



## INVESTMENT ADVISORY COMMITTEE MEETING

### AGENDA

January 25, 2024

1. Call to Order
2. Roll Call
3. Approval of Minutes from Prior Meeting (November 2, 2023)
4. Public Comments
5. Fund & Portfolio
6. Investment Discussion
  - a. Jason Click, Meeder Investment Management
  - b. Jason Headings, Meeder Investment Management
7. Other Business
  - a. Investment Policy Review & Amendment
  - b. Election of Chair and other officers
  - c. Meeting Dates for Fiscal Year 2024
    - i. April 25, 2024, 10-11a
    - ii. August 1, 2024, 10-11a
    - iii. October 24, 2024 10-11a
    - iv. January 23, 2025, 10-11a
  - d. Linked Deposits
8. Adjournment



## INVESTMENT ADVISORY COMMITTEE MEETING

Meeting Minutes

November 2, 2023

### 1. CALL TO ORDER

Councilman Schron called the meeting to order at 10:05 AM

### 2. ATTENDEES

#### **CUYAHOGA COUNTY INVESTMENT ADVISORY COMMITTEE MEMBERS IN ATTENDANCE**

Chris Ronayne, Cuyahoga County Executive  
Jack H. Schron, Jr., Councilman  
Brad Cromes, Treasurer

#### **CUYAHOGA COUNTY STAFF IN ATTENDANCE**

Eileen Egan, Manager, Investment & Cash Management  
Michael King, Council Legal Counsel  
Trevor McAleer, Council Budget Liaison  
Liv Sontag, Public Service  
Lisa Rocco, Director Operations  
Ray McDaniel, Deputy Chief Treasurer  
Brandy Carney, Director Public Safety and Justice Services  
Rebecca Cook, Assistant Investment and Cash Management Officer  
Katie Gallagher, Chief of Operations and Community Innovation  
Erik Janas, Chief of Staff  
Jerad Zibritosky, Assistant Law Director

## OTHERS IN ATTENDANCE

Jason Click, Meeder Investment  
Jason Headings, Meeder Investment  
William Tarter, Jr., Member of the Public

### 3. Approval of Minutes from Prior Meeting (August 9, 2023)

Councilman Schron asked for motion to accept the minutes; Treasurer Cromes carried, Executive Ronayne seconded. It passed.

### 4. Organizational Matters:

- a. William Tarter sought confirmation that we were livestreaming the meeting.
- b. Treasurer, Cromes was introduced as the new treasurer.

### 5. Fund & Portfolio

Brad Cromes, Treasurer summarized the Asset Allocation of the treasury funds and advised the Committee that both portfolios are compliant with policy limits. Cromes provided an overview of the purposes of the various cash accounts as well as the change since the close of the first quarter. The balance awaiting allocation for projects was discussed.

Brandy Carney, Director of Public Safety and Justice Services provided an update on the Opioid funds. In this portfolio, matured investments are held in cash, yielding 5%. This maintains liquidity to satisfy the funding needs for the program. Brandy Carney expects a more substantive update for investing these funds at the Q4 meeting.

Councilman Schron mentioned that the prior county executive had allocated \$10 million to the opioid innovation fund. Of this \$10 million, \$5 million had been approved in past legislation, with the remaining \$5 million to be matched to the investments of other parties.

Councilman Schron noted that our Israeli bonds were lower than our maximum. He suggested increasing the investment to closer to the maximum threshold of 2% from the current allocation of 0.5%.

## 6. Investment Discussion

Jason Click and Jason Headings from Meeder Investment Management discussed the current economic, financial, and interest rate trends. They reconfirmed that Cuyahoga County Investments are compliant with the policy and are structured appropriately for the County's short- and long-term liquidity needs. The Meeder investment team noted that the FED has indicated that a soft landing is possible. Discussion about status of Opioid funds considering trends as well as discussion related to awaiting allocation for the short term or stay liquid.

## 7. Adjournment

Executive Ronayne moved to adjourn meeting at 10:36 AM, seconded by Councilman Schron

# CUYAHOGA COUNTY



2023 Q4  
Fiscal Report  
Fund & Portfolio

## CUYAHOGA COUNTY TREASURY

### PORTFOLIO REVIEW - 4th QUARTER 2023



#### Asset Allocation and Compliance

	<u>Market Value</u>	<u>Core Portfolio Average</u>	<u>Policy Limit</u>	<u>Policy Comply</u>
<b><u>General Funds:</u></b>				
<i>Bank Deposit</i>				
STAR Ohio - ARP	125,946,447	8.896%	100%	YES
STAR Ohio - Main	60,050,325	4.241%	100%	YES
Key Bank	4,615,106	0.326%	100%	YES
PNC Bank	5,542,966	0.392%	100%	YES
US Bank	276,195	0.020%	100%	YES
<i>Investments</i>				
US Agency- Callable	220,744,416	15.592%	70%	YES
US Treasury	264,766,118	18.701%	100%	YES
US Agency- Fixed Rate	248,030,788	17.519%	100%	YES
Corporate Notes	74,304,515	5.248%	15%	YES
Commercial Paper	61,475,638	4.342%	40%	YES
Municipal Notes	31,444,133	2.221%	20%	YES
Certificates of Deposit - Bank	24,286,000	1.715%	50%	YES
Foreign Notes	15,895,090	1.123%	2%	YES
Money Market Mutual Funds- Custody Sweep	1,214,662	0.086%	75%	YES
<b><u>Non-General Funds:</u></b>				
STAR Ohio - Opioid	23,619,950	1.668%	100%	YES
Money Market Mutual Funds- Opioid Sweep	19,895,733	1.405%	75%	YES
STAR Ohio - Development	3,546,975	0.251%	100%	YES
<b>Total Quarter-End Market Value</b>	<b>1,185,655,058</b>			
<b>12 Month Trailing Average</b>	<b>1,415,789,908</b>			

Policy Limits: Per investment policy, investment class limits are based on the 12 month trailing average.

Opiod Star Ohio balance as of 12/31/2023

<b>Month</b>	<b>Cash Projection</b>	<b>Projected Star Opiod Balance at EOM</b>
Dec-2023	916,434.98	23,619,949.85
Jan-2024	2,668,165.48	20,951,784.37
Feb-2024	2,668,165.48	18,283,618.89
Mar-2024	2,668,165.48	15,615,453.42
Apr-2024	565,022.48	15,050,430.94
May-2024	565,022.48	14,485,408.46
Jun-2024	565,022.48	13,920,385.98
Jul-2024	565,022.48	13,355,363.51
Aug-2024	565,022.48	12,790,341.03
Sep-2024	565,022.48	12,225,318.55
Oct-2024	550,000.00	11,675,318.55
Nov-2024	550,000.00	11,125,318.55
Dec-2024	550,000.00	10,575,318.55



**Subsequent**  
**Annual Spend**     6,600,000.00

**Projection:**     There is enough in Star Ohio to fund the  
 Diversion Center for 1.6 years after 2024 without using  
 the funds invested with Meeder.

# CUYAHOGA COUNTY TREASURY PORTFOLIO REVIEW - 4th QUARTER 2023 Opioid Portfolio Asset Allocation



## Asset Allocation

	<u>Market Value</u>
US Treasury	15,492,924
US Agency- Callable	7,382,151
US Agency- Fixed Rate	6,750,257
Commercial Paper	8,535,061
Corporate Notes	2,485,150
Municipal Notes	-
<b>Total Month-End Market Value</b>	<b>40,645,544</b>



**ROBERT SPRAGUE**  
OHIO TREASURER



## STAR OHIO DAILY RATE

STAR Ohio Rate as of 12/29/2023	
<b>Total Shares:</b>	19.303 Billion
<b>Overnight Yield:</b>	5.58 %
<b>Annualized Yield:</b>	5.73 %
<b>Daily Dividend Rate:</b>	0.0004589700
<b>Average Days to Maturity:</b>	46.4 days

**Fund Activity Statement For  
Opioid Innovation Project Fund**

**January 1, 2023 Through December 31, 2023**

**Financial Activity:**

Additions:

Gifts & Contributions	\$5,000,000.00	
Grants Received from Cleveland Foundation Funds	\$0.00	
Net Investments Income (Loss)	\$216,711.67	
Other Income	\$0.00	
	<hr/>	
<b>Total Additions:</b>		<u>\$5,216,711.67</u>

Disbursements:

Grants/Program Expenses	\$0.00	
Grants Paid to Cleveland Foundation Funds	\$0.00	
Administrative Fees	\$9,167.00	
Other Expenses	\$0.00	
	<hr/>	
<b>Total Disbursements:</b>		<u>\$9,167.00</u>

Net Increase/(Decrease) to Net Assets	\$5,207,544.67
Beginning Net Assets	<u>\$0.00</u>
Ending Net Assets	<u><u>\$5,207,544.67</u></u>

**Suggested Spending for 2024**

Beginning Balance:	\$0.00
Grants Paid:	\$0.00
Grants Outstanding:	<u>\$0.00</u>
Balance Available:	<u><u>\$0.00</u></u>



DECEMBER 31, 2023

# Cuyahoga County Investment Strategy Update

PRESENTED BY: JASON CLICK AND JASON HEADINGS



**MEEDER**  
PUBLIC FUNDS

## Year In Review



### US Bank Failures

Signature Bank, Silicon Valley Bank, First Republic Bank

US Tracks shoots down alleged **Chinese spy balloon.**

UBS acquires Credit Suisse.

