



WHAT'S IN YOUR INVESTMENT POLICY?

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January 12, 2023

In The Beginning

Cover Page

Name of entity, date, etc.

Table of Contents

Full listing of all sections, with page numbers.

Introduction and Overview

Description of the entity including organizational date, geographical information, population, etc.

 SURPRISE ARIZONA	Standard Operating Procedure INVESTMENTS	
PROCESS: Investment Activities With Public Monies		
POLICY REFERENCE: Arizona Revised Statutes (ARS) Title 35; City of Surprise, Arizona Comprehensive Financial Management Policies; Generally Accepted Accounting Principles (GAAP)		
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Introduction

City of Phoenix, Arizona Investment Policy



December 6, 2013

Investment Policy For The City of Goodyear, Arizona

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Introduction

CITY OF GLENDALE

The City of Glendale, Arizona was incorporated June 18, 1910, under the provisions of Article 13, Sections 1 through 6 of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The City is a home rule municipality operating under its City Charter and City Code. It is governed by a Mayor elected at large, and six district council members. The City operates under a Council-Manager government.

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management of the investment funds of the City of Glendale.

This Policy replaces all previous Investment Policies or Resolutions pertaining to the cash management or investment of City funds.

TOWN OF QUEEN CREEK

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management of the investment funds of the Town of Queen Creek.

This Policy replaces all previous Investment Policies or Resolutions pertaining to the cash management or investment of Town funds.

Introduction

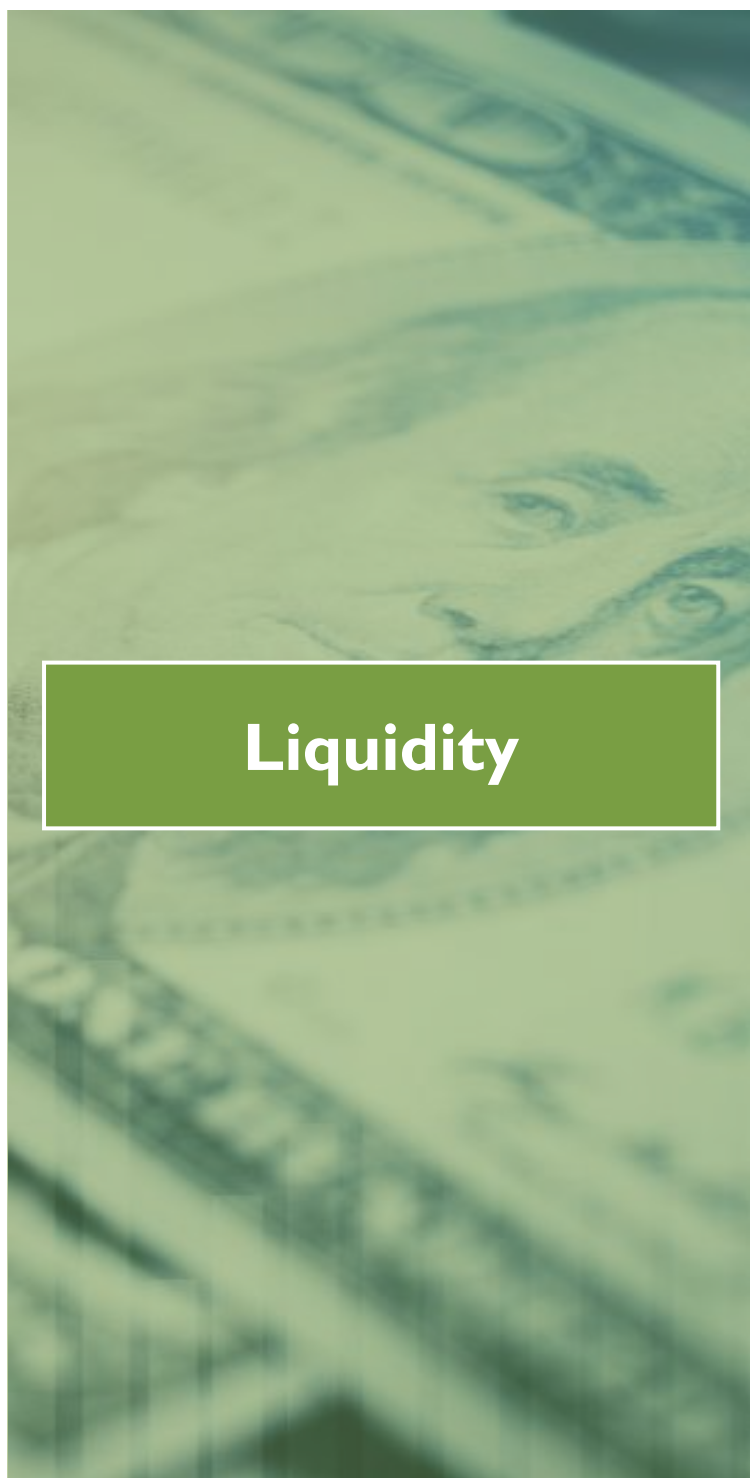
CITY OF PHOENIX

Effective cash flow management and cash investment practices are recognized as essential to good fiscal management. The investment policy of the City of Phoenix (the “City”) is intended to provide for the prudent and efficient investment of the City’s temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The investment policies and practices of the City are based on guidelines mandated by Arizona state statute, the Phoenix City Code, and prudent money management.

Arizona Revised Statute (“ARS”) Title 35, Article 2 outlines eligible investments for state and city treasury monies. ARS Section 35-321 (I I) provides that cities governed by charter have the option (emphasis added) of operating their investments under Title 35, Article 2. The City is a chartered city and has elected to establish its own investment policy. General procedures for the investment of City monies are prescribed in the City of Phoenix Municipal Code (the “Code”), Chapter 13, Article 1, Section 2 (see “Appendix C -City of Phoenix Municipal Code”). ARS Section 35-329 does, however, require that charter cities follow the collateral requirements outlined in ARS Section 35-323 (G) (see “Appendix B -Arizona Revised Statutes”, page B-2).



