

RESOLUTION NO. 09-08

**RESOLUTION AMENDING RESOLUTION 19-00
ESTABLISHING THE INVESTMENT POLICY AND
GUIDELINES FOR THE ROWE ARBORETUM FUND
AND THE GREEN AREAS ADVISORY FUND,**

WHEREAS, the members of the City Council of the Village of Indian Hill are also the Trustees of the Rowe Arboretum Fund and the Green Areas Endowment Fund; and

WHEREAS, Resolution No. 19-00 established an investment policy and guidelines for the Rowe Arboretum Fund and the Green Areas Fund; and

WHEREAS, the Village of Indian Hill has reviewed the current policy and council has determined that it is appropriate to amend the policy to include income growth as an objective and add the Lipper Equity Income Index/S&P 500 as a performance benchmark; and

**NOW, THEREFORE, BE IT RESOLVED BY
THE COUNCIL OF THE VILLAGE OF
INDIAN HILL:**

Section 1. The Investment Policy and Guidelines for the Rowe Arboretum Fund and Green Areas Endowment Fund, attached hereto as Exhibit "A", is hereby amended for the purpose of guiding the investment of the aforementioned funds.

Section 2. The Clerk/Comptroller is hereby directed to employ the amended Investment Policy and Guidelines for the Rowe Arboretum Fund and the Green Areas Advisory Fund in guiding and directing any investment managers engaged for the purposes of investing the assets of the Rowe Arboretum Fund and the Green Areas Advisory Fund.

PASSED: June 16, 2008

Eppa Rixey IV, Mayor

ATTEST:

Paul C. Riordan, Clerk

ATTACHMENT "A"

Investment Policy & Guidelines Rowe Arboretum Fund and Green Areas Endowment Fund Village of Indian Hill Amended June 16, 2008

General

The City of the Village of Indian Hill is a municipality with two endowment funds known individually as the Rowe Arboretum Fund and the Green Areas Endowment Fund (the "Funds"). The Trustees seek to ensure a stable and growing capital and income stream base to provide for the funding of future capital and operational needs of the Rowe Arboretum property and the designated Green Areas of Indian Hill. Ongoing operations maybe funded from investment income and/or the general assets of the Village of Indian Hill.

The Trustees are charged with responsibilities for the investments of these assets. The Trustees shall engage Investment Managers, Custodians, Consultants and other Service Providers as necessary to help them carry out their responsibilities. Except in special circumstances authorized by the Trustees, any purchase or sale of Rowe Arboretum Fund or Green Areas Endowment Fund investment assets shall be directed by the appropriate Investment Manager.

Objectives

The investment objectives are to maintain purchasing power and income growth of current assets, and to obtain total returns that compare favorably with those achieved by investors with similar objectives at the asset class level.

The income growth from the equities of the fund should increase at an annual rate greater than 125% of the S&P 500 measured over a 5-year period. Bonds should be managed to protect capital and maintain a stable income stream. The total return of the Fund should match or exceed its investment benchmark over long periods of time (e.g. 3 - 5 years, depending on market conditions) with consideration of risk (volatility). That benchmark is defined as the return of each asset class benchmark (which in some cases may be weighted at a specified target asset allocation, e.g. 80% selected equity benchmark and 20% selected bond benchmark). Each investment account should match or exceed its investment benchmark or the median investment manager return for an appropriate universe of managers, also over long periods of time. Both the investment benchmark and the universe of managers are specified in Appendix 1.

Guidelines

There must be sufficient liquidity to meet potential capital requirements. All investments must trade in regular secondary markets or self-liquidate within a year.

Permitted Investments

1. U.S. common, convertible and preferred stocks and American Depository Receipts or Shares (ADRs or ADSs) which trade in the U.S.;
2. U.S. Government, Agency, and Corporate Bonds rated BBB/Baa or better, and Canadian Yankees rated at least A;
3. Mortgage- or asset-backed securities rated no lower than AA;
4. Commercial paper rated A1/P 1 (S&P/Moody's); certificates of deposit or banker's acceptances (of domestic banks with net worth in excess of \$500 MM); bank deposits or short-term investment accounts maintained by the Fund's custodian; and, repurchase agreements (with Federal Reserve reporting dealers, fully collateralized by otherwise eligible cash equivalents, marked to market daily, held in a segregated custody account, and otherwise maintained in accordance with Federal Reserve guidelines);
5. U.S. registered mutual funds.
6. Futures only in the case where the dollar value of the market exposure does not exceed the value of uninvested cash in the investment account, and where the purpose of the futures contract is to achieve market exposure for that cash in the asset class of the benchmark of the portfolio.