Titan Submersible Implodes

Chat GPT and AI take the world by storm.

Federal Reserve Raised the Fed Funds rate 4 times in 2023, bringing the Federal Funds rate to 5.375%.

The 2yr Treasury note yielded **4.43%** in Dec 2022 and ended the year at **4.25%**  
The 5yr Treasury note yielded **4.00%** in Dec 2022 and ended 2023 at **3.85%**

**Fitch Downgrades** United States Credit Rating to AA on August 1.

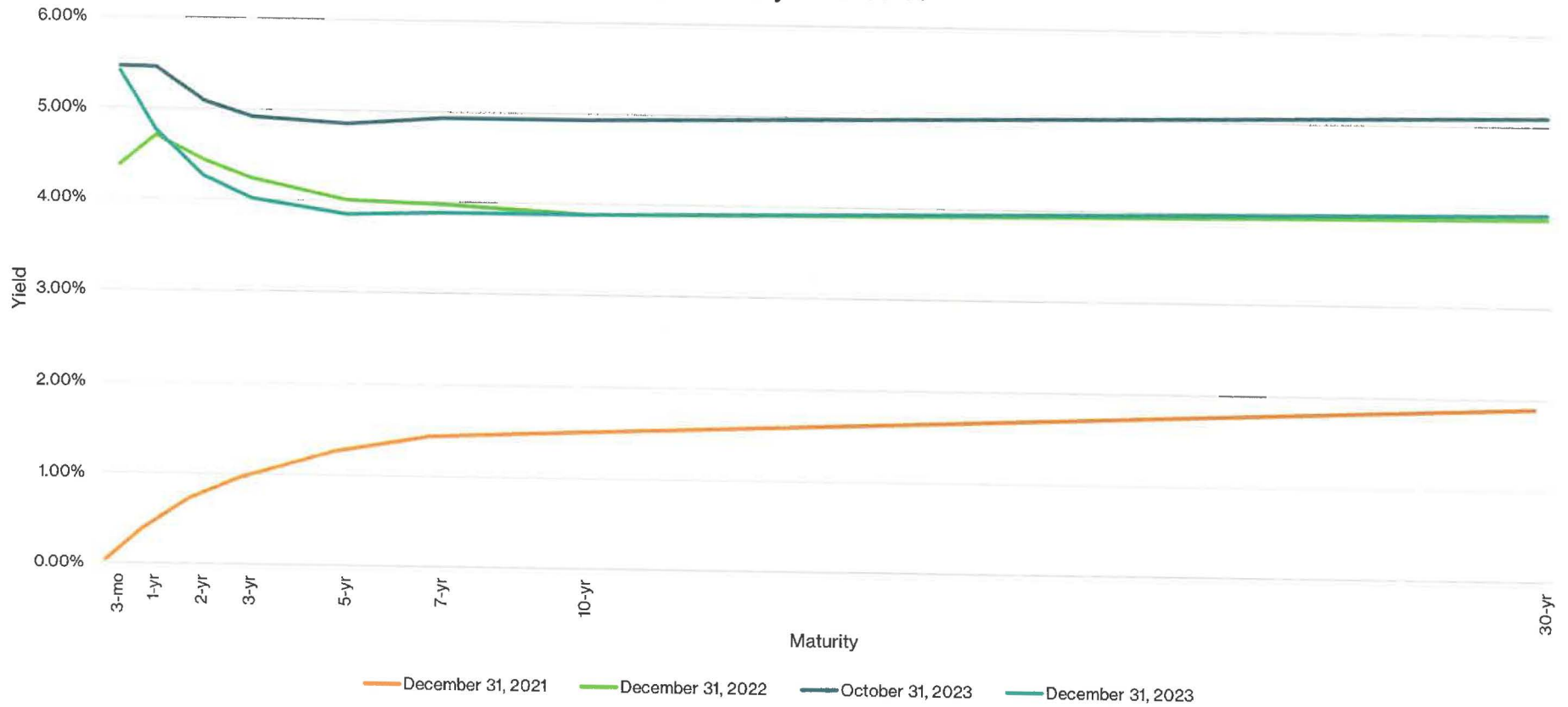
OPEC cuts oil supply 4 times in 2023

**Israel & Hamas** conflict begins October 7<sup>th</sup>.

# US Treasury Yields



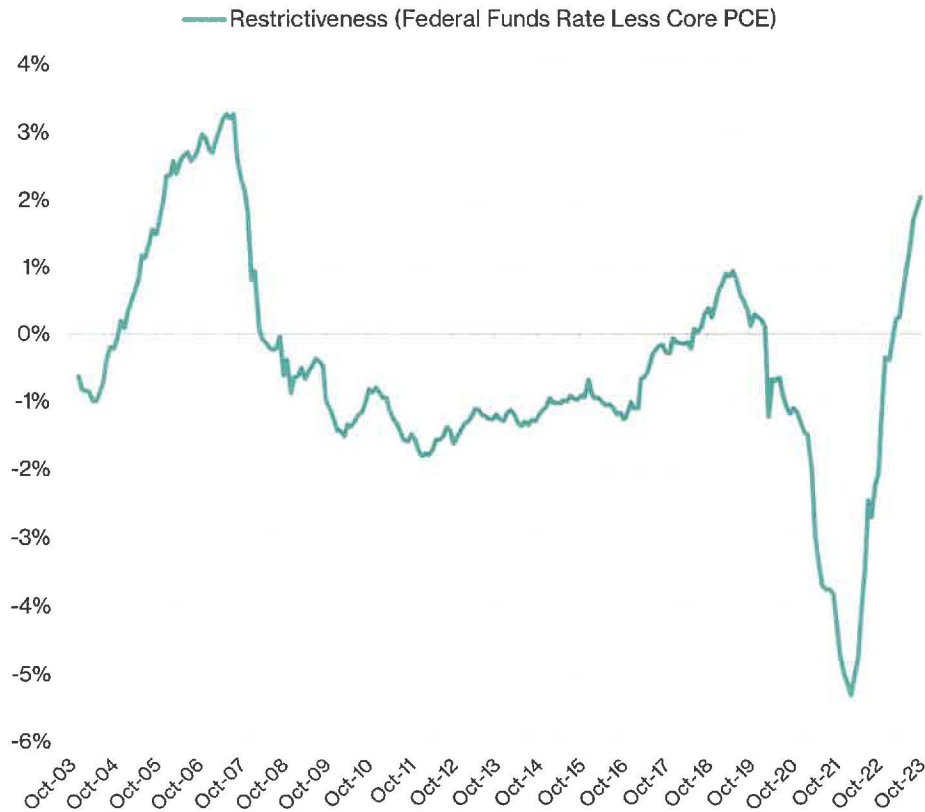
### U.S. Treasury Yield Curve



SOURCE: BLOOMBERG

