STAR OHIO
State Treasury Asset Reserve of Ohio

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State Treasurer of Ohio

Statement of Investment Policy

As of November 13, 2013

State Treasurer of Ohio
STAR Ohio
Statement of Investment Policy

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State Treasurer of Ohio
STAR Ohio
Statement of Investment Policy

Purpose and Scope

State Treasury Asset Reserve of Ohio ("STAR Ohio" or the "Fund") is an investment pool managed by the State Treasurer of Ohio (the "State Treasurer"). Participation in STAR Ohio is offered by the State Treasurer to governmental subdivisions of the State of Ohio, as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code ("R.C.").

The purpose of this Statement of Investment Policy (the "Policy") is to identify and describe the policies and procedures governing the investment activities of the Office of the State Treasurer in connection with the management of STAR Ohio. This Policy has been adopted by, and is within the sole discretion of, the STAR Ohio Investment Advisory Committee (the "Advisory Committee").

This Policy is intended to ensure the prudent management of public funds; conformance to the Ohio Revised Code; the availability of operating and capital funds when needed; an investment return competitive with comparable funds and relevant benchmarks; and the attainment of the highest rating provided by at least one nationally recognized statistical rating organization as selected by the Office of the State Treasurer.

This Policy is to be strictly followed by each individual with responsibility for managing or administering STAR Ohio. Amendments to this Policy may be authorized only by the Advisory Committee after due deliberation and must be documented in writing.

All participants in the investment process for STAR Ohio shall act responsibly as guardians of the public trust. Investment Department staff in the Office of the State Treasurer shall recognize that the investment portfolio is subject to public review and evaluation. The overall STAR Ohio program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Definitions

Banker's Acceptance
A banker's acceptance is drawn on and accepted by banks, which are obligated to pay the face value amount at maturity.

Certificate of Deposit (CD)
An interest-bearing time deposit of fixed maturity at a depository bank. Certain deposits are FDIC insured up to applicable limits.

Commercial Paper
An unsecured, short-term debt instrument issued by a corporation or financial company at a discount.

Eligible Counterparties
An Ohio financial institution that is a member of the Federal Reserve System, a Federal Home Loan Bank, any recognized United States government securities dealer and/or any other institution as permitted by Ohio Revised Code § 135.143.

Federal Deposit Insurance Corporation (FDIC)
Federal Deposit Insurance Corporation as established in 12 United States Code §1811.

Government Sponsored Enterprise (GSE)
Enterprises chartered by Congress to fulfill a public purpose, but are privately owned and operated, and are implicitly guaranteed (*i.e.*, Fannie Mae, Freddie Mac, Federal Home Loan Bank and the Federal Farm Credit Bank) or explicitly guaranteed (*i.e.*, Ginnie Mae) by the "full faith and credit" of the United States government.

London Interbank Offer Rate (LIBOR)
LIBOR is derived from a filtered average of the world's most creditworthy banks' interbank deposit rates for larger loans with maturities between overnight and one full year.

Mortgage Backed Securities (MBS)
An ordinary bond backed by an undivided interest in a pool of mortgages or trust deeds.

Nationally Recognized Statistical Rating Organization (NRSRO)
A credit rating agency that issues credit ratings that the United States Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Net Asset Value (NAV)
NAV is a fund's price per share, or per each dollar invested. NAV per share is computed once a day based on the closing market prices of the securities and is calculated by dividing the total value of the Fund's portfolio, less any liabilities, by the number of fund shares outstanding.

Perfected Security Interest
A security interest that is perfected pursuant to the requirements set forth by Ohio Revised Code Chapter 1309 and 12 United States Code § 1823(e).

Repurchase Agreements
An agreement with a commitment by the seller of securities (Counterparty A) to buy the same securities back from the purchaser (Counterparty B) at a specified price at a designated future date.

Reverse Repurchase Agreements
The other side of a repurchase transaction where Counterparty B sells a group of securities to a Counterparty A under the terms that the Counterparty B will buy them back by a predetermined date for a specified price.

Standard & Poor's (S&P)
A United States-based financial services company and the NRSRO that provides the annual credit rating for STAR Ohio.

Traditional Collateral
United States Government and United States Government agency securities, including Treasuries and agency discount notes.

U.S. Treasury Obligations
United States Treasury securities guaranteed by the full faith and credit of the United States Government.

Uniform Commercial Code
The Uniform Commercial Code as set forth in Ohio Revised Code Title 13.

Weighted Average Maturity (WAM)
The average time that it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

Investment Objectives

The STAR Ohio portfolio shall be managed in a manner consistent with the "2a-7 like pool" requirements set forth in Statement Nos. 31 and 59 of the Governmental Accounting Standards Board, and to accomplish the following hierarchy of objectives:

1. *Preservation of Principal* – Safety of principal is the foremost objective of the STAR Ohio portfolio. This is evidenced by maintaining the 'AAAm' rating from S&P. Investments of STAR Ohio shall be transacted in a manner that seeks to insure the stable NAV of $1.00 per share.

2. *Maintenance of Liquidity* - The STAR Ohio investment portfolio will remain sufficiently liquid to enable the Fund to meet all operating requirements. Liquidity shall be assured by keeping an adequate amount of short-term investments in the portfolio to accommodate the cash needs of the Fund.

