



Board Members

Jeff Sauer
Chair

Robert Maynard
Vice Chair

Brian Householder
Secretary/ Treasurer

Charles Elsea

Tom James

**FAIRFIELD COUNTY PORT AUTHORITY
INVESTMENT POLICY**

Adopted: March 18, 2015

I. Statement of Investment Policy and Policy Scope

The purpose of this Investment Policy is to establish the investment objectives of the Fairfield County Port Authority (Port Authority). All investments of the Port Authority shall be made in a prudent manner and in compliance with all applicable federal, state, and local laws and regulations. This Investment Policy is intended to serve as a guide to the investment of Port Authority funds and to provide notice to any entity conducting investment business with the Port Authority.

The Port Authority has two different types of funds:

- (1) Operating funds which are subject to all public fund requirements pursuant to Chapter 135 of the Ohio Revised Code; and
- (2) Funds held in trust for the purpose of securing Port Authority bonds, which are not required to be invested as public funds.

This Investment Policy therefore provides guidance as how best to invest each type of funds.

II. Investment Objective

The Port Authority's primary objective in investing both operating funds and funds held in trust for the purpose of securing Port Authority bonds is to assure the safety of principal. The Port Authority's secondary objectives are to provide adequate liquidity and maximize investment income without undue exposure to risk. Investments shall be limited to those which the Board, officers, and employees have the capacity and experience to assess and administer.

III. Investment Responsibilities and Procedures

A. Investment Officer

The Investment Officer will be the Secretary-Treasurer or another employee or officer of the Port Authority designated by the Port Authority Board of Directors (Board). The Investment Officer will make investment decisions in consultation with the Chair of the Board and such other officers or committee members as the Board shall designate.

B. Investment Advisors; Qualified Dealers and Financial Institutions

The Port Authority may retain the services of one or more registered investment advisors. Except for securities described in Section 135.14(B)(5) of the Ohio Revised Code (i.e. no-load money funds and certain repurchase agreements), all investments will be made through: (i) a member of the National Association of Securities Dealers, Inc. or (ii) an institution regulated by the Superintendent of Banks, the Superintendent of Savings and Loan Associations, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the Board of Governors of the Federal Reserve System.

The Board, or such committee of the Port Authority as the Board shall designate, from time to time shall approve a list of broker-dealers with whom the Port Authority will transact investments business. Delivery of any securities acquired with any repurchase agreement shall be made to a qualified trustee, who will report to the Investment Officer the identity, market value, and location of the document evidencing each security.

C. Transaction Journal

The Investment Officer shall keep a Transaction Journal documenting the purchase of investments. The Transaction Journal shall include, for each investment, the following information: (i) the amount, (ii) the rate, (iii) the maturity, (iv) the purchase date, (v) the type of investment, (vi) the qualified broker-dealer, and (vii) the rationale for the purchase. The Transaction Journal also will note quarterly updates of operating fund investments and safekept documents.

D. Payment for Securities

Payment for securities may be made only upon delivery of the securities to the Investment Officer of the Port Authority, his or her agent, or a qualified trustee, or, if the securities are not represented by a certificate, upon the Investment Officer's receipt of confirmation of transfer to the custodian.

E. Safekeeping and Custody

The Investment Officer shall be responsible for safekeeping all documents evidencing a deposit or other investment of the Port Authority. Any securities may be deposited for safekeeping with a qualified trustee as provided in Section 135.18 of the Ohio Revised Code.

F. Annual Review

The Board, or such committee of the Port Authority as the Board shall designate, shall establish a periodic review process of investment policies and procedures. The review shall include an internal review for compliance with all existing investment policies and procedures.

G. Investment Oversight Committee

The Port Authority's Audit Committee will serve as an Investment Oversight Committee. In its role as the Investment Oversight Committee, the Audit Committee will review decisions regarding both operating funds and the funds securing the Port Authority's bonds and held in trust to ensure compliance with this Investment Policy. The Investment Oversight Committee's review will include the annual audit of the Port Authority.

