

EXHIBIT 4

CLEVELAND PUBLIC LIBRARY

Finance Committee

January 19, 2021

RESOLUTION REVISING THE LIBRARY'S INVESTMENT POLICY

WHEREAS, On April 18, 2019, the Board of Library Trustees approved the Library's Investment Policy; and

WHEREAS, It is now deemed necessary to amend the Library's Investment Policy; now therefore be it

RESOLVED, That the Board of Library Trustees approves the attached Cleveland Public Library Investment Policy to become effective January 21, 2021; and be it further resolved

RESOLVED, That the Fiscal Officer obtain the required acknowledgments and convey this policy to the Auditor of State.

CLEVELAND PUBLIC LIBRARY INVESTMENT POLICY

- I. Scope
- II. Standards of Care
 - A. Delegation of Authority
 - B. Prudence
 - C. Ethics and Conflicts of Interest
- III. The Portfolio
 - A. Investment Objectives
 - B. Authorized Investments
 - C. Safekeeping and Custody
 - D. Board of Trustees of the Library
 - E. Reporting
 - F. Selection of Investment Adviser and Broker/Dealers
 - G. Sale of Securities Prior to Maturity
 - H. Procedures for the Purchase and Sale of Securities
- IV. Endowments
 - A. Investment Objectives
 - B. Authorized Investments
 - C. Equity Guidelines
 - D. Fixed Income Guidelines
 - E. Liquidity Guidelines
 - F. Prohibited Investments
 - G. Investment Review
 - H. Endowment Fund Manager
- V. Amendments to Policy
- VI. Effective Date of Policy and Previous Revision Dates
- VII. Statements of Compliance
- VIII. Appendices
 - A. Agreement with Investment Adviser for the Portfolio
 - B. Agreement with Custodial Bank for the Portfolio
 - C. Sample of Monthly Investment Report to the Board
 - D. Agreement with Endowment Fund Manager
 - E. Agreement with Custodial Bank for the Endowment

I. Scope

The scope of this investment policy encompasses the Library's investment and bond proceed funds (Section III) (hereafter referred to as the "Portfolio") and the Library's endowment funds (Section IV) (hereafter referred to as the "Endowments").

II. Standards of Care

A. Delegation of Authority

The Board of Trustees will retain ultimate fiduciary responsibility for the Portfolio and the Endowments. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and internal operating procedures.

Authority to manage both the Portfolio and Endowment investment programs is delegated to the Fiscal Officer or the Deputy Fiscal Officer, which includes accounting, recordkeeping, and reporting functions. Investment guidelines for the Portfolio are based upon Ohio Revised Code Chapter 135.14 and prudent money management. Investment guidelines for the Endowment are based upon Ohio Revised Code Chapters 2109.37 and 2109.371 as delineated by a 1975 Cuyahoga County Probate Court Order and a ruling from the Cuyahoga County Prosecutor's Office.

B. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard means that 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.

Investment officers acting in accordance with this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Any registered investment adviser retained by the Library will be held to the "prudent expert" standard. The "prudent expert" standard means that investments shall be made with the care, skill, prudence, and diligence, under circumstances then prevailing, which prudent persons acting in like capacities and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

C. Ethics and Conflicts of Interest

The Fiscal Officer, Deputy Fiscal Officer, members of the Board of Trustees, and any other Library 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 investment decisions. They shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose

any personal financial/investment positions that could be related to the performance of the Portfolio or the Endowments. They shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the Library.

III. The Portfolio

A. Investment Objectives

The objectives of the Library's investment program include legality, safety, liquidity, and yield.

Legality:

The Library's investment program will comply with federal, state, and other legal requirements.

Safety:

Safety of principal is the most important objective of the Library's investment program. Investments of the Library shall be undertaken in a manner that seeks to ensure preservation of capital in the overall Portfolio. The objective will be to mitigate credit risk and interest rate risk.

Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the security issuer to make timely payments of principal or interest. Credit risk will be minimized by (1) diversifying the Portfolio so that potential losses on individual securities will be minimized; (2) ensuring that required, minimum credit quality ratings exist prior to the purchase of commercial paper and bankers acceptances; (3) maintaining adequate collateralization of certificates of deposit and other deposit accounts pursuant to the method as determined by the Fiscal Officer; and (4) pre-qualifying the financial institutions, broker/dealers, and advisers with which the Library does business.

Interest rate risk is the risk that the market value of securities in the Portfolio will fluctuate due to changes in the level of interest rates. Interest rate risk will be minimized by (1) structuring the Portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity; (2) diversification of maturities; and (3) diversification of assets.