3. *Maximize Return* - The STAR Ohio portfolio shall be structured with the objective of attaining a market rate of return, taking into account the risk constraints and the cash flow characteristics of STAR Ohio participants.

Delegation of Authority

The State Treasurer hereby delegates to the Advisory Committee responsibility for the implementation of the STAR Ohio investment program and the establishment of investment procedures consistent with this Policy. The Advisory Committee shall consist of the Deputy Treasurer, who shall chair meetings of the Advisory Committee, the Chief Investment Officer and the Deputy Director of Investments, who shall serve as the Secretary to the Committee. The Advisory Committee shall meet once each calendar quarter and on such other occasions as the Chair shall direct. Meetings may occur in person, by telephone conference call, or by such other means as the Chair deems appropriate.

The investment procedures established under this Policy shall include an explicit delegation of responsibility to Investment Department staff in connection with investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established hereunder. The Chief Investment Officer shall be responsible for monitoring all transactions undertaken, shall establish a system of controls to regulate the activities of Investment Department staff and shall exercise supervision and control over such personnel. Investment Department staff shall be bonded in amounts appropriate to levels of responsibility and portfolio characteristics.

The State Treasurer may engage one or more outside firms to assist with the administration and investment management of the STAR Ohio portfolio. Should any firm be hired to provide advice or assistance with regard to the management of the STAR Ohio portfolio, that firm shall be a registered investment advisor under the Investment Company Act of 1940 and have extensive experience in the investment management of money market funds and state and local government funds.

Standard of Prudence

The "Prudent Person" standard (the "Standard") shall be applied to the investment of funds within the STAR Ohio portfolio, as follow:

> *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 Department staff acting in accordance with this Policy or any other written procedures pertaining to the administration or management of the STAR Ohio portfolio and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that these deviations are reported immediately to the State Treasurer and that appropriate action is taken to control and prevent any further adverse developments.

If market conditions necessitate that the STAR Ohio portfolio be rebalanced, this may necessitate the Investment Department staff to liquidate certain securities at a net loss.

Ethics and Conflict of Interest

Investment Department staff 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. Further, no Investment Department staff member involved shall use the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the public official or employee with respect to that person's duties.

Investment Department staff shall comply fully with the reporting and disclosure requirements of R.C. Chapter 102.

Authorized Investments

The Investment Department staff is authorized to invest in assets as described in R.C. § 135.143 and as summarized and restricted below:

A. United States Treasury Obligations
United States Treasury bills, notes or any other obligation or security issued by the U.S. Treasury or any other obligation guaranteed by the full faith and credit of the U.S. government.

B. United States Federal Agency Obligations
Bonds, notes, debentures, floating rate instruments or other obligations or securities issued by any GSE or federal government agency so long as the issue has a short-term rating of at least 'A-1' by S&P, or, if the issue does not have a short-term rating, then a long term rating of the issuer of at least A+ by S&P, provided that the issue is not of a subordinated nature.

1. Floating rate federal agency obligations shall be based on a money market index that resets to indices that are highly (greater than 95%) correlated with both the effective federal funds rate and the three-month LIBOR.

2. Floating rate federal agency obligations shall not have a final maturity longer than 762 days and must have a reset date within 93 days.

3. Eligible federal agency obligations exclude investments in any MBS.

C. Repurchase Agreements

1. A repurchase agreement must be in writing and entered into with Eligible Counterparties domiciled or registered in the United States.

2. A repurchase agreement must be collateralized with Traditional Collateral;

   a. A perfected security interest must be obtained in the Traditional Collateral pledged in the repurchase agreement.

   b. Traditional Collateral must be equal to at least 102% of the repurchase agreement. A repurchase agreement shall not exceed 30 days and must be marked to market daily.

3. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

4. Repurchase agreements may be transacted on a delivery versus payment basis.

5. The securities are held free and clear of any lien and by an independent third party custodian acting solely as agent for the State (which may include a tri-party arrangement) and is:

   a. A Federal Reserve Bank, or

   b. A bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than $25 million;

6. The State will enter into repurchase agreements only with Eligible Counterparties that have a short-term debt rating of at least 'A-1' by S&P or if the Eligible Counterparty is not explicitly rated 'A-1', then the Eligible Counterparty must possess a guarantee from an S&P rated parent company. Diversification guidelines for repurchase agreements are explained in the following table:

Diversification Guidelines For Highly Rated Repurchase Agreements With Traditional or Qualifying Collateral*

(% exposure per counterparty)	Overnight (one business day)	Two to five business days	More than five business days	Maximum aggregate exposure
A-1+	50%	10%	5%	50%
A-1	25%	10%	5%	25%

*Counterparty exposure encompasses commercial paper holdings and repurchase agreements with any one counterparty. For example, should 5% of the Fund be invested in an 'A-1' company's commercial paper, maximum exposure to an overnight repurchase agreement with that same counterparty would be 20%.

D. Reverse Repurchase Agreements

1. STAR Ohio may also enter into reverse repurchase agreements with a maximum maturity of 30 days, provided that the securities have been fully paid for and are owned by STAR Ohio at the time of the sale.