Prohibited Assets (except in the case of specific exception given to investment managers as stated in an appendix to this document)

1. Options, Commodities;
2. Private Placements, Rule 144 securities or any unregistered securities except for commercial paper;
3. Securities that are sold short or bought on margin;
4. OTC contracts, including, but not limited to options, forwards and swaps;
5. Structured Notes defined as securities whose coupon, principal payments or return are linked to the performance of an underlying asset or index by some multiple other than one, e.g. floating rate and inverse floating rate mortgage derivatives;
6. Mortgage derivative support classes subject to significant interest rate or extension risk, including but not limited to inverse floaters, residual classes and similar instruments;
7. Real estate equities or individual mortgages;
8. Debt securities rated below investment grade by either Moody's or S&P at purchase;
9. OTC stocks not listed on the National Market System (NMS) for which there are less than three market makers.

Gifts

From time to time the Village may be offered gifts with investment value. Nothing in these Guidelines obligates the Trustees to accept such gifts if they believe that doing so would not be in the best interest of the Village. However, if a gift is accepted, marketable securities should be delivered to an investment manager. For any illiquid assets, the Trustees must decide whether to sell or hold the asset.

Fund Investment Managers

Each Investment Manager (other than mutual funds or funds-of-funds) will:

1. Invest monies allocated to it and vote proxies with full discretion in accordance with these and any more specific guidelines agreed to by each Manager;
2. Carry E&O insurance in amounts acceptable to the Trustees, be registered under the Investment Advisory Act of 1940 (unless a bank or insurance company), and contractually acknowledge that it is a fiduciary with respect to Village assets under its control;
3. Keep Trustees informed of significant changes in investment strategy and procedures, changes in ownership, financial condition, major personnel staffing changes, and judgments or regulatory actions;
4. Report at least annually as to its specific compliance with these Guidelines;
5. Report on transactions, commissions, holdings, and performance, no less than quarterly, in a form satisfactory to the Trustees;
6. Supply the Trustees with its latest form ADV Part II (if applicable);
7. Meet with the Trustees upon request at any time to review the management of its accounts;
8. Exercise its best efforts to obtain best executions. All commissions must be at competitive rates, and none may be used to pay any other direct service providers;
9. Immediately disclose any investments not in compliance with these Guidelines, and include in the next regular report explanations and plans for dealing with them. The intent is not to permit violation of these Guidelines, but to recognize that, from time to time, slight deviations may inadvertently occur.

AMENDED BY THE INDIAN HILL CITY COUNCIL on _____, 2008.

Paul C. Riordan Clerk/Comptroller

APPENDIX 1

Asset Allocation

Asset allocation ranges are based on the Trustees' appraisal of the potential capital and income needs, and the Trustees' desire to limit risk. Ongoing maintenance of the asset allocation may be controlled by allocation of cash flow and assets among Investment Managers.

Target and Permitted Ranges

	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>
Domestic Equity	80%	70%	90%
Fixed Income	20%	10%	30%
Cash Equivalents	0%	0%	40%

Investment Performance Benchmarks

Domestic Equity	Russell 3000 Index (Upper Equity Income Index/ S&P 500)
Domestic Fixed Income	Lehman Aggregate Bond Index
Cash	3-Month Treasury Bills

Investment Performance Universes*

Domestic Equity	PSN or Mobius Core Equity Managers
Domestic Fixed Income	PSN or Mobius Core Bond Managers

** In the event that mutual funds are used, Morningstar universes will be used.*

AMENDED BY THE INDIAN HILL CITY COUNCIL on _____, 2008

Paul C. Riordan Clerk/Comptroller