# Central Banking 101

## Keeping Rates Unchanged Will Increase Restrictiveness

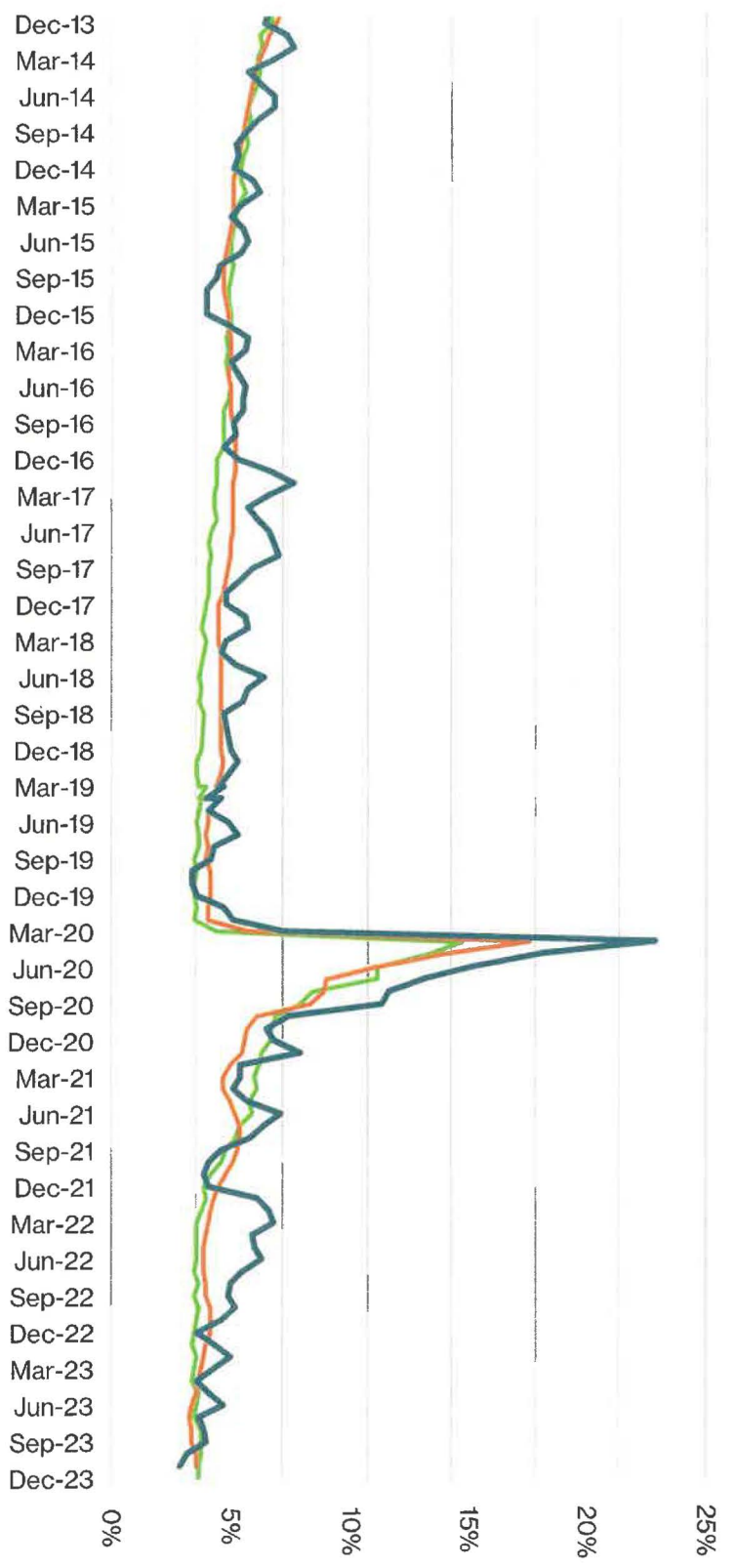


	2023	2024	2025
<b>Federal Funds Rate</b>	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%
<b>Federal Reserve Core PCE Expectations</b>	3.2%	2.4%	2.2%
<b>Implied Restrictiveness</b>	2.15%	2.95%	3.15%

SOURCE: BLOOMBERG, FOMC MEMBER CHRISTOPHER WALLER

# EMPLOYMENT

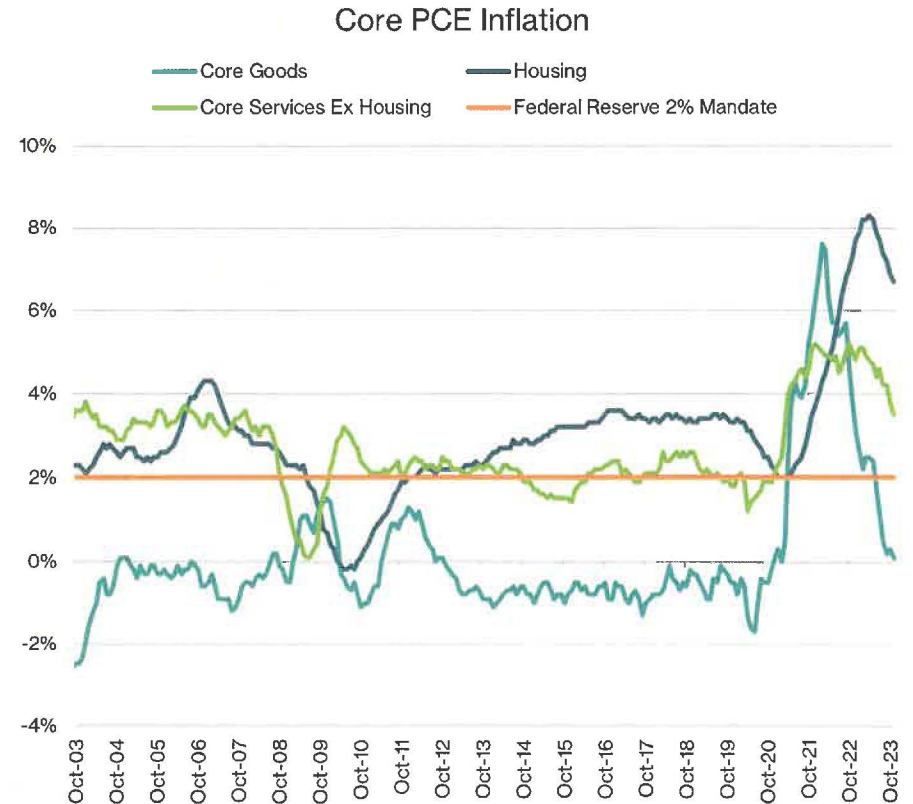
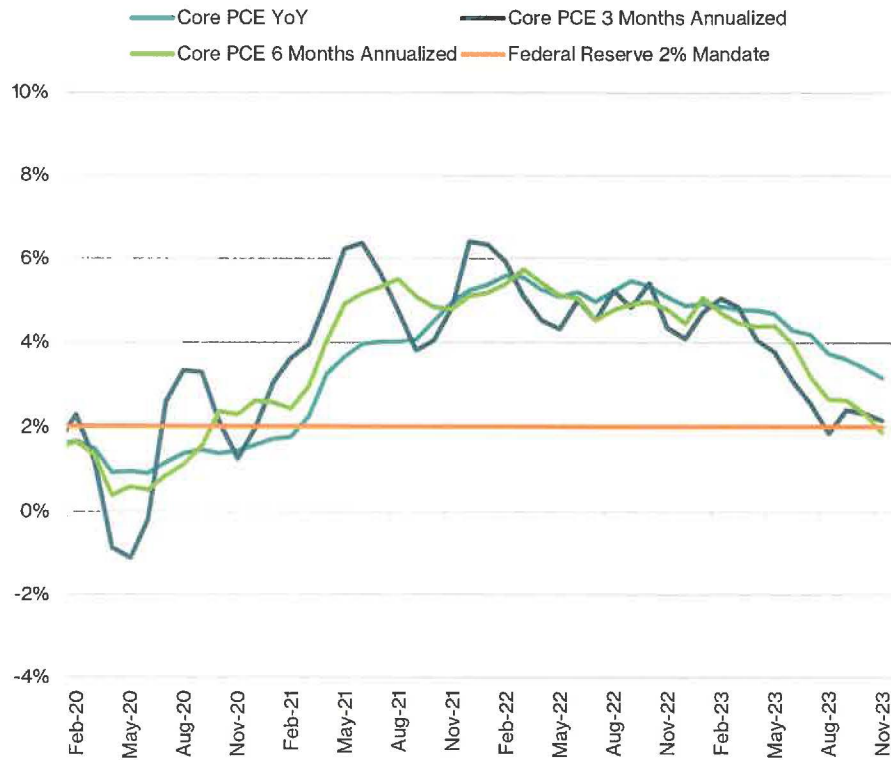
## US & Regional Labor Markets



SOURCES: BLOOMBERG, BUREAU OF LABOR STATISTICS, FRED

# What's Ahead For Inflation

## Recent Data Points To Continued Disinflation





# Leading Economic Indicators

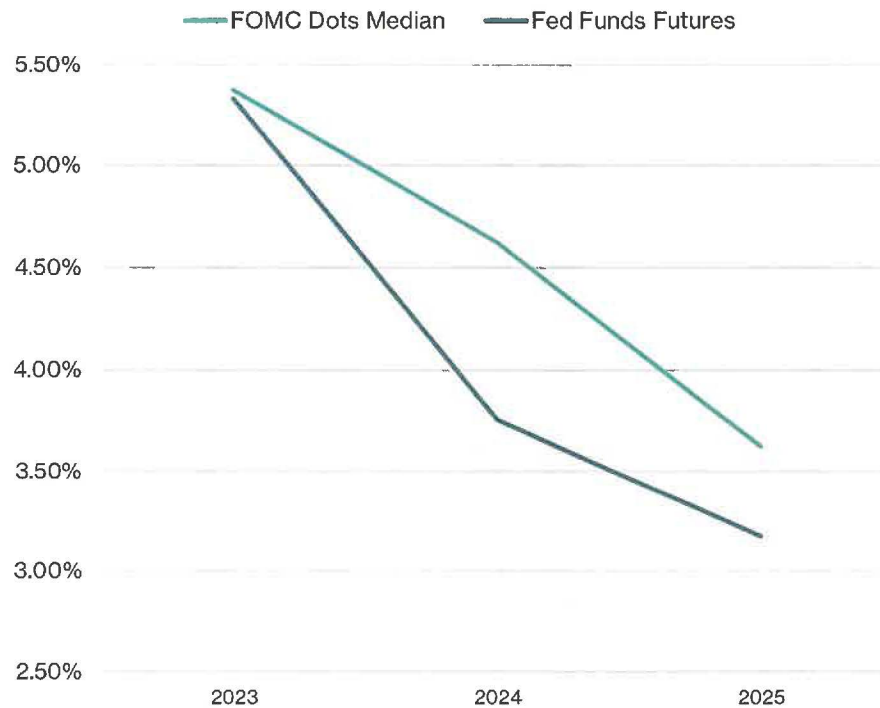
Leading Economic Indicators Have Declined for a Record 20 Months