2. Reverse repurchase agreements shall have the following limits:

   a. A maximum aggregate of 25% of net assets shall be invested in reverse repurchase agreements.

   b. A maximum of 25% of net assets in transactions with maturities of less than or equal to five business days.

   c. A maximum of 10% of net assets in transactions with maturities that exceed five business days.

3. Maturities must be matched on both sides of reverse repurchase agreements. For the purpose of calculating the maturity of permitted investments, maturity shall mean:

   a. One day in the case of money market mutual funds, master notes and other instruments that may be liquidated without notice,

   b. The number of days remaining to the next reset date in the case of marketable floating rate securities,

   c. The number of days remaining until the next put date in the case of securities subject to unconditional and irrevocable puts of the issue to the obligor,

   d. The number of days remaining until the initial redemption date of an extendible commercial note for which the extension option has not been exercised, or

e. The actual number of days remaining until the maturity date for all other permitted investments.

4. To insure sufficient liquidity in the STAR Ohio portfolio, collateral reinvestments in floating-rate notes and other illiquid securities shall not exceed 10% of fund assets. For the purposes of determining compliance with this requirement, in addition to the securities defined under the "Illiquid Investments" section of this Policy, the following securities will also be considered illiquid for the purpose of reverse repurchase agreements:

   a. Floating rate notes with an interest rate reset date that exceeds the term of the reverse repurchase agreement;

   b. Repurchase Agreements with maturities of greater than five (5) days;

   c. Master Notes with maturities or put provisions of greater than five (5) days;

   d. Extendable Commercial Notes; and

   e. Any other permitted investment that is not readily marketable.

5. The State will enter into reverse repurchase agreements only with Eligible Counterparties that have a short-term debt rating of at least 'A-1' by S&P or if the Eligible Counterparty is not explicitly rated 'A-1', then the Eligible Counterparty must possess a guarantee from an S&P rated parent company.

6. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

The aggregate amount of all repurchase agreements (includes reverse repurchase agreements) with maturities of more than five business days is limited to 10% of a fund's total assets and is counted toward the 10% maximum for the limited liquidity/illiquid investments.

E. Commercial Paper

Unsecured short-term debt (including asset-backed commercial paper and commercial paper notes issued under private placement) of corporations incorporated under the laws of the United States or a state if the following conditions are met:

1. The maturity is no greater than 270 days;

2. The total holdings of one issuer's commercial paper is no greater than 5% of the total portfolio based on cost at the time of purchase;

3. The short-term debt rating of the issuer is at least 'A-1' by S&P and an equivalent rating by at least one other NRSRO at the time of purchase; and

4. A written, issuer-specific credit analysis prepared by STAR Ohio's investment advisor(s) detailing why the issuer does not pose an unreasonable credit risk to the STAR Ohio portfolio. STAR Ohio will invest funds based upon an approved list of commercial paper issuers (the "Approved Issuers List"). The Approved Issuers

List will be maintained, subject to additions and deletions, as recommended by STAR Ohio's investment advisor(s) and approved by the Advisory Committee.

F. Corporate Obligations

Corporate obligations of domestic corporations that, at the time of purchase, must have a short-term rating of at least 'A-1' by S&P and an equivalent rating by at least one other NRSRO, or, if no short-term debt rating is available, a long-term debt rating of at least A+ by S&P and an equivalent long-term rating by at least one other NRSRO, provided that the issue is not of a subordinated nature.

1. The total holding of a single issuer's corporate obligations does not exceed more than one half of one percent of the total portfolio at the time of purchase.

2. The total holding of a single issuer's corporate obligations is included when computing the 5% maximum of total issuer exposure at the time of purchase.

G. Municipal Bonds

STAR Ohio may invest in bonds and other direct obligations of the State of Ohio issued by the State Treasurer, the Ohio Public Facilities Commission, the Ohio Building Authority and the Ohio Housing Finance Agency.

H. Bankers Acceptances

Bankers Acceptances of any domestic bank or federally chartered domestic branch office of a foreign bank if the following requirements are met:

1. The maturity is no greater than 270 days;

2. The securities are eligible for purchase by the Federal Reserve System; and

3. The issuer has a short-term debt rating at the time of purchase of at least 'A-1' by S&P and an equivalent short-term debt rating by at least one other NRSRO.

I. Bank Deposits

CD or savings or deposit accounts in financial institutions not exceeding one year.

1. For financial institutions rated 'A-1' or better by at least two NRSROs, collateralization of bank deposits (*i.e.*, deposits that exceed FDIC guidelines or limits) is required in an amount equal to at least 102% for deposits collateralized pursuant to R.C. § 135.18, and 105% for deposits collateralized pursuant to § 135.181. For collateralization levels, refer to S&P collateralization chart in Appendix A.

2. Collateralization of any bank deposit shall be the greater of the amount recommended by S&P or the R.C., but shall never be less than 102%.

3. Substitutions of collateral will be permitted only with advance written approval of the office of the State Treasurer.