IV. Investment of Operating Funds

A. Investment Strategy

For operating funds, a minimum of the greater of: (a) 3 months' operating expenses or (b) 12 months' projected net cash flow should be retained in cash or eligible investments which provide immediate liquidity, such as a bank money market account or a STAR Ohio or Star Plus account. Any operating funds above the greater of (a) or (b) above should be maintained in eligible investments (i) with a maturity of less than or equal to 18 months or (ii) that are immediately saleable and have a maturity of not greater than 30 months. The Investment Officer quarterly shall certify that operating funds are being invested according to this Investment Policy. The most recent budget or forecast for the current years should be used to determine monthly operating expenses and projected net cash flows. Activity should be documented in the Transaction Journal.

B. Eligible Investments for Operating Funds

The following investments shall be eligible for the investment of operating funds:

1. Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligations guaranteed as to principal and interest by the United States government (except stripped principal or interest obligations of such eligible obligations).

2. Federal agency or instrumentality securities, including, without limitation:

- a. Federal National Mortgage Association (FNMA)
- b. Federal Farm Credit Bank (FFC)
- c. Federal Home Loan Bank (FHLB)
- d. Federal Home Loan Mortgage Corporation (FHLMC)
- e. Government National Mortgage Association (GNMA)
- f. Student Loan Marketing Association (SLMA)

3. Certificates of deposit, savings accounts, or deposit accounts in eligible depositories that have 100% coverage from the Federal Deposit Insurance Corporation or are collateralized fully under the requirements of the Ohio Revised Code.

4. General obligations of the State of Ohio or any political subdivision of the State of Ohio.

5. No-load money market mutual funds consisting exclusively of United States Treasury or federal agency or instrumentality obligations, repurchase agreements secured by the United States Treasury, or federal agency obligations made through eligible institutions.

6. STAR Ohio (State Treasury Asset Reserve of Ohio) and Star Plus; but only at any time at which STAR Ohio and Star Plus maintains the highest letter or numerical rating provided by at least one nationally recognized rating service.

7. Repurchase agreements collateralized as required by the Ohio Revised Code with United States Treasury or federal agency or instrumentality obligations and made through eligible institutions for no longer than thirty days.

V. Investment of Funds Securing Bonds

A. Investment Strategy

It is appropriate to maintain a portion of funds held in trust for the purpose of securing Port Authority bonds in cash or eligible investments with a maturity of (i) less than or equal to 18 months or (ii) not greater than 30 months, provided investments with a maturity of not greater than 30 months are immediately saleable to provide liquidity to meet debt service payments on Port Authority bonds in the event of a loan default. The Board, or such other committee as the Board from time to time may designate, periodically (and at least annually) should determine, with input from the Investment Officer the portion of the funds securing bonds to be so invested based on the following factors: (i) the amount of Port Authority bond proceeds

outstanding as loans; (ii) the credit quality of the loan portfolio and any potential defaults that exist, which to the extent practicable should be quantified; and (iii) the level of cash flows available to the Port Authority (including operating funds) to meet principal and interest payments on bonds.

The remainder of the funds securing bonds may be invested in eligible investments with maturities of no more than seven years.

B. Eligible Investments for Funds Securing Bonds

The following investments shall be eligible for the investment of funds held in trust for the purpose of securing Port Authority bonds:

1. Obligations (including stripped obligations of principal and interest offered separately for sale) issued or guaranteed as to the full and timely payment by the United States of America or by any person or entity controlled or supervised by, or acting as an instrumentality of, the United States of America pursuant to authority granted by the United States Congress;
2. Obligations issues or guaranteed by any state or political subdivision of any state (including stripped obligations of principal and interest offered separately for sale);
3. Long-term debt obligations of any other person or entity rated by any nationally recognized rating service either (a) if rated as short-term obligations, with not lower than the highest numeric or letter category or (b) if rated as long-term obligations, with not lower than the third highest numeric or letter category;
4. Commercial or finance paper which is rated at the time of purchase by a nationally recognized ratings service in the highest numeric or letter category;
5. Deposit accounts, bankers' acceptances, trust accounts, certificates of deposit, or bearer deposit notes in one or more banks, trust companies, or savings and loan associations organized under the laws of Canada or the United States of America or any province or state of Canada or the United States of America; provided that each bank, trust company, or savings and loan association has a reported shareholder equity of at least 500 million USD and is insured by the Federal Deposit Insurance Corporation;