SOURCE: THE CONFERENCEBOARD

## Market Expectations

The Most Recent FOMC Meeting Saw A Dovish Pivot



- Chairman Jerome Powell took every opportunity at the December FOMC meeting to signal rate cuts in 2024
- Since the meeting, several FOMC members have stated they expect rate cuts in 2024

SOURCE: BLOOMBERG, FOMC



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# PORTFOLIO REVIEW

## CORE PORTFOLIO REVIEW

Cuyahoga County portfolio as of 12/31/2023

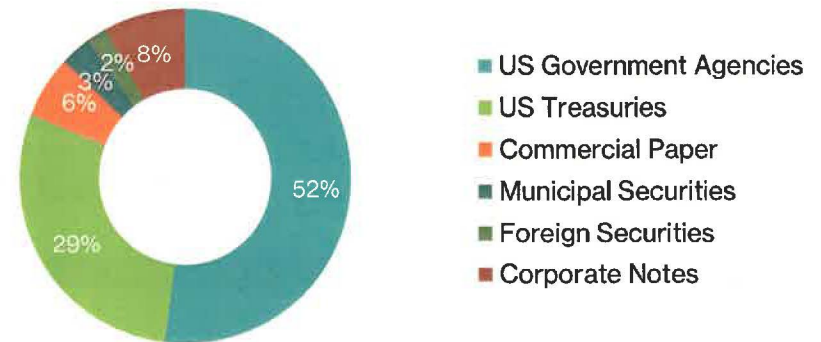
### Your Portfolio

Cash	\$1,352,823
Securities	\$942,738,180
<b>Total Portfolio</b>	<b>\$944,091,003</b>

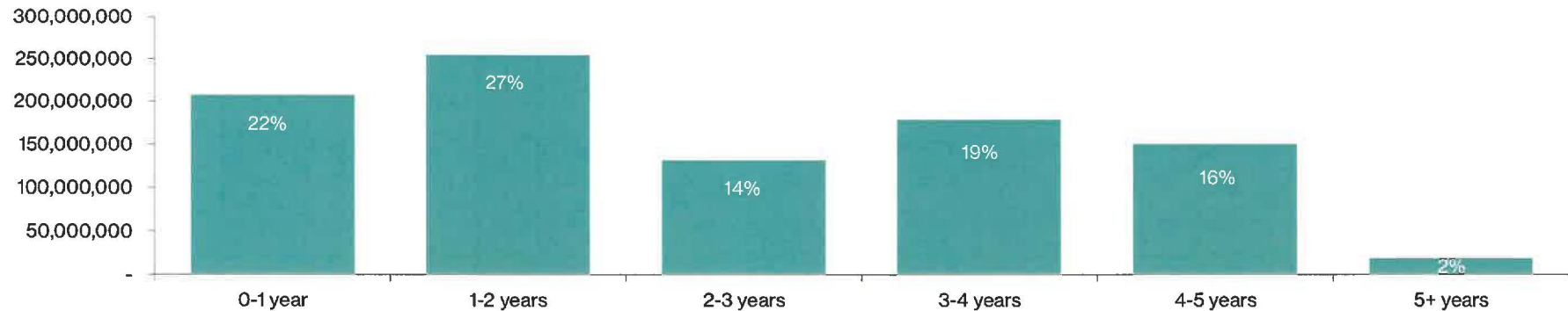
### Your Securities

Weighted Average Maturity	2.55 years
Weighted Average Yield	2.52%
Estimated Annual Income	\$23,757,002

### Your Asset Allocation



### Your Maturity Distribution



ALL VALUES SHOWN AT COST. YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

## Compliance Review - Core Portfolio as of 12/31/2023



Policy Requirements	Current Allocation	Max Allocation	Test Results
U.S. Treasury Bills/Notes/Bonds	29%	100%	✓
U.S. Government Agencies	51%	100%	✓
Commercial Paper & Bankers' Acceptances	7%	40%	✓
Municipal Bonds/Notes	3%	20%	✓
Money Market Mutual Funds	0%	75%	✓
Corporate Bonds/Notes	8%	15%	✓
Foreign Bonds/Notes	2%	2%	✓

✓ = Compliant    ✗ = Non-compliant

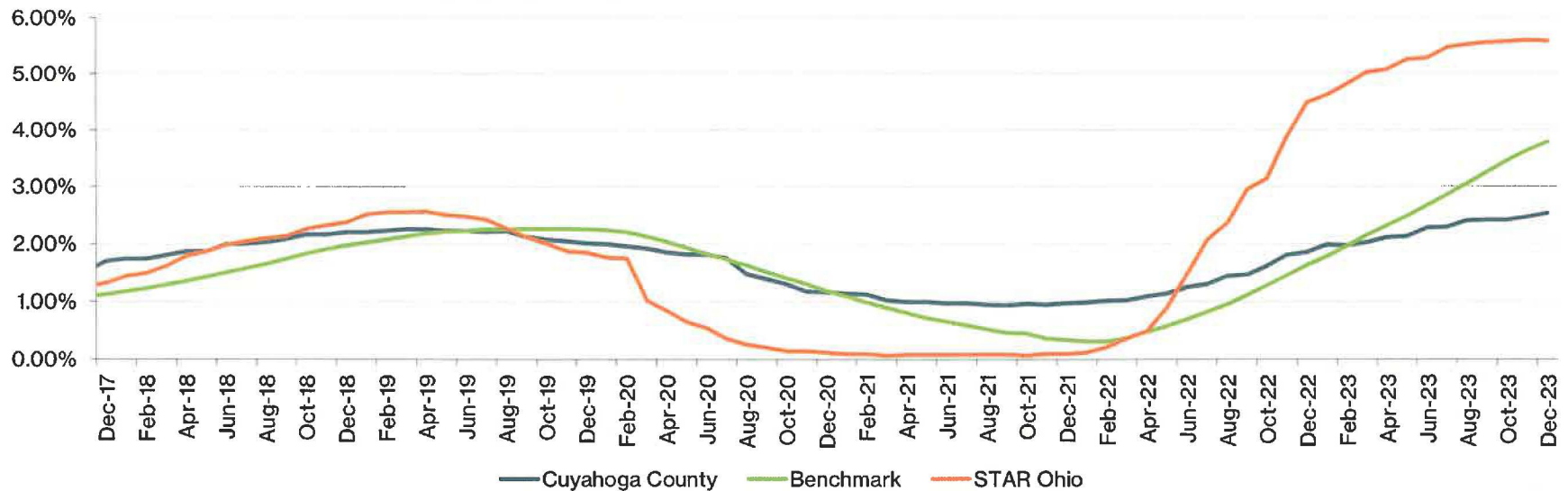
THE INFORMATION PROVIDED IS BASED SOLELY ON THE ASSETS HELD IN INVESTMENT CUSTODY ACCOUNTS MANAGED BY MEEDER PUBLIC FUNDS, INC. THE ALLOCATION PERCENTAGES SHOWN ARE CALCULATED USING MONTH END MARKET VALUES. VALUES SHOWN MAY NOT ADD TO 100% DUE TO ROUNDING.