J. Registered Investment Companies (Mutual Funds)

Shares in open-end, no-load money market mutual funds ("Money Market Funds"), provided that the Money Market Funds are registered under the Investment Company Act

of 1940 and operated in accordance with 17 C.F.R. 270.2a-7. STAR Ohio shall only invest in Money Market Funds rated 'AAA' or 'AAAm' by S&P. The Money Market Fund must also be properly registered for sale in the State of Ohio.

1. No single Money Market Fund shall represent more than 10% of the total outstanding shares of STAR Ohio.

2. STAR Ohio shall not represent more than 10% of the total outstanding shares of a single Money Market Fund.

3. The holdings of a Money Market Fund must consist exclusively of United States Treasury obligations; obligations issued by any United States Government agency; various forms of commercial paper issued by any corporation that is incorporated under the laws of the United States or a State, which notes are rated at the time of purchase in the two highest categories by two nationally recognized rating agencies; and repurchase agreements and/or reverse repurchase agreements secured by the foregoing obligations.

Diversification

The STAR Ohio 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 security. The maximum percentage of the STAR Ohio portfolio permitted for each type of security, based on cost at the time of purchase, is as follows:

A.	United States Treasury Obligations	100% maximum
B.	Federal Agency Obligations	100% maximum

1. Federal Agency investments include fixed rate, callable and floating rate obligations.

2. No single Federal Agency issuer shall exceed 33% of the STAR Ohio portfolio. Government-guaranteed investments rated 'AA-' or higher with final maturities of 30 days or less are excluded from this restriction.

C.	Repurchase Agreements	See Diversification Guidelines in Section C, number 6
D.	Reverse Repurchase Agreements	25% maximum
E.	Corporate Obligations	25% maximum
F.	Municipal Bonds	10% maximum
G.	Collateralized Bank Deposits	See Guidelines in Appendix A
H.	Mutual Funds	100% maximum

I. Illiquid Investments (See "Illiquid Investments") 10% maximum

The maximum percentage of the STAR Ohio portfolio permitted for the following eligible security types, based on Total Average Portfolio at time of purchase, is as follows:

A. Commercial Paper 25% maximum

B. Bankers Acceptances 10% maximum

For purposes of this Policy, STAR Ohio's Total Average Portfolio for any month will be equal to the average of the daily balances for the prior 12-month period as calculated on the first day of that month.

Illiquid Investments

Illiquid investments are investments that cannot be sold or disposed of in five business days at approximately the value attributed to it by the Fund. Securities that have limited liquidity or are illiquid include:

A. Nonmarketable and historically less liquid instruments with maturities greater than five business days unless the Fund holds an unconditional put providing for liquidity with five business days or if the Fund is able to redeem the investment within five business days with no loss to invested principal;

B. Investments denominated in a currency other than U.S. Dollars and swapped back into U.S. Dollars;

C. Windows variable-rate demand bonds (VRDBs) and other similar structures.

D. CDs that mature in more than five business days and that are not traded in a secondary market or are subject to early withdrawal penalties; and

E. Pooled bank deposit programs with a maturity of more than one business day.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the local government investors in STAR Ohio is essential. Accordingly, the STAR Ohio portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. No instrument shall be purchase that has a final stated maturity exceeding 397 days, with the exception of Federal Agency Obligations. Federal Agency Obligations with a floating rate of interest can have a maximum maturity of up to 762 days. No instrument shall be purchased or sold that will cause the WAM(R), which is the weighted average maturity to the next reset date, of the portfolio to exceed 60 days or the WAM(F), which is the weighted average maturity to final maturity, to exceed 90 days.

A. A repurchase agreement transaction shall be deemed to have a maturity equal to the period remaining until the date on which the repurchase of the underlying securities is

scheduled to occur, or where no date is specified, but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the underlying securities;

B. A security with an unconditional and irrevocable put shall be deemed to have a maturity equal to the period remaining until the next put date;

C. A marketable Federal Agency Obligation which has a floating rate of interest shall be deemed to have a WAM(R) equal to the period remaining until the next readjustment of the interest rate;

D. A marketable Federal Agency Obligation which has a floating rate of interest and is subject to a demand feature shall be deemed to have a maturity equal to the shorter of the period remaining until the next readjustment of the interest rate or the period remaining until the principal amount can be recovered through demand; and

E. A callable security for which the issuer has given notice of its intent to call is deemed to have a maturity equal to the period remaining until the date on which the security will be called.

Securities Lending

Pursuant to R.C. § 135.143 and § 135.47, the State may engage in securities lending, subject to policies adopted by the State Treasurer. The Securities Lending Policy is set forth in a separate policy of the Office of the State Treasurer.

Prohibited Investments and Investment Practices

The State is expressly prohibited from the following investments and investment practices (this is not an exclusive list):

A. Short sales (selling a specific security before it has been legally purchased);

B. Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes or notes linked to lagging indices or to long-term indices;

C. Mortgage-backed securities (MBS); and

D. Investing in any security not specifically permitted by this Policy.

Portfolio Management and Metrics

The Advisory Committee has determined that it is in the best interests of STAR Ohio and its participants to manage the STAR Ohio portfolio in such a manner to maintain a stable net asset value (NAV) at $1.00 per unit using the amortized cost method of valuation. The NAV of STAR Ohio is to be determined at 1:30 P.M. Eastern Time on each day that the Federal Reserve System is open for business. The NAV per unit will be computed by dividing the total value of the assets of STAR Ohio, less its liabilities, by the number of units outstanding. If the STAR Ohio portfolio's current market-based NAV per share should deviate from its amortized cost price per share by an amount exceeding .15% of 1 percent, the Chief Investment Officer shall assess the situation and follow the procedures outlined in the STAR Ohio NAV deviation policy included in Appendix B.

