

BOARD OF PARK COMMISSIONERS OF THE CLEVELAND METROPOLITAN PARK DISTRICT

POLICY STATEMENT

SUBJECT: INVESTMENT POLICY

EFFECTIVE DATE: March 15, 2023

PURPOSE & OBJECTIVES

The Board of Park Commissioners of The Cleveland Metropolitan Park District ("Park District") directs that the Park District's funds are to be invested according to the following principles:

- A. *Safety*: Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual investments do not exceed the income generated from the remainder of the portfolio. All investments shall be investment grade securities meeting the requirements of "Investment Instruments" and carrying a credited rating as described under "Credit Risk".
- B. *Liquidity*: The Chief Financial Officer shall ensure that funds are constantly available to meet immediate payment requirements, including payroll and accounts payable.
- C. *Return*: The investment portfolio shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio.

SCOPE

This Investment Policy applies to all of the financial assets of the Park District including but not limited to the General Fund, and all capital, internal service and restricted sub-funds.

POLICY

A. Prudence Required

1. 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. Investments should not be made for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
2. The standard of prudence to be used by the Chief Financial Officer shall be the "prudent person" and shall be applied to the context of managing an overall portfolio. The Chief Financial Officer shall exercise due diligence and report to the Board of Park Commissioners any deviation of an investment's performance from original expectations in a timely fashion and undertake appropriate action to control adverse developments.

B. Internal Controls

The Chief Financial Officer shall establish a system of internal controls. The internal controls will be reviewed annually by an independent auditor. The controls should be designed to prevent and control loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers.

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C. Investment Instruments

The Park District may invest available interim funds in accordance with Ohio Revised Code §135.14 in the following instruments:

- United States treasury bills, bonds, notes or other obligations of, or guaranteed by, the United States or those for which the faith of the United States is pledged for payments of principal and interest thereon through a depository designated in accordance with Chapter 135 of the Ohio Revised Code, or as part of the State of Ohio's (the "State") investment pool, which fund is STAR Ohio as of the date of this policy, but may change.
- Bonds, notes, debentures or other obligations or securities issued by any federal government agency or the Export-Import Bank of the United States.
- Interim deposits in the eligible institutions applying for interim monies as provided in Ohio Revised Code §135.08.
- Bonds and other obligations of the State, provided that the treasurer or governing board has completed training approved by the treasurer of the State, and, with respect to bonds or other obligations of political subdivisions, all of the following apply:
 - The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.
 - 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.
 - The aggregate value of the bonds or other obligations does not exceed twenty per cent of interim moneys available for investment at the time of purchase.
 - The treasurer or governing board is not the sole purchaser of the bonds or other obligations at original issuance.
- Linked deposits provided in Ohio Revised Code §§135.61 to 135.67 as permitted by ORC §135.141.
- Written repurchase agreements issued eligible institutions set forth in Ohio Revised Code §135.03 that set forth the terms and conditions of the agreement between the parties for a period not to exceed 30 days and the market value of securities subject to a written repurchase agreement must exceed the principal value of the written repurchase agreement by at least two percent and be marked to market daily.
- Fully-collateralized certificates of deposit, provided the conditions in Ohio Revised Code §135.144 are satisfied.
- Additional Eligible Investments. The Chief Financial Officer may invest up to forty per cent (40%) of interim moneys available for investment in either of the following:

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- (A) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 or division (E) of section 1706.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:
- (i) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
 - (ii) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.
 - (iii) The notes mature not later than two hundred seventy days after purchase.
 - (iv) The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five per cent of interim moneys available for investment at the time of purchase.

(B) Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than one hundred eighty days after purchase.

- No investment shall be made pursuant to this section unless the Chief Financial Officer has completed additional training for making the investments authorized in this section. The type and amount of additional training shall be approved by the Treasurer of State and may be conducted by or provided under the supervision of the Treasurer of State.

D. Credit Risk

The Chief Financial Officer shall invest in securities that carry a Standard and Poor's rating of AA or higher or Moody's rating of Aa or higher.

E. Relationship with Financial Institutions

1. Depositories shall be selected through the banking service procurement process and shall include a formal request for proposals issued at least every five years, in accordance with the Ohio Revised Code.
2. In selecting depositories, the credit worthiness of each institution shall be considered, and the Chief Financial Officer shall conduct a comprehensive review of each prospective depository's credit characteristics and financial history.
3. The Chief Financial Officer may present to the Board applications by additional depositories to serve as interim depositories between the formal request for proposals provided such applications comply with the Ohio Revised Code, including §135.08, and is in the interest of Cleveland Metroparks.

F. Diversification

The Chief Financial Officer shall diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual institutions or maturities.

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G. Safekeeping and Custody

To protect against potential fraud and embezzlement, investment assets shall be secured through third-party custody and safekeeping accounts on behalf of the Park District or State treasurer. Bearer instruments should be held only through third-party institutions. The Chief Financial Officer shall be bonded to protect the public against possible embezzlement and malfeasance. All securities shall be purchased using the delivery versus payment procedure unless prevailing practices or economic circumstances dictate otherwise. If securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer or the Board of Park Commissioners. Ownership shall be protected through third-party custodial safekeeping. Safekeeping procedures shall be reviewed annually by an independent auditor.

H. Ethics

1. Park District Officers and employees involved in the investment process shall refrain from personal investment or business activity which could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.
2. The Chief Financial Officer shall disclose to the President of the Board of Park Commissioners and the Chief Legal & Ethics Officer any material interest in financial institutions which conduct business with the Park District, shall further disclose any large personal financial/investment positions in securities in which the Park District invests could be affected by Park District investments, and shall subordinate their personal investment transactions to those of the Park District, particularly with regard to the timing of purchases and sales. Employees shall report any relationship with a Park District' financial institution pursuant to the bi-annual disclosure process.

I. Reporting Requirements

The Chief Financial Officer shall submit to the Board of Park Commissioners a monthly report of investments which shall contain all investments made during the period. This report shall disclose the financial institution used, the type of investment, principal amount invested, interest rate and the amount of interest earned/to be earned.

J. Financial Institution Acknowledgement

Financial institutions awarded a contract for the deposit of interim or active funds shall sign the following acknowledgement:

“I hereby acknowledge receipt of the Investment Policy of the Board of Park Commissioners of The Cleveland Metropolitan Park District.”

Signed by: _____

Date: _____

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Institution: _____

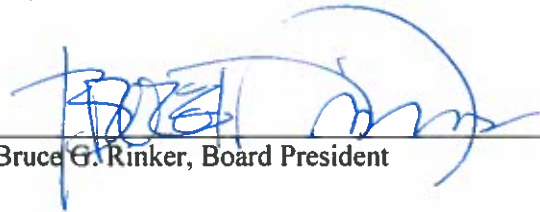
REFERENCE: Uniform Depository Act: Ohio Revised Code Chapter 135

REVISES AND REPLACES: Investment Policy, March 15, 2018.

Approved:



Brian M. Zimmerman
Chief Executive Officer



Bruce G. Rinker, Board President

3-15-23

Approval Date

March 2028

Review Date