Liquidity:

The Portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The Portfolio may be structured so that securities mature concurrently with cash needs. Furthermore, since all possible cash demands cannot be anticipated, the Portfolio should consist largely of securities with active secondary or resale markets. Minimum liquidity levels (as a percentage of average investable funds) may be established in order to meet all current obligations.

Yield:

The Portfolio shall be managed to consistently attain a market rate of return throughout budgetary and economic cycles, considering investment risk constraints and liquidity needs.

Return on investment is of secondary importance compared to safety and liquidity objectives. The Library may seek to augment returns above the market average through the implementation of active portfolio management strategies, consistent with risk limitations and prudent investment principles.

B. Authorized Investments

The Library is authorized to invest public funds pursuant to the requirements set forth in Ohio Revised Code Section 135.14, provided the Fiscal Officer and/or Deputy Fiscal Officer has completed additional training required for making investments authorized by divisions (B)(4) and (B)(7) of that section. The Library will not invest in prohibited investments defined in Ohio Revised Code Section 135.14. The Library will adhere to maximum maturity lengths specified in Ohio Revised Code Section 135.14.

C. Safekeeping and Custody

Securities purchased for the Library will be held in safekeeping by a qualified trustee (hereafter referred to as the "custodian"), as provided in Ohio Revised Code Section 135.18. Securities held in safekeeping by the custodian will be evidenced by a monthly statement describing such securities. The records of the custodian shall identify such securities in the name of the Library. The custodian may safekeep the Library's securities in (1) Federal Reserve Bank book entry form; (2) Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank; or (3) Non-book entry (physical) securities held by the custodian or the custodian's correspondent bank. All securities transactions will settle using standard delivery-vs-payment (DVP) procedures. Under no circumstances will the Library's investment assets be held in safekeeping by a broker/dealer firm, or a firm acting on behalf of a broker/dealer firm.

D. Board of Trustees of the Library

The Library Board of Trustees shall meet as necessary to review the Portfolio. Areas of review may include, but are not limited to, the investment inventory, transactions for the period, realized income, economic outlook, diversification and maturity structure, potential risks to the Library's funds, and the target rate of return on the Portfolio.

E. Reporting

The Library shall maintain an inventory of all Portfolio assets. This inventory will include each investment's CUSIP number, security type, issuer, principal cost, book cost, par (maturity) value, settlement (purchase/sale) date, maturity date, and interest (coupon/discount) rate. The inventory will also include a record of all security purchases and sales.

The Library will provide a monthly report on investments of interim deposits to the Board of Trustees. A supplemental monthly Portfolio report detailing the current inventory will also be provided.

F. Selection of Investment Adviser and Broker/Dealers

The Library may retain the services of a registered investment adviser, to be procured through a formal competitive process, who will meet the qualifications established in Ohio Revised Code Section 135.14(N). The investment adviser will manage the Library's Portfolio and will be responsible for the investment and reinvestment of such investment assets, including the execution of investment transactions.

Upon the request of the Fiscal Officer, the investment adviser will attend meetings and will provide a Portfolio review. The investment adviser will be required to issue Portfolio reports as defined in the Library's agreement with the investment adviser. These reports should include information such as the initial cost of the investment, stated yield, dates of purchase and maturity, market value, accrued interest income, and comparable information for the Portfolio as a whole.

The investment adviser may transact business (execute the purchase and/or sale of securities) with eligible Ohio financial institutions, primary securities dealers regularly reporting to the New York Federal Reserve Bank, and regional securities firms or broker dealers licensed with the Ohio Department of Commerce, Division of Securities, to transact business in the State of Ohio.

Under no circumstances will brokers or broker/dealer firms act as an investment adviser or in a similar capacity as an investment adviser, either directly or indirectly, if such broker/dealer participates in transaction business (purchase and sale of securities) with the Fiscal Officer or the Fiscal Officer's investment adviser.

G. Sale of Securities Prior to Maturity

Investments in the Portfolio are made with the expectation, at the time of making the investment, that the investment will be held until maturity. Portfolio securities may be "redeemed or sold" prior to maturity under the following conditions:

- (1) To meet additional liquidity needs,
- (2) To purchase another security to increase yield or current income,
- (3) To lengthen or shorten the Portfolio's average maturity (average duration),
- (4) To realize any capital gains and/or income, and/or
- (5) To adjust the Portfolio's asset allocation.