# QUARTERLY COMPARISON

## Cuyahoga County Core Portfolio



	Quarter Ended December 31, 2023 Yield To Maturity
Cuyahoga County <sup>1</sup>	2.52%
Benchmark <sup>2</sup>	3.78%
STAR Ohio <sup>3</sup>	5.58%



1. PERFORMANCE ON TRADE DATE BASIS, GROSS (I.E. BEFORE FEES)
2. BENCHMARK IS A 24-MONTH MOVING AVERAGE OF THE 2-YEAR CONSTANT MATURITY TREASURY
3. STAR OHIO MONTHLY DISTRIBUTION YIELDS RETRIEVED ONLINE FROM THE STATE TREASURER OF OHIO WEBSITE
4. YIELDS FOR CUYAHOGA COUNTY PRIOR TO 9/30/2017, USING YIELDS CALCULATED ON THE 'LONG TERM PORTFOLIO'

# OPIOID SETTLEMENT PORTFOLIO REVIEW

Cuyahoga County portfolio as of 12/31/2023



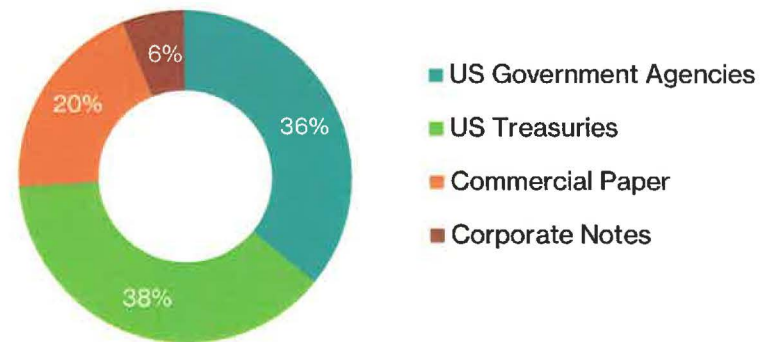
## Your Portfolio

Cash	\$19,895,733
Securities	\$41,811,538
Total Portfolio	\$61,707,271

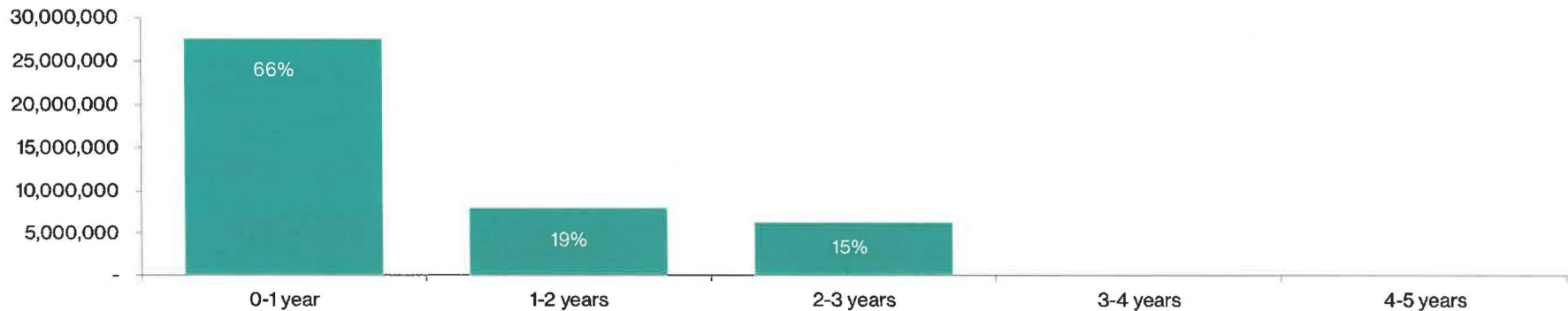
## Your Securities

Weighted Average Maturity	0.81 years
Weighted Average Yield	3.32%
Estimated Annual Income	\$1,388,143

## Your Asset Allocation



## Your Maturity Distribution



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## Compliance Review - Opioid Settlement Portfolio as of 12/31/2023



Policy Requirements	Current Allocation	Max Allocation	Test Results
U.S. Treasury Bills/Notes/Bonds	26%	100%	✓
U.S. Government Agencies	23%	100%	✓
Commercial Paper & Bankers' Acceptances	14%	40%	✓
Municipal Bonds/Notes	0%	20%	✓
Money Market Mutual Funds	33%	75%	✓
Corporate Bonds/Notes	4%	15%	✓
Foreign Bonds/Notes	0%	2%	✓

✓ = Compliant    ✗ = Non-compliant

THE INFORMATION PROVIDED IS BASED SOLELY ON THE ASSETS HELD IN INVESTMENT CUSTODY ACCOUNTS MANAGED BY MEEDER PUBLIC FUNDS, INC. THE ALLOCATION PERCENTAGES SHOWN ARE CALCULATED USING MONTH END MARKET VALUES. VALUES SHOWN MAY NOT ADD TO 100% DUE TO ROUNDING.





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**Meeder Public Funds**

6125 Memorial Drive  
Dublin, OH 43017

866.633.3371



**M E E D E R**

**PUBLIC FUNDS**

[MeederPublicFunds.com](http://MeederPublicFunds.com)



# Treasurer's Office – Cuyahoga County, Ohio

## Statement of Investment Policy

*This version effective as of January 25, 2024*

### **Purpose**

The purpose of this policy is to establish the priorities, procedures and guidelines that will govern the investment of public funds held by Cuyahoga County, Ohio ("County") under the authority of the County Treasurer's Office.

### **Investment Advisory Committee – Membership, Meetings and Minutes**

As stipulated in Ohio Revised Code 135.341, the Investment Advisory Committee ("Committee") shall consist of three members: the County Executive, the County Treasurer and a representative of the County Council. The Committee may retain the services of an Investment Advisor, registered under the Investment Advisers Act of 1940, to assist in performing its duties.

The Committee's first meeting of the calendar year shall serve as the Committee's organization meeting within the meaning of the ORC. Notice of the organization meeting shall be provided to the public via publication on the County's website and the County's general events calendar hosted on that website. Such notice shall be given a minimum of one week prior to the meeting.

At its organization meeting, the Committee shall select from its membership a Chair, Vice Chair and Secretary. The Committee shall also use this meeting to establish the dates, times and locations for its regular meetings for the year to come, and to review this policy (including provisions on membership, meetings and record keeping).

The Committee shall meet at least quarterly to review the performance of the County's investment portfolio, and to advise the Treasurer on the County's investments to ensure the safest and best stewardship of those investments. Any member of the Committee, upon giving five days' notice, may call a special meeting of the Committee. In such an event, notice must be provided to members of the media and public who have requested such notice of the time, date and location of the meeting a minimum of 24 hours in advance.

Emergency meetings as defined by the ORC may be called by any member for any reason allowable under the law, so long as reasonable effort is made to notify members of the media and public who have so requested.

Any individual wishing to receive written notice of the Committee's meetings may do so by making a written request and providing stamped, self-addressed envelopes or a working email address to the Secretary of the Committee. The Committee shall make reasonable efforts to broadcast its proceedings electronically utilizing the County's official web communications channels.

The Secretary or their designated staff shall serve as the custodian of records relating to the Committee's formal actions. Such records shall include written meeting minutes which accurately reflect the Committee's decisions, including motions, formal votes, and a record of how each member of the Committee voted. These

records shall also include such information as is reasonably necessary to understand and appreciate the Committee's decision-making process and rationale.

## **Policy Adoption and Revision**

This policy has been adopted by a majority vote of the Investment Advisory Committee at the recommendation of the Treasurer ("Investing Authority") and can only be changed by a majority vote taken at a public meeting consistent with the provisions of this policy and the Ohio Revised Code.

The Investment Advisory Committee shall review this policy at least annually at its reorganization meeting. The Committee may do so more frequently at the request of any member.

## **Rule of Law**

The procedures and guidelines contained in this policy are based upon and governed by applicable provisions of the Ohio Revised Code ("ORC"), including Chapter 135.

## **Standard of Prudence and Release of Liability**

The standard of prudence to be applied to the investment of the County portfolio shall be the "Prudent Person 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."<sup>1</sup>

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 review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust and shall conform to all state and local statutes governing the investment of public funds.

Investment staff acting in accordance with this policy or any other written procedures pertaining to the administration and management of the County portfolio and who exercise the proper due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided that these deviations are reported in a timely fashion to the Investment Advisory Committee and that appropriate action is taken to control and prevent any further adverse developments.

## **Ethics and Conflict of Interest**

The Cuyahoga County Treasurer and Investment Advisory Committee recognize the responsibility the Treasurer's Office has in administering the County's investable assets. Maintaining integrity and public trust in the process is essential. All persons responsible for the investment of County funds acting in their professional capacities owe a fiduciary duty to the taxpayers of Cuyahoga County.

Members of the Investment Advisory Committee and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal finance or investment positions that could be related to the performance of the County portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual(s) with which business is conducted on behalf of the County. Employees and officers shall refrain from securing personal gifts from brokers or others with which

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<sup>1</sup> See *Harvard College v. Amory*, 26 Mass. (9 Pick.) 446 (1830) at 461.

they conduct County business. Employees and officers shall be governed by the provisions of the Ohio ethics law<sup>2</sup> and Cuyahoga County Ethics Code.<sup>3</sup>, as well as the codes of conduct established by the Financial Industry Regulatory Authority (“FINRA”),<sup>4</sup> Securities and Exchange Commission,<sup>5</sup> and the code of ethics and standards of conduct of the CFA Institute.<sup>6</sup>

## **Scope of the Investment Policy**

This investment policy governs the administration and management of funds held for investment by the County Treasurer. These funds are described in the Annual Financial Report of the County. . 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.

