedures pertaining to the administration and management of the Township Treasury and who exercises 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 Board of Trustees and that appropriate action is taken to control and prevent any further adverse developments.

Ethics and Conflict of Interest

The Fiscal officer shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair his/her ability to make impartial decisions. Further, the Fiscal Officer shall not 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's duties. The Fiscal officer shall comply fully with the reporting and disclosure requirements of Chapter 102 of the O.R.C. and the Ethics Policy specifically adopted by the Canaan Township Board of Trustees.

Authorized Instruments

The Fiscal Officer is authorized to place the Township Treasury in instruments as described in O.R.C. Sections 135.13 and 135.143, as allowed by the limitations established by the exemption granted from required trainings of the Treasurer of the State of Ohio and the Center for Public Investment Management summarized and restricted below:

A. Bank Deposits. Time certificates of deposit or savings or deposit accounts in an eligible institution as defined in Section 135.04 of the O.R.C. Collateralization is required on all deposits of State funds by Section 135.18 of the O.R.C. Any time certificate of deposit, with the exception of those related to a linked deposit program, shall mature not more than one year from the date of deposit, as required by O.R.C. Section 135.13. Any

certificate of deposit placed as part of a linked deposit program shall meet the applicable statutory maturity requirements.

B. State Pool. State of Ohio Local Agency Investment Pool (STAR Ohio) authorized under section 135.45 of the O.R.C.

Diversification

Each Portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the Total Average Portfolio permitted in each eligible security is as follows:

A. STAR Ohio 100% maximum

Reporting

The Fiscal Officer shall maintain accurate, complete, and timely records of all investment activities. At the Canaan Township Board of Trustees' monthly meeting the Fiscal Officer shall submit an investment report to the Trustees.

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 this ____ day of _____, 2008. Signed this day by the Trustees of Canaan Township, Morrow County, Ohio.

Witnesses:

Edward Sayers, Chairman

Deana Detwiler, Fiscal Officer

John Bayles, Vice-Chairman

Billie Pangborn, Trustee