The Investment Department staff will routinely monitor the contents of the STAR Ohio portfolio, the available markets and the relative values of competing instruments and will adjust the STAR Ohio portfolio as necessary to meet the investment objectives of this Policy.

It is recognized and understood that this non-speculative active management of STAR Ohio portfolio holdings may cause a book gain or loss on the sale of an owned investment. The State Treasurer's office will determine the period over which any such gain or loss is distributed.

Stress Testing

The Advisory Committee has determined that stress testing shall be conducted on the STAR Ohio portfolio on at least a monthly basis. The stress tests must show the impact in each of the following scenarios:

A. Parallel interest rate shifts of +/- 200 basis points (bps) in 25bps increments;

B. Asset decreases (*i.e.*, redemptions) of 10%, 15%, 20%, 25%, and the percentage of the largest historical five business day net redemptions for the Fund;

C. A downgrade of the largest issuer exposure; and

D. Widening and narrowing of credit spreads (based on the current market conditions).

Cure Periods

Cure periods are periods of time specified by S&P in which STAR Ohio would have to devise a plan or remediate any deviations in key metrics such as WAM or NAV. Cure periods are also specified in the event of investment ratings downgrades and when an investment's level of liquidity changes. The Investments Department shall comply at all times with the cure period criteria set forth in the most recently published S&P criteria for Principal Stability Fund Ratings.

Upon the occurrence of an event of insolvency, default or any other event causing a security maintained in the Fund to become ineligible for inclusion in the Fund under (i) R.C. § 135.143 and any related administrative rules; (ii) relevant S&P guidelines and criteria; and/or (iii) this Policy, the Investment Department staff shall dispose of such security as soon as practicable absent a finding by the Advisory Committee that its disposal would not be in the best interests of

STAR Ohio or its participants. In making this determination, the Advisory Committee shall consult with S&P as appropriate.

Internal Controls

Internal Controls should be designed to prevent the loss of public funds arising from fraud, misrepresentation by third parties, unanticipated changes in the financial markets and errors or imprudent actions by employees. Everyone within the organization assumes a role with respect to internal controls. The roles vary depending upon an individual's level of responsibility and nature of involvement. The administration establishes the presence of integrity, ethics, competence and a positive control environment. The directors have oversight responsibility for internal controls within their units. The supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Each individual within a unit must be cognizant of the proper internal control procedures associated with their specific job responsibilities.

The Internal Audit Department of the Office of the State Treasurer of Ohio (IAD) examines the adequacy and effectiveness of internal controls, and makes recommendations as to where control improvements are warranted. The IAD performs independent, objective assurance and consulting activities to help improve management practices, identify operational improvements and reduce agency risk exposure.

The role of internal auditing includes the following activities:

A. Evaluating and improving the adequacy and effectiveness of risk management, control and governance processes;

B. Validating compliance with policies, standards, procedures and applicable laws and regulations;

C. Evaluating business processes to determine whether reasonable assurance exists that management objectives and operational goals are achieved; and

D. Providing process and managerial consulting to identify potential operational efficiencies and process improvements.

As part of the annual audit, the State Treasurer shall have the investment program of STAR Ohio reviewed by the Ohio Auditor of State, or his or her designee. This audit will be designed to establish asset and liability valuations and measure compliance with STAR Ohio's investment policies and procedures. The State Treasurer, at his or her discretion, may contract with an independent firm to audit the STAR Ohio investment program.

Eligible Banks and Broker/Dealers

The State Treasurer will establish and maintain a list of eligible brokers, dealers and banks with whom securities transactions will be conducted. Qualified firms will be limited to Primary dealers and other dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule) that are registered with the Ohio Department of Commerce to do

business in the State of Ohio. Prior to inclusion on the list of qualified firms, financial institutions and broker dealers must submit a completed "Broker/Dealer Request for Information" and have such Request approved by the Office of the State Treasurer. If approved for inclusion on the list of qualified firms and selected to conduct securities transactions with the Office of the State Treasurer, financial institutions and broker/dealers will be required to comply with this Policy and to pledge to offer for sale only appropriate securities.

Competitive Selection of Investment Instruments

All transactions for the Fund shall be executed in accordance with the State Treasurer's Best Execution and Competitive Acquisition and Disposition Policy.

For all transactions involving the Fund, all other things being equal and subject to compliance with any applicable Internal Revenue Code requirements for bond proceeds, investments and transactions with corporations and financial institutions doing business in the State of Ohio will be given preference over other investment intermediaries.

Investment of Bond Proceeds

The Office of the State Treasurer intends to manage STAR Ohio in a manner that will allow it to qualify as a commingled fund for arbitrage purposes (see Section 148(f) of the Internal Revenue Code of 1986, as amended). STAR Ohio will accept bond proceeds subject to arbitrage rebate.