Such transactions may be referred to as a "sale and purchase" or a "bond swap." For purposes of this section, redeemed shall also mean "called" in the case of a callable security.

H. Procedures for the Purchase and Sale of Securities

Securities will be purchased or sold through approved broker/dealers on a "best price and execution" basis. All such investment transactions will be communicated by electronic transmission to the Fiscal Officer or to an authorized representative designated by the Fiscal Officer. A purchase or sale of securities will be represented by transaction advices issued by the Library's investment adviser. Notification will also be sent to the Library's designated custodian bank and will serve as an authorization to said custodian to receive or deliver securities versus payment.

IV. Endowments

A. Investment Objectives

The Library seeks to maximize the long-term total return of its Endowments. As a result, the maintenance and growth of the funds are the primary objectives. The Library's ability to achieve these returns will depend upon the acceptance of moderate risk, recognizing that a reasonable degree of volatility in market value is necessary to achieve long-term capital appreciation.

B. Authorized Investments

In recognition of the expected returns and volatility from financial assets, the Library will be invested in the following ranges with the target allocation noted:

	<u>Range</u>	<u>Target</u>
Equities	55-75%	65%
Fixed Income	15-35%	25%
Alternatives	0-20%	10%
Cash Equivalents	0-20%	

The midpoints of the above ranges will be considered the long-term or policy allocation. Any deviations beyond this mix of securities must have prior approval by the Board of Library Trustees. Allocations to cash equivalents are to be considered a subset of the Fixed Income allocation along with Convertible Assets.

Within the above ranges, the Library's Endowment Fund Manager will make all tactical asset allocation decisions (over-and-under-weights). Deviations outside of the above ranges require prior approval from the Library.

C. Equity Guidelines

Objective:

To achieve long term returns which exceed those of the overall equity market. Specialty equities (styles differing from the S&P 500) have been incorporated into this policy with the intention of delivering superior long-term performance and improved diversification.

In evaluating long term (full market cycle) performance, overall equity returns will be compared to the indices noted below.

In recognition of the expected returns and volatility provided by different segments of the equity market, equity assets will be invested in the following ranges with the policy allocation noted:

	<u>Range</u>	<u>% Allocation</u>
Large-Cap Stocks	40-80%	60%
Mid-Cap Stocks	0-20%	10%
Small-Cap Stocks	0-20%	10%
International Equities	10-30%	20%

Equity assets will be managed in accordance with the following:

- Equity investments should be broadly diversified. The equity investment in any single company should not exceed five percent of the equity portfolio, based on market value. Investments in funds are not subject to this limit. Short sales, private securities, letter stock, commodities, and put and call contracts are expressly prohibited.
- Investments in Mid-Cap, Small-Cap and International Equities may be made through the use of funds. Funds selected will be diversified and generally conform to the above-mentioned company and industry guidelines.
- Real estate investment will be implemented through REIT investments or through the use of an REIT-based fund.
- The overall equity benchmark is the MSCI ACWI. Managers will be measured against their respective category benchmark (i.e. Russell 2000 Index for domestic small cap stocks, S&P 500 Index for domestic large cap stocks, etc.).

D. Fixed Income Guidelines

Objective:

To achieve returns that exceed those of the investment grade aggregate bond market, provide diversification, income and enhance performance. The Fixed Income Investment style returns will be compared to the Barclays Capital U.S. Aggregate Bond Index.

Fixed income assets will be managed in accordance with the following:

- Minimum criteria for direct investment in a bond:

Par Value of issue	\$100 million outstanding at time of purchase
Quality of issue	A or better by Standard & Poor's or A2 or better by Moody's
- The market value of the aggregate holdings of an individual corporate debtor should not exceed five percent of the organization's debt related assets.
- The average duration of the bond portfolio should be within a +/- 25% range of the Barclays Capital U.S. Aggregate Bond Index. The investment manager will have full discretion to determine the average duration within this range.
- The maximum maturity for individual U.S. Treasuries, Agencies, and corporate bonds will be 20 years.
- Individual mortgage-backed securities (MBS) and asset-backed securities (ABS) may have maturities of greater than 20 years but the duration should not exceed 12 years.
- Fixed Income funds may be used to further enhance diversification, provide better coverage of the yield curve, and/or improve liquidity.

E. Liquidity Guidelines

Objective:

Cash equivalents will be invested in an appropriate cash-equivalent fund. Returns should be comparable to or benchmarked to the 90-day Bank of America Merrill-Lynch Treasury Bill Index.