## **Investment Objectives**

In order of priority, the investment objectives of Cuyahoga County are:

1. Compliance with state and federal law;
2. Safety of principal;

The single most important objective of the County investment program is the preservation of principal of those funds within the portfolio. County funds shall be invested in a manner that ensures the preservation of capital within the context of credit and market risk.

Credit risk, for purposes of this policy, shall be defined as the risk of loss due to the failure of a security issuer to pay principals or interest, or the failure of the issuer to make timely payments of principal or interest. Eligible investments under the ORC subject to credit risk include certificates of deposit, commercial paper, corporate bonds, and banker’s acceptances. Credit risk will be minimized by a) diversifying assets by issuer; b) ensuring that required, minimum credit quality ratings exist prior to the purchase of such instruments; c) maintaining adequate collateralization as required by the ORC; and d) obtaining delivery of securities purchased subject to a repurchaser agreement to the Treasurer or an appropriate custodian under the provisions of this policy.

Market risk, for purposes of this policy, shall be defined as the risk of loss due to fluctuations in the financial marketplace, based upon changes in the general and individual levels of interest rates. The effects of market value fluctuations will be minimized by a) maintaining adequate liquidity so that, where possible, current obligations of the County may be met without selling securities prior to maturity; and b) diversifying investments as to maturity, issuer and type.

3. Maintenance of liquidity; and

The portfolio shall be managed to retain sufficient liquidity as is necessary to meet all current obligations of the County that might reasonably be anticipated, and shall be structured so that investments mature concurrently with known cash needs.

<sup>2</sup> See <https://ethics.ohio.gov/education/overview.html>. Last accessed January 11, 2024.

<sup>3</sup> See <https://cuyahogacounty.gov/code/titles/title-4-ethics>. Last accessed January 11, 2024.

<sup>4</sup> See <https://www.finra.org/careers/investment-and-securities-account-restrictions-under-finras-code-conduct>. Last accessed January 11, 2024.

<sup>5</sup> See <https://www.sec.gov/Archives/edgar/data/1270436/000119312510052707/dex141.htm>. Last accessed January 11, 2024.

<sup>6</sup> See <https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance>. Last accessed January 11, 2024.

The Treasurer or an authorized designee may elect to separate the County's total investment fund balances into a liquidity portfolio, comprised of short-term investments and/or eligible money market funds, and a core portfolio comprised of various eligible securities with longer-term maturities.

#### 4. Maximizing return.

The portfolio shall be managed in such a fashion as to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the provisions of the ORC, the requirements of this policy, and cash flow needs within the County.

For purposes of this policy, "market-average rate of return" shall be defined as the average yield of the three-month U.S. Treasury Bill.

In pursuit of public policy goals, and consistent with the provisions of Ohio law, the County may accept lower-than-market yields in limited circumstances and for a limited period (not to exceed five years for any single instrument). Such investments shall not exceed 2% of the County's overall portfolio.

### **Procedures and Limitations**

The Treasurer shall establish written procedures for the operation of the investment program consistent with this policy, shall establish a system of controls to regulate the activities of subordinate officials and shall be responsible for all transactions undertaken. The procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer. Further, the roles and responsibilities of staff assigned to investment management shall be clearly defined through maintenance of formal job descriptions and established chain of command.

### **Authorized Investments**

Investment instruments authorized for purchase by the County include those described in Ohio Revised Code Sections 135.18, 135.181, and 135.35 as amended, including but not limited to the below:

1. U.S. Treasury Obligations. United States Treasury bills, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States.
2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Repurchase Agreements. Investments in repurchase agreements if the following conditions are met:
  - a. The contract is fully secured by deliverable U.S. Treasury and Federal Agency Obligations as defined above, having a market value at all times of at least one hundred two percent (102%) of the amount of the contract; and

- b. A master repurchase agreement or specific written, repurchase agreement governs the transaction; and
- c. The repurchase agreement has a term to maturity of no greater than thirty (30) days; and
- d. The repurchase agreement is transacted on a delivery versus payment basis; and
- e. The securities are held free and clear of any lien by an independent third-party custodian acting solely as agent for the County and is a Federal Reserve Bank or a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$100 million; and
- f. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. in such securities is created for the benefit of the County; and
- g. For repurchase agreements with terms to maturity of greater than one (1) day, the County will value the collateral securities daily unless market conditions warrant more frequent valuation and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated.); and
- h. Substitutions of collateral will be permitted only with advance written approval of an authorized Treasury employee; and
- i. The County will enter into repurchase agreements only with:
  - i. Primary government securities dealers who are members of the Financial Industry Regulatory Authority ("FINRA"), report daily to the Federal Reserve Bank of New York, or
  - ii. A bank, savings bank or savings and loan association having \$5 billion in assets and \$500 million in capital and regulated by the Superintendent of Financial Institutions, or through an institution regulated by the Comptroller of the Currency, Federal Deposit Insurance Corporation, or Board of Governors of the Federal Reserve System, or
  - iii. Diversified securities broker-dealers who are members of FINRA having \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
- j. Repurchase agreement counter parties must meet the following criteria:
  - i. Have short-term credit rating of at least "A1" or equivalent by all of the nationally recognized statistical rating organizations ("NRSRO") that rate the issuer; and
  - ii. Have been in operation for at least 5 years, and
  - iii. Be reputable among market participants.

4. Commercial paper. Unsecured short-term debt of an entity defined in Division (D) of Section 1705.01 of the Ohio Revised Code if the following conditions are met:
  - a. The maturity is no greater than two-hundred seventy (270) days; and
  - b. The total holdings of an issuer's paper does not represent more than ten percent (10%) of the issuing corporation's total outstanding commercial paper; and
  - c. The short-term debt rating is at least "A1" or equivalent by at least two NRSROs; and
  - d. The issuing entity has assets exceeding five hundred million dollars; and
  - e. The County has completed additional training of the type and amount prescribed by the Treasurer of State.
5. Bankers' acceptances. Bankers' acceptances of any bank insured by the Federal Deposit Insurance Corporation, whether a domestic bank or a federally chartered domestic branch office of a foreign bank, if the following requirements are met:
  - a. The maturity is no greater than one hundred eighty (180) days; and
  - b. The short-term debt rating must be at least "A1" or equivalent by all of the NRSROs that rate the issuer (minimum of two ratings must be available); and
  - c. The amount invested in any single issuer will not exceed five percent (5%) of the County's total average portfolio on the date of acquisition; and
  - d. The County has completed additional training of the type and amount prescribed by the Treasurer of State.
6. Municipal Obligations. Bonds and other obligations of the State of Ohio, the Cuyahoga County Land Reutilization Corporation, or the political subdivisions (including, but not limited to cities, townships, villages, and school districts) of the State of Ohio that mature within 10 years from the date of settlement.
7. Bank Deposits. Time certificates of deposit or savings or deposit accounts in an eligible institution defined in Section 135.32 of the Ohio Revised Code. Collateralization is required on all deposits of County funds in excess of the FDIC insurance limit by Section 135.18 or 135.181 of the Ohio Revised Code. The County may invest in time certificates of deposit at a below-market rate of interest as part of a linked deposit program as provided for by Section 135.80 of the Ohio Revised Code.
8. State Pool. State of Ohio Local Government Investment Pool (STAR Ohio), if the highest letter or numerical rating provided by at least one nationally recognized rating service is maintained. The County would not be required to divest funds during the initial 180 days following the Treasurer of State's receipt of notice that the fund is not in compliance with the rating requirements; however, no additional investments may be made until the rating is restored to the highest letter or numerical rating provided. At no time will the County's investments in a fund represent more than 25% of the total net assets of the fund.
9. Registered Investment Companies (Mutual Funds). Shares in open-end, no-load money market mutual funds rated in the highest category at the time of purchase by at least one NRSRO or consisting exclusively of obligations described in division (A)(1), (2), or (6) of section 135.143 of the Revised Code and repurchase agreements secured by such obligations. The fund must also be properly registered for sale in the State of Ohio and be purchased through eligible institutions defined in Section 135.32 of the Ohio Revised Code.



Such institutions must also be designated as a depository bank of the County. At no time will the County's investment in a fund represent more than 25% of the total net assets of that fund.

10. Corporate Notes. Notes issued by corporations that are incorporated under the laws of the United States and that are operating within the United States, or by depository institutions that are doing business under authority granted by the United States or any state and that are operating within the United States, provided both of the following apply:
  - a. The notes are rated in the three highest categories by at least two nationally recognized rating services at the time of purchase, and
  - b. The notes mature not later than three years after purchase.
  