Safekeeping and Custody

All investment securities purchased by the State or held as collateral on deposits or investments shall be held in third-party safekeeping at a public depository as required by R.C. § 135.03.

All securities in the STAR Ohio portfolio shall be held for the benefit of STAR Ohio and will be free and clear of any lien. Further, all investment transactions will be conducted on a delivery-versus-payment basis. All purchases and sales will be transacted on a cash, regular (next day) or "skip-day" settlement basis. The depository shall issue a safekeeping receipt to the State listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will also provide reports which list all securities held for the State, the book value of holdings and the market value as of month-end.

Appropriate Treasury officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the State shall be bonded in such a fashion as to protect the State from losses from malfeasance and misfeasance.

Performance Standards

The STAR Ohio portfolio shall be designed and managed with the objective of obtaining a competitive market rate of return that takes into account the risk constraints and the cash flow characteristics of STAR Ohio participants. The portfolio shall be compared to the relevant S&P

Rated Government Investment Pool (GIP) Index. The State Treasurer may also select other relevant, short-term benchmarks.

Reporting

The Chief Investment Officer shall maintain accurate, complete and timely records of all investment activities. The Chief Investment Officer shall submit an investment report to the State Treasurer summarizing the previous month's activity. 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; (ii) a listing of all transactions executed during the month; and (iii) the monthly distribution rate. 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 STAR Ohio portfolio is in compliance with this Policy. STAR Ohio will also submit weekly reporting to S&P summarizing WAM, portfolio diversification and NAV values. The Chief Investment Officer will also prepare annual reports in sufficient detail to provide full disclosure of all investment activities to the State Treasurer, STAR Ohio participants and the general public.

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Investment Policy Adoption

This Policy is adopted as of November 13, 2013.

