

**CITY OF HILLSBORO, OHIO  
RESOLUTION NO. 24-17**

**A RESOLUTION TO ADOPT THE 2024 VERSION OF THE CITY OF HILLSBORO TREASURY  
INVESTMENT BOARD POLICY**

**WHEREAS**, upon recommendation of the Finance Committee, the City Auditor has submitted an updated investment board policy for consideration of Council; and

**WHEREAS**, Council finds that the updated investment board policy is in the best interest of the City.

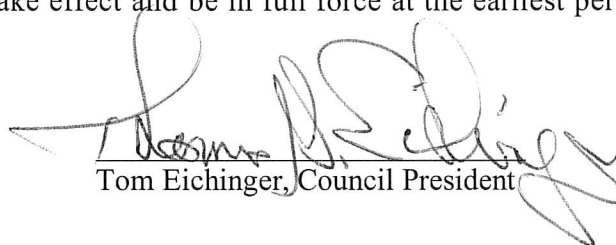
**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HILLSBORO, STATE OF OHIO, WITH A MAJORITY OF ALL COUNCIL MEMBERS CONCURRING THAT:**

**SECTION 1:** That the 2024 Treasury Investment Board Policy, as attached hereto as "Exhibit A" is hereby authorized, approved, and adopted.


**SECTION 2:** That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal actions were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

**SECTION 3:** This Resolution shall take effect and be in full force at the earliest period allowed by law.

Passed this 12 day of September, 2024.

  
Tom Eichinger, Council President

Attest:   
~~Whitney Aliff, Clerk of Council~~  
Lauren Walker - Pro tem

Approved:  Date: 9/12/2024  
Justin Harsha, Mayor

Prepared by the City Law Director.

1st Reading 7/11/24  
2nd Reading 8/15/24  
3rd Reading 9/12/2024

## **INVESTMENT POLICY OF THE CITY OF HILLSBORO OHIO**

### **I. Purpose**

The purpose of this policy is to provide for the prudent management of all public funds in accordance with the stated investment philosophy of the City Fiscal Officer as fiscal officer (the "City Auditor") for the City of Hillsboro. The Fiscal Officer and all of the Treasury Investment Board members will adhere to this policy, and where this policy is silent default to Ohio Revised Code ("O.R.C.") Chapter one thirty-five. In addition, the Fiscal Officer shall follow all other applicable laws and regulations at all times.

This policy has been approved and adopted by Hillsboro City Council, and a copy has been filed with the Auditor of the State of Ohio as required by O.R.C. sec. 135.14.

### **II. Investment Philosophy**

The Fiscal Officer and the Treasury Investment Board who are responsible for investing public funds have fiduciary responsibilities to the City of Hillsboro and the public. Such persons shall seek to follow an investment strategy based on the "prudent person" standard. The prudent person standard requires the Fiscal Officer and other fiduciaries to exercise the care, skill, and experience that a prudent person would use to manage his/her personal financial affairs. The prudent person standard requires the Fiscal Officer and other fiduciaries to seek investments, which will preserve principal while maximizing income.

### **III. Investment Objectives**

#### **A. Short Term Objective**

Safety of Principle is the foremost objective of the investment program. City investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

#### **B. Liquidity**

The second investment objective is maintenance of liquidity of assets. This objective will be met by preparing a draw schedule for anticipated expenditures and matching investment maturities with anticipated expenditures dates whenever possible.

#### **C. Income Maximization**

Income maximization is the third investment objective. To accomplish this objective, the investment portfolio will be managed with the goal of producing a

market rate of return throughout budgetary and economic cycles, and within the acceptable risk parameters. High financial risk is unacceptable.

**D. Minimize Cost of Services**

The fourth objective is to consider all investment related cost. To meet this objective, relationships with securities dealers, investment bankers, and other entities providing investment services will be carefully managed to secure high quality services while simultaneously minimizing costs.

**IV. Personal Conduct and Qualifications**

**A. Ethics: Standards of Conduct**

The Fiscal Officer and the Treasury Investment Board must continually be aware of the fiduciary nature of their responsibility for investing the public funds under their control. All persons responsible for investment decisions or who are involved in the management of the City of Hillsboro's assets shall comply with all applicable Ohio and federal statutes and regulations and the codes of conduct established by the National Association of Securities Dealers, and the Securities and Exchange Commission and this policy.

**B. Continuing Education**

The Fiscal Officer will annually complete the continuing education programs required and provided by the Treasurer of State.

**V. Transactions**

A copy of this policy will be provided to all securities dealers, investment bankers, and other entities doing investment business with the City of Hillsboro. Other interested parties may receive a copy upon request.

This policy shall require that all entities conducting investment business with the Fiscal Officer shall sign the investment policy of the City of Hillsboro. All brokers, dealers, and financial institutions, described in division (M)(1) and division (N) of O.R.C. Section 135.14, initiating transactions with the Fiscal Officer by giving advice or making investment recommendations shall sign the Investment Board's investment policy thereby acknowledging their agreement to abide by the policy's contents. All brokers, dealers, and financial institutions, described in division (M)(1) of O.R.C. Section 135.14, executing transactions initiated by the Fiscal Officer or Treasury Investment Board, having read the

policy's contents, shall sign the investment policy thereby acknowledging their comprehension and receipt.

While every effort will be made to obtain appropriate discounts investment firms will be selected to achieve the best possible transaction execution. The fact that a particular firm provides statistical and market information and services will be considered in the selection process.

## **VI. Authorized Investments**

The city is permitted to invest in any security authorized by ORC Chapter 135.14 and any other relative sections, as amended.

The following investments constitute a nonexclusive list of appropriate investments.

- A. The Ohio Subdivision fund ("Star Ohio) set forth in O.R.C. Section 135.45
- B. Repurchase agreements whereby a securities dealer of public depository agrees to repurchase securities provided they require the dealer or public depository to provide the par value of securities subject to the repurchase agreement and to deliver the securities into the custody of the Fiscal Officer. Repurchase agreements with dealers must be transacted on a delivery versus payment basis, and term repurchase agreements may not exceed thirty (30) days. Securities subject to a term repurchase agreement must be marked to market on a daily basis.
- C. Bonds and other obligations of the State of Ohio and Municipalities located within the State of Ohio of investment grade.
- D. Time certificates of deposit, savings accounts, and deposit accounts in any public depository.
- E. No-load money market mutual funds consisting exclusively of obligations described in division (B) (1) or (2) of section 135.14 of the O. R.C. and repurchase agreements secured by such obligations, provided that investments in securities described in section 135.14 of the O.R.C. are made only through eligible institutions mentioned in section 135.03 of the O.R.C.

## **VII. Determining the Maturity Range**

To the extent possible, the city will attempt to match its investments with anticipated cash flow requirements. Maximum maturities must follow the laws of ORC 135.14. No investment will be made unless, at the time the invest is

made, The Fiscal officer reasonably believes that the investment can be held until maturity. However, an investment may be sold prior to maturity if the Fiscal Officer determines that such sale is prudent.

#### **VIII. Service Providers, Safekeeping and Custody**

The City may engage the services of an investment advisor to assist in the management of the investment portfolio in a manner consistent with this investment policy. Such investment advisor may be granted discretion to purchase and sell investment securities in accordance with this investment policy. The investment advisor must be licensed by the division of securities under ORC Section 1707.141 or registered with the Securities and Exchange Commission, and possess experience in public funds investment management specifically in the area of state and local government investment portfolios, or the investment advisor is an eligible institution as mentioned in ORC Section 135.03. The investment advisor must enter into a written investment advisory agreement with the city. In addition, the investment advisor must supply a copy of their Form ADV Part 2, or make a copy available, on an annual basis.

Should the City choose not to engage the services of an investment advisor, then a list will be maintained of financial institutions and broker/dealers who provide investment services. All financial institutions and broker/dealers with which the City conducts business must supply proof of Financial Industry Regulatory Authority ("FINRA") registration and State of Ohio registration, as appropriate. The Finance Director is responsible for evaluating and reviewing on an annual basis the regulatory status of such financial institutions and broker/dealers.

The City will also arrange to have any investment securities held in safekeeping by an independent third-party custodian. Any advisor or broker/dealer doing business with the City cannot serve as a custodian or safekeeping agent. Investment securities should be settled to the custody account on a delivery-versus-payment (DVP) basis, as previously noted. The custodian must enter into a written custodial agreement with the City.

In accordance with ORC, a copy of this policy will be forwarded to each investment advisor, financial institution and broker/dealer doing investment business with the City. Their signature will be required indicating that they have received, read, comprehend and will abide by its contents when managing assets or recommending or selling any investment security to the City. Any third-party custodian providing

services is excluded from this requirement as long as they will not be managing assets, recommending, or selling any investment security to the City.

## **IX. Prohibited Investments**

The following investments and investment practices are prohibited:

- A.** Speculative Investments: Investments with high risk, including investments in speculative stocks, options, futures contracts, or other similar instruments.
- B.** Non-Investment Grade Securities: Securities with ratings below investment grade as determined by recognized rating agencies.
- C.** High-Risk Derivatives: Complex financial instruments and derivative products with significant market or credit risk.
- D.** Private Equity or Venture Capital: Investments in private equity funds, hedge funds, or venture capital funds.
- E.** Cryptocurrencies: Investments in cryptocurrencies or digital assets that are not regulated or recognized as legal tender.
- F.** Personal Use or Benefit: Investments that provide personal benefit to city officials, employees, or their families.