6. Investment agreements (not including repurchase agreements) with a bank or bank holding company, insurance company, or any other financial institution rated by any nationally recognized ratings service either (a) if rated as short-term debt, in at least the highest numeric or letter category or (b) if rated as long-term debt, in at least the third highest numeric or letter category.
7. Repurchase agreements with a financial institution insured by the Federal Deposit Insurance Corporation or any broker or dealer (as those terms are defined in the Securities and Exchange Act of 1934, as amended) that is a dealer of government bonds and that is recognized by, and trades with respect to, a Federal Reserve Bank as a primary dealer in government securities; provided in any case that: (a) the collateral for the repurchase agreement is described in paragraph (1) above; (b) the current market value of the collateral securing the repurchase agreement is at least equal to the amount of the repurchase agreement and is determined not less frequently than monthly; (c) the trustee of the funds, or an agent acting solely on its behalf, has possession of the collateral, (d) the trustee of the funds has a first priority, perfected security interest in the collateral, and (e) the collateral is free and clear of any third party claims. The trustee of the funds may rely on the certificate of its agent as to requirements (c) through (e) above.
8. Investments in money market funds composed principally of investments described in paragraphs (1) through (5) above.

Any investment or deposit described above made with funds held in trust for the security of a series of tax-exempt bonds shall not be made if it would constitute a “prohibited payment” within the meaning of the applicable laws, regulations, or other provisions. Except to the extent set forth in an opinion of bond counsel, investments or deposits in certificates of deposit or pursuant to investment contracts shall not be made with funds held in trust for the security of a series of tax-exempt bonds without compliance, at the time of, or prior to, such investment or deposit with the requirements of the applicable laws, regulations, or other provisions.

VI. Ethics and Conflicts of Interest

The Investment Officer and any other directors, officers, or employees of the Port Authority involved in the investment of Port Authority funds shall refrain from any personal business activity that could impair such person’s ability to make impartial investment decisions. Each director, officer, and employee shall disclose any material interest in any financial institution that conducts business with the Port Authority, and each director, officer, and employee shall disclose any large personal financial or investment position that could be related to the performance of the Port Authority’s investment portfolio.

VII. Investment Education

Pursuant to Section 135.22 of the Ohio Revised Code, the Investment Officer shall complete the continuing education provided by the Treasurer of State.

VIII. Statements of Compliance

This Investment Policy has been approved by the Board and will be filed with the Auditor of State, Attention: Clerk of the Bureau, P.O. Box 1140, Columbus, Ohio 43216-1140.

This Investment Policy will be signed by (i) each entity conducting investment business with the Port Authority (except the Treasurer of State), (ii) each broker, dealer, or financial institution, described in Section 135.14(M)(1) of the Ohio Revised Code, initiating transactions with the Port Authority, by giving advice or making investment recommendations, and (iii) each broker, dealer, or financial institution, described in Section 135.14(M)(1) of the Ohio Revised Code, executing transactions initiated by the Port Authority. The Investment Officer will maintain in the Port Authority's files a copy of this Investment Policy and the signature page of each of the above entities accepting this Investment Policy.

Any amendment to his Investment Policy will be filed with the Auditor of State within fifteen days of the effective date of the amendment.



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**ACCEPTANCE OF
FAIRFIELD COUNTY PORT AUTHORITY
INVESTMENT POLICY**

The signature provided below exhibits the signing party's acknowledgment and acceptance of the Fairfield County Port Authority Investment Policy as of the date written below.

Accepted: _____
[Print name of person or entity accepting the Investment Policy]

Signed: _____
[Signature]

By: _____
[Print name of individual providing signature]

Title: _____

Date: _____