Seth Metcalf
Deputy Treasurer

Conrad Metz
Chief Investment Officer

Ryan Bilsky
Deputy Director of Investments

APPENDICES

Appendix A
S&P Collateralization Charts

Chart 2

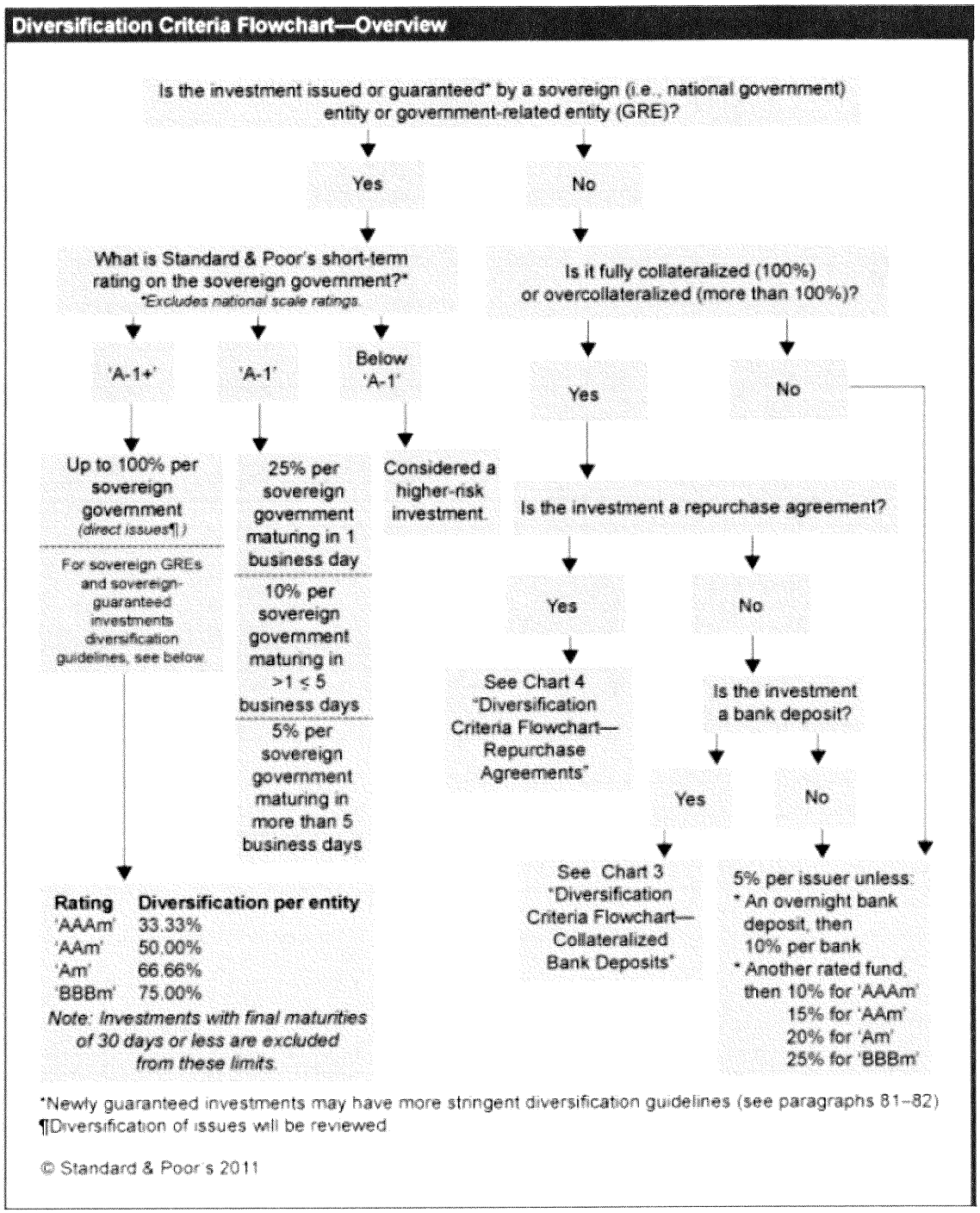
Diversification Criteria Flowchart—Overview
Is the investment issued or guaranteed* by a sovereign (i.e., national government) entity or government-related entity (GRE)?
Yes
No
What is Standard & Poor's short-term rating on the sovereign government?*
*Excludes national scale ratings.
'A-1+'
'A-1'
Below 'A-1'
Up to 100% per sovereign government (direct issues¶)
For sovereign GREs and sovereign-guaranteed investments diversification guidelines, see below
25% per sovereign government maturing in 1 business day
10% per sovereign government maturing in >1 ≤ 5 business days
5% per sovereign government maturing in more than 5 business days
Considered a higher-risk investment.
Rating Diversification per entity
'AAAm' 33.33%
'AAm' 50.00%
'Am' 66.66%
'BBBm' 75.00%
Note: Investments with final maturities of 30 days or less are excluded from these limits.
Is it fully collateralized (100%) or overcollateralized (more than 100%)?
Yes
No
Is the investment a repurchase agreement?
Yes
No
See Chart 4 "Diversification Criteria Flowchart—Repurchase Agreements"
Is the investment a bank deposit?
Yes
No
See Chart 3 "Diversification Criteria Flowchart—Collateralized Bank Deposits"
5% per issuer unless:
* An overnight bank deposit, then 10% per bank
* Another rated fund, then 10% for 'AAAm'
15% for 'AAm'
20% for 'Am'
25% for 'BBBm'
*Newly guaranteed investments may have more stringent diversification guidelines (see paragraphs 81–82)
¶Diversification of issues will be reviewed
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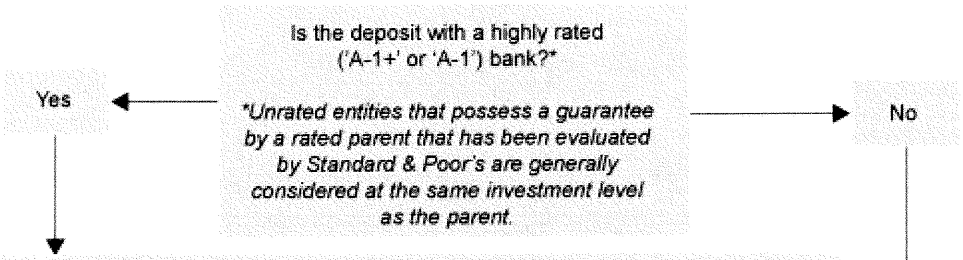
Chart 3

Diversification Criteria Flowchart—Collateralized Bank Deposits



Diversification Guidelines For Highly Rated Collateralized Bank Deposits
(% exposure per)

Bank rating	*Overnight (1 bus. day)*	*2 to 5 bus. days*	*More than 5 bus. days*	*Max aggregate exposure per bank**
A-1+	50	10	5	50
A-1	25	10	5	25

**Maximum aggregate exposure includes both collateralized and uncollateralized exposures. For example, if a fund invests 5% in commercial paper with an 'A-1' rated bank, the maximum exposure to an overnight collateralized bank deposit with that same bank would be 20%.*

PSFR Criteria For Collateralized Bank Deposits (Lower Rated And Unrated)

Bank rating	*Collateral**	*Maximum exposure per bank (%)*	*Maximum aggregate exposure for collateralized deposits (%)*	*Long-term bank rating*
'A-2'	National government (sovereign) issuers rated 'AA-' or higher at 101% –105%	2.50%	10% for all rated lower than 'A-1' and NR	'BBB' or higher with a stable outlook
'A-3' or lower and NR	National government (sovereign) issuers rated 'AA-' or higher 105% – 110%	0.25%	10% for all rated lower than 'A-1' and NR	None

*See paragraphs 89–90 for details on maturity and pricing frequency.

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Excerpt from June 8, 2011 S&P PSFR Criteria

89. A fund investing in collateralized CDs receives a 'BBm' rating unless all of the following conditions by bank short-term rating in table 9 are met.