11. Foreign Notes. Debt instruments rated at the time of purchase in one of the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, provided the following apply:
  - a. All interest and principal shall be denominated and payable in United States funds, and
  - b. The debt instrument is backed by the full faith and credit of that foreign nation, there is no prior history of default, and the debt instrument matures not later than five years after purchase.
  
12. Delinquent Tax Collection Anticipation Notes: Securities as defined in Section 133.082 of the Ohio Revised Code issued by Cuyahoga County in anticipation of the collection of current year delinquent taxes provided the following apply:
  - a. The collection of current year delinquent taxes is pledged as security for repayment of the notes; and
  - b. The proceeds of the sale of the Delinquent Tax Collection Anticipation Notes shall be used to advance the collection of current delinquent taxes to taxing units in Cuyahoga County.

**Portfolio Diversification**

The 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 investment. The maximum percentage of the total average portfolio permitted in each eligible investment is as follows:

Permitted Investment	Sector Limit	Issuer Limit
A. U.S. Treasury Obligations	100%	100%
B. Federal Agency (Fixed Rate)	100%	40%
C. Federal Agency (Callable)	70%	
D. * Repurchase Agreements	50%	5% or \$150 million, whichever is less
E. Commercial Paper and Bankers' Acceptances combined	40%	5%

F. Certificates of Deposit	50%	10%
G. * Bank Deposits (excluding CDs)	100%	100%
H. Municipal Obligations	20%	5%
I. * STAR Ohio	100%	100%
J. * Money Market Mutual Funds	75%	25%
K. Corporate Notes	15%	5%
L. Foreign Notes	2%	2%
M. Delinquent Tax Anticipation Notes	15%	15%

For purposes of this policy, the County's total average portfolio will be equal to the average investable balance for the 12-month period ending one month prior to the current month. For the preceding cash equivalent investments, indicated by an "\*" (Overnight Repurchase Agreements, Bank Deposits excluding CDs, STAR Ohio, and Money Market Mutual Funds), the total average portfolio will be equal to the prior day's portfolio market value.

### **Prohibited Investments and Investment Practices**

The purchase of any security with a maturity that exceeds the maximum five years allowed by Ohio Revised Code Section 135 must be approved via resolution by the Investment Advisory Committee. To control the volatility of the long-term portfolio, the County Treasurer will determine an average maturity target for the full portfolio, not to exceed three years.

Notwithstanding these limitations, in no case will the assets in either category be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds. No provision of this section shall be construed to invalidate longer-term investments made prior to the adoption of this policy, so long as such investments were made consistent with the requirements of the Ohio Revised Code.

The County is expressly prohibited from the following investments and investment practices:

1. Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
2. Issuing taxable Tax or Current Revenue Anticipation Notes for the sole purpose of investing the proceeds;
3. Investment in reverse repurchase agreements;
4. Short sales (selling a specific security before it has been legally purchased);
5. Pair-offs (buying a security and selling it before the settlement date);
6. Speculative trading (repetitive buying and selling of the same or similar securities for the purpose of capital gains);
7. Investment in securities commonly known as derivatives, structured notes, or trusts collateralized by Treasury obligations. A treasury inflation-protected security shall not be considered a derivative, provided the security matures not later than five years after purchase; and
8. Any other investment practices prohibited by state or federal law and inconsistent with the parameters of this policy.

## **Monitoring and Adjusting the Portfolio**

Those responsible for the day-to-day management of the County portfolio will routinely monitor the contents of the portfolio, as detailed in the Cuyahoga County Treasurer's Investment Procedures, the available markets and the relative values of competing instruments and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that this non-speculative active management of portfolio holdings may cause a book loss on the sale of an owned investment. It is the policy of the County to charge any such loss against the interest income account during the month in which the loss was booked. Losses shall be allocated to the various funds based on the proportionate fund equity in the total portfolio based on the average daily balance during the month in which the sale occurred. Losses shall only be posted to those funds that can legally accept them.

## **Internal Controls**

The County Treasurer shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the County portfolio, and these controls shall be documented in writing. Such controls shall be designed to prevent and control losses of the County funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel. The internal controls will address= control of collusion, separation of duties, separating transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, written confirmation of telephone transactions, minimizing the number of authorized investment officials and documentation of investment transactions.

The County Executive may periodically seek additional examinations of the investment program at its discretion. The County Treasurer at his or her discretion may contract with an independent firm to seek additional examinations of the County Investment Program.

## **Bank Selection and Review**

The County shall select at least one depository bank and at least one custodial bank after issuing a request for proposals and evaluating the ability of proposing banks to provide necessary services, adequacy of capital and/or net worth of the financial institutions, and pricing for individual services. Depositories shall provide collateral for the County deposits in accordance with requirements for public funds deposits in Ohio. No public deposit shall be made except in a qualified public depository as established by state laws. The selected depository and custodial banks shall provide updated financial information to the County on an "as requested" basis and, at least, annually.

## **Eligible Banks and Broker/Dealers**

The Treasurer or an Investment Advisor, if selected by the Investment Advisory Committee, will establish and maintain a list of eligible brokers, dealers, and banks with which investment transactions can be made. All financial institutions interested in transacting securities trades with the County are required to request and complete a "Broker/Dealer Request for Information" from the Treasurer or Investment Advisor. These financial institutions must meet all requirements set by Securities and Exchange Commission Rule 15C3-1. Qualified firms will include "primary" dealers and other dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule.) Cuyahoga County is committed to providing opportunities for all qualified brokers/dealers.

To the greatest extent feasible within the bounds of fiduciary prudence, it is the policy of Cuyahoga County to remove any barriers to the full participation of all qualified firms in investment transactions. Outreach efforts toward equity will include both a local and national search for qualified firms.

Written procedures maintained by the County Treasurer and/or Investment Advisor will describe the selection process for eligible brokers, dealers, and banks. A list of approved investment brokers/dealers will be kept on file with the Treasurer.

### **Competitive Selection of Investment Instruments**

Cuyahoga County will transact securities purchases/sales only with approved providers through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers. The County will accept the offer which (a) has the highest rate of return within the maturity required and (b) optimizes the investment objectives of the overall portfolio. When selling a security, the County will select the bid that generates the highest sale price. If there is a tie bid between one or more brokers, the County Treasurer will award the winning bid to the brokers on a rotating basis.

It will be the responsibility of the personnel involved with each purchase/sale to produce and retain written records of each transaction including the name of the financial institutions solicited, rate quoted, description of the security, investment selected, and any special considerations that had an impact on the decision. If the lowest priced security (highest yield) was not selected for purchase, an explanation describing the rationale will be included in this record.

Primary fixed price Federal Agency offerings may be purchased from the list of qualified broker/dealers without competitive solicitation. However, before purchasing any primary fixed price agency offering, the County Treasurer will evaluate the appropriateness of the offering as it relates to comparable investments. If it is determined that agency obligations meeting the County's requirements are available in the secondary market at a higher yield, then the outstanding obligation shall be purchased following competitive bidding procedures.

In making investment decisions, all other things being equal and subject to compliance with any applicable Internal Revenue Code requirements for bond proceeds, investment in corporations and financial institutions doing business in the State of Ohio will be given preference over other investment options.

### **Investment of Bond Proceeds**

The resolutions providing for the payment of presently outstanding debt of the County impose certain restrictions on the investment of funds pledged to the payment of principal, interest and other costs associated with the bonds. Those funds established by the provisions of the bond resolutions will be managed in accordance with the terms and conditions of the bond covenants if those requirements are more restrictive than this investment policy.

The County intends to comply with all applicable sections of the Internal Revenue Code of 1986, Arbitrage Rebate Regulations and bond covenants with regard to the investment of bond proceeds.

### **Safekeeping and Custody**

All investment securities purchased by the County or held as collateral on either deposits or investments shall be held in third-party safekeeping at a financial institution (to be designated as the "Custodian") qualified to act in this capacity. All securities held for the County account will be held free and clear of any liens and all transactions will be conducted on a delivery-vs.-payment basis. All purchases and sales will be transacted on a cash, regular (next day) or "skip-day" settlement basis. The Custodian shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the Custodian will also provide reports which list all securities held for the County, the book value of holdings and market values as of month-end.

Appropriate County officials and representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process shall be bonded to such a degree as to protect the County against losses from malfeasance and misfeasance.

### **Reporting**

The County Treasurer shall maintain accurate, complete, and timely records of all investment activities. Within ten (10) business days of the end of each month, the County Treasurer shall submit an investment report to the Investment Advisory Committee. This report shall include: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, return, market value and other features deemed relevant and (ii) a listing of all transactions executed during the preceding month. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31 pertaining to the valuation of investments and the treatment of unrealized gains/losses. The report will also include a statement that the investment of the County portfolio is in compliance with this Policy and any applicable bond resolutions.