Cash equivalent investments must be made in high quality obligations of the U.S. Government and its Agencies. Money market mutual funds may be used, so long as these mutual funds meet the high standards suitable for the funds of this nature.

F. Prohibited Investments

The investment manager is prohibited from investments in the following:

- Fixed Income securities not denominated in U.S. Dollars or Eurodollars
- Venture Capital
- Guaranteed Insurance Contracts
- Commodities
- Precious Metals or Gems
- Options, futures, or any contract whose value is derived from the price of an underlying asset or index (derivatives)
- Short-selling and other hedging strategies
- Private Placements or “restricted” stock
- No investments in securities deemed to be in violation of prohibited transaction standard of ERISA.
- It is understood that investments into funds (i.e. mutual or ETF’s) may utilize derivatives and are exempted from the above exceptions.

G. Investment Review

Objective:

To achieve financial returns for the Library which preserve the principal asset value and are competitive relative to those offered by the financial markets.

Review:

The Investment Committee will compare the investment performance of the Investment Manager to the following benchmarks:

- The blended performance of 60% MSCI ACWI and 40% Barclays Capital U.S. Aggregate Bond Index policy benchmark over a full market cycle and/or a blended benchmark in the same allocation at the portfolio.

In addition, the Investment Committee will compare the various asset classes to the following benchmarks:

1. The annual total return of U.S. equity securities will be compared to the Russell 3000 Index measured over a three-to five-year time period.
2. Within each equity allocation/style, performance will be compared to the respective manager benchmark.
3. The annual total return of fixed income securities will be compared to the Barclays Capital Aggregate Bond Index over a three-to five-year time period and/or the respective strategy benchmark.
4. Real estate investment will be compared to the NAREIT (applicable benchmark) Index. Convertible Assets will be compared to BoA/Merrill Lynch Investment Grade Convertible Securities index.
5. The annual total return of cash equivalents will be compared to the BoA/Merrill Lynch 90-day T-Bill Index.

H. Endowment Fund Manager

The Board of Library Trustees shall select an endowment fund manager and custodian for the Library's Endowments by authorizing Board resolution. The Board of Library Trustees shall approve a separate written agreement with its selected endowment fund manager governing terms of service, compensation, and related issues.

V. Amendments to Policy

The Fiscal Officer may recommend revisions to this investment policy from time to time as deemed necessary to comply with the Ohio Revised Code, other legal requirements, and/or best practices for investing public funds. Any changes shall be approved by the Board of Trustees.

VI. Effective Date of Policy and Previous Revision Dates

The effective date of this policy is January 21, 2021 and represents a revision to the previously submitted policy, April 18, 2019. It is the sixth revision to the original submitted policy dated June 17, 2000 (first revision September 18, 2003; second revision September 15, 2005; third revision March 20, 2014; fourth revision June 16, 2016; fifth revision April 18, 2019). This policy includes best practices recommended by the Government Finance Officers Association for a comprehensive investment policy. This policy also simplifies the definition of "authorized investments" for the Portfolio.

VII. Statements of Compliance

This investment policy has been approved by the Library and the governing board and filed with the Auditor of State, pursuant to Ohio Revised Code 135.14 (O)(1).

All brokers, dealers, and financial institutions executing transactions initiated by the Library or the Library’s investment adviser have signed the approved investment policy. Investment policies (signed by such brokers, dealers, and financial institutions) are filed with the Fiscal Officer of the Library.

The Library’s Portfolio and Endowment investment advisers are registered with the Securities and Exchange Commission and/or the Comptroller of the Currency and possesses public funds investment management experience, specifically in the area of state and local government investment portfolios. The investment adviser has additionally signed the approved investment policy and the signed policy is filed with the Fiscal Officer of the Library.

Any amendments to this policy will be filed with the Auditor of State within fifteen days of the effective date of the amendment.

The following broker/dealer/financial institution/investment adviser or Endowment fund manager has signed, herein, this approved investment policy, having read the policy's contents thereby acknowledging comprehension and receipt:

For _____ Name of Broker/Dealer/Bank Adviser/Manager	_____ Date
_____ Signature of Registered Representative or Financial Institution Representative	_____ Print Name of Registered Representative or Financial Institution Representative

VIII. Appendices

Appendices to follow as attachments to policy:

- A. Agreement with Investment Adviser for the Portfolio
- B. Agreement with Custodial Bank for the Portfolio
- C. Sample of Monthly Investment Report to the Board
- D. Agreement with Endowment Fund Manager
- E. Agreement with Custodial Bank for the Endowment