Table 9

Collateralized Deposits With Banks (Rated And Unrated)

Bank short-term rating	'A-1+' and 'A-1'	'A-2'	'A-3' or lower and NR¶
Maximum maturity on deposit	397 days	397 days	397 days
Collateral* (%, maturity, pricing frequency)	100%	National government (sovereign) issuers rated 'AA-' or better at 101%–105%*; priced at least weekly	National government (sovereign) issuers rated 'AA-' or better at 105%–110%*; priced at least weekly
Custody of collateral	Held in name of fund	Held in name of fund	Held in name of fund
Maximum exposure per bank (%)	See flowchart 2	2.50%	0.25%
Maximum aggregate exposure for collateralized deposits (%)	100%	10% for all rated lower than 'A-1' and NR	10% for all rated lower than 'A-1' and NR
Bank long-term rating	N/A	At least 'BBB' with a stable outlook	N/A

*Actual collateralization amounts depend on maturity, type, and pricing frequency. The more frequently the collateral is priced, the shorter the maturity of the collateral and the more liquid the collateral (i.e., 'AA-' or higher rated sovereign), the less excess collateral needed to back the deposit. The collateral must be priced at least weekly, maintained at predetermined collateralization levels on each pricing day, and held in custody in the name of the fund for the fund to be rated investment grade. ¶This column also applies to banks rated 'A-2' that do not have a long-term rating of at least 'BBB' with a stable outlook. N/A--Not applicable.

90. The specific levels of overcollateralization are calculated using the midpoint of 'AA' and 'A' transactions from the collateral tables in the following publications: "Leveraged Funds: Market Value Ratings," December 1997 and "Leveraged Funds: Market Value Criteria and Overcollateralized Requirements," March 1999. "Market Value Advance Rates For U.S. Treasury Securities," published Sept. 19, 2001, contains the criteria for deposits collateralized with U.S. Treasury securities. In addition, please refer to "Methodology And Assumptions For Market Value Securities," published Aug. 31, 2010, for proposed changes to the overcollateralization practices. Since collateralization levels follow market value criteria, a criteria change would result in revised levels for PSFRs.

Appendix B
NAV Deviation Policy

JOSH MANDEL
STATE TREASURER OF OHIO

STAR Ohio
NAV Deviation Policy

The Advisory Committee has determined that it is in the best interests of STAR Ohio and its participants to manage the STAR Ohio portfolio in such a manner to maintain a stable net asset value (NAV) at $1.00 per unit using the amortized cost method of valuation. Consistent with this determination, the Advisory Committee shall direct the Fund's Administrator to obtain an independent price for each security in the Fund at least weekly and, using such prices, prepare a mark-to-market appraisal of the Fund which determines the deviation in the Fund between the net asset value and amortized cost. The administrator is also instructed to obtain at least two dealer bids to verify pricing on any investment that is difficult to price.

If any appraisal shows that the actual deviation is in excess of 0.15 of 1% or if the Chief Investment Officer (CIO) believes that the deviation may result in dilution or other unfair results to investors or existing holders of beneficial interests: (1) the CIO shall instruct the Fund's administrator to obtain independent prices for each security in the portfolio on a daily basis and compute daily mark-to-market values until the deviation drops below 0.15 of 1%; (2) the CIO and investment consultant shall review the results of the daily mark-to-market calculation, perform stress tests weekly or as conditions merit and analyze the current market conditions and factors effecting the Fund; (3) the CIO and investment consultant will recommend an action plan for stabilizing the NAV and maintaining the objectives of preservation of capital, maintenance of liquidity and income; and (4) the CIO will promptly inform the Treasurer and Deputy Treasurer of the situation and indicate what action, if any, is being taken to limit the widening of the deviation and the rationale for such action. The plan of action will then be appropriately documented in writing.

In the event of any calculation thereof where the actual deviation is in excess of 0.25 of 1%: (1) the CIO will instruct the administrator and investment consultant to continue all procedures as described in the previous paragraph, and (2) at a meeting, or by conference call, the Treasurer and/or Deputy Treasurer shall be notified as soon as practicable to consider what action, if any, should be initiated by the Investments Department to cure the NAV deviation within five business days. If an NAV deviation of more than 0.25% cannot be cured within five business days, the CIO will inform Standard and Poor's of the NAV deviation. The plan of action will then be appropriately documented in writing.

If the NAV actual deviation is in excess of 0.5 of 1%, the Treasurer, Deputy Treasurer and CIO shall, in addition to the steps described in the previous two paragraphs, determine: (1) appropriate notification (if any) to unit holders; (2) whether redemptions or subscriptions should be temporarily halted; and (c) fund liquidation procedures, if deemed appropriate. The plan of action will then be appropriately documented in writing.

If, at any time, the CIO believes that the extent of any deviation from the Fund's amortized cost value may result in material dilution or other unfair results to investors or existing holders of beneficial interests, the CIO shall take such action as deemed appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair results.

In the course of its day-to-day management of the Fund, the actions which the CIO may take to stabilize the NAV include, but are not limited to: redemption of beneficial interests in kind; the sale of portfolio securities prior to maturity to realize capital gains or losses or to shorten the Fund's average portfolio maturity; withholding dividends or payment of distributions from capital or capital gains; and utilizing a net asset value as determined through available market quotations or equivalents. In addition, the CIO shall have the authority to reduce or increase the number of beneficial interests in the Fund outstanding on a pro rata basis, and to offset each unit holder's pro rata portion of the deviation from the unit holder's accrued dividend account or from future dividends.