The County Treasurer shall also prepare quarterly reports in sufficient detail to provide full disclosure of all investment activities to the Investment Advisory Committee.

### **Continuing Education**

The Treasurer shall attend continuing education classes or seminars sponsored by the State Treasurer and State Auditor as required by the ORC. Through participation in these programs, the Treasurer is expected to develop and maintain an enhanced background and working knowledge of investment best practices, cash management, and ethics.

In addition, Treasury employees who directly manage investments will attend a minimum of six hours each year of continuing education on public sector investment topics at County cost.

### **Statement of Currency and Compliance**

Pursuant to the following sections, the Cuyahoga County Treasurer's Office and Investment Advisory Committee have approved this investment policy, effective January 25, 2024. This policy represents a revision of a previously adopted policy originally adopted on January 19, 1999 and last revised April 30, 2021, and supersedes all previously adopted versions.

The revised policy has been filed with the Ohio Auditor of State in accordance with state law and will remain in effect unless modified by a subsequent written filing.

### **Treasurer Recommendation and Approval**

The Cuyahoga County Treasurer, as the investment authority for the County, hereby submits the investment policy, dated January 25, 2024, for review and consideration by the Cuyahoga County Investment Advisory Committee.

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Brad Cromes, Cuyahoga County Treasurer

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Date

**Investment Advisory Committee Acceptance and Approval**

The investment policy is hereby approved by the Cuyahoga County Investment Advisory Committee.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Vice Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

**Acknowledgement of Policy Receipt, Understanding and Adherence**

The following entity has signed, herein, this approved investment policy. Having read the policy's contents, the following representative(s), on behalf of the entity, acknowledge receipt and comprehension of those contents, and pledge to adhere to the principles therein.

\_\_\_\_\_  
Signature of Registered Representative

\_\_\_\_\_  
Name of Firm or Institution

\_\_\_\_\_  
Date

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## APPENDIX

### Glossary of Terms

**Amortized Book Value:** The recorded amount of a security, adjusted for any applicable amortization of premium or discount. Eventually, once all amortization has been recorded, the amortized value of a security will equal its face value.

**Arbitrage Rebate Regulations:** The Internal Revenue Code of 1986 requires that certain earnings on investments of tax-exempt bond proceeds be paid to the United States. The amount that must be rebated is based on the difference between the amount actually earned on investments and the amount that would have been earned if those investments had a yield equal to the yield on the issue.

**Bankers' Acceptances:** Time drafts that a business can order from the bank. The financial institution promises to pay the exporting firm a specific amount on a specific date, at which time it recoups its money by debiting the borrower's account. A banker's acceptance, or BA, works much like a post-dated check, which is simply an order for a bank to pay a specified party at a later date. The holder may choose to sell the BA for a discounted price on a secondary market, giving investors a relatively safe, short-term investment.

**Bid:** An offer made by an investor, a trader or a dealer to buy a security.

**Bond Covenants:** A legally binding term of an agreement between a bond issuer and a bond holder. Bond covenants are designed to protect the interests of both parties. Negative or restrictive covenants forbid the issuer from undertaking certain activities; positive or affirmative covenants require the issuer to meet specific requirements.

**Broker:** A firm that arranges transactions between a buyer and a seller for a commission when the deal is executed.

**Broker-Dealer:** A person or firm in the business of buying and selling securities, operating as both a broker and a dealer, depending on the transaction. A brokerage acts as a broker (or agent) when it executes orders on behalf of clients, whereas it acts as a dealer (or principal) when it trades for its own account.

**Commercial Paper:** An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. The debt is usually issued at a discount, reflecting prevailing market interest rates.

**Corporate Notes:** Debt obligations issued by private or public corporations with maturities ranging from 9 months to 30 years.

**Credit Risk:** Potential that a borrower or counterparty will fail to fulfill an obligation.

**Custodial Bank:** A firm that holds securities and other assets in electronic or physical form for safekeeping so as to minimize the risk of their theft or loss.

**Dealer:** A firm in the business of buying and selling securities for their own account. A dealer is defined by the fact that it acts as principal in trading for its own account, as opposed to a broker who acts as an agent in executing orders on behalf of its clients.

**Delivery versus Payment:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with a

simultaneous exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Depository Bank:** A for-profit or non-profit financial organization that takes money from clients and places it in any of a variety of deposit or investment vehicles for the benefit of both the client and the organization.

**Derivatives:** A contract between two or more parties whose value is based on an agreed-upon underlying financial asset, index or security such as bonds, commodities, currencies, interest rates, market indexes and stocks.

**Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

**Federal Government Agency:** An administrative division within the federal government that serves a specifically assigned purpose across the legislative, judicial and executive branches of the government. A type of Government Sponsored Enterprise ("GSE").

**Financial Industry Regulatory Authority (FINRA):** A self-regulatory organization under the Securities Exchange Act of 1934, which is responsible for regulatory oversight of all securities firms that do business with the public.

**Foreign Notes:** A debt security issued by a national government denominated in a foreign currency or U.S. dollars.

**GASB Statement 31:** Governmental Accounting Standards Board ("GASB") Statements are issued to set generally accepted accounting principles ("GAAP") for state and local governments in the United States. GASB Statement 31 provides: Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

**Government Sponsored Enterprise ("GSE"):** A financial services corporation created by the United States Congress. Their intended function is to enhance the flow of credit to targeted sectors of the economy and to make those segments of the capital market more efficient and transparent, and to reduce the risk to investors and other suppliers of capital.

**Institutional Money Market Mutual Fund:** High minimum investment, low expense share classes of Money Market Funds which are marketed to corporations, governments, or fiduciaries.

**Instrumentality:** An organization that serves a public purpose and is closely tied to a federal and/or state government but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by state or federal government.

**Investment Adviser's Act of 1940:** Legislation passed by Congress in 1940 that requires all investment advisers to register with the Securities and Exchange Commission. The Act is designed to protect the public from fraud or misrepresentation by investment advisers.

**Long-Term Credit Rating:** Probability factor of a security issuer going into default over a long timeframe.

**Market Price:** Current market price of a security.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market Fund:** An investment whose objective is to earn interest for shareholders while maintaining a net asset value ("NAV") of \$1 per share. A money market fund's portfolio is comprised of



short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments.

**Municipal Obligations:** A form of debt obligation issued by states, provinces, cities or towns, typically used to fund municipal and local projects.

**Nationally Recognized Statistical Rating Organizations (“NRSRO”):** Firms that provide credit ratings used by the U.S. government in several regulatory areas.

**Negative Credit Watch:** A status that the credit-rating agencies (Standard and Poor's, Moody's and Fitch) give a company while they are deciding whether to lower that company's credit rating. Once a company has been placed on negative watch, it has a 50% chance of its rating being lowered in the next three months.

**Net Assets:** The total assets of a business minus its total liabilities.

**Offer:** The price at which a seller is willing to sell a security.

**No-Load:** A mutual fund which does not levy a sales charge on the purchase of its shares. Transaction fees will still apply.

**Open-End:** A type of mutual fund that does not have restrictions on the amount of shares the fund will issue. If demand is high enough, the fund will continue to issue shares no matter how many investors there are. Open-end funds also buy back shares when investors wish to sell.

**Perfected First Security Interest:** Security interest in an asset protected from claims by other parties. A lien is perfected by registering it with appropriate statutory authority so that it is made legally enforceable and any subsequent claim on that asset is given a junior status. Also called perfected lien

**Portfolio:** Collection of securities held by an investor.

**Primary Fixed Price Federal Agency Offerings:** Initial offerings of debt by Government Sponsored Enterprises (GSEs). Typically sold at par.

**Primary Government Securities Dealers:** A firm that buys government securities directly from a government, with the intention of reselling them to others, thus acting as a market maker of government securities. In the United States, primary dealers are designated by the Federal Reserve Bank of New York. These dealers must meet certain liquidity and quality requirements as well as provide a valuable flow of information to the Fed about the state of the worldwide markets.

**Short Term Rating:** Probability factor of an issuer of debt going into default within a year.

**“Skip-Day” Settlement Basis:** A situation where the settlement for a trade occurs one business day after the original or usual settlement date.

**Structured Notes:** A debt obligation that also contains an embedded derivative component with characteristics that adjust the security's risk/return profile. The return performance of a structured note will track that of the underlying debt obligation and the derivative embedded within it.

**Tax or Current Revenue Anticipation Notes:** Short-term note sold by a municipal issuer as interim financing in anticipation of tax and other revenue.

**Third-Party Safekeeping:** A custodial arrangement where investment securities are held by a firm that is not otherwise a party to the transaction (i.e. broker, dealer, portfolio manager) or affiliated with a party to the transaction.

**Uniform Commercial Code (“UCC”):** A standard set of business laws that regulate financial contracts.

**Yield:** The rate of annual income returns on an investment, expressed as a percentage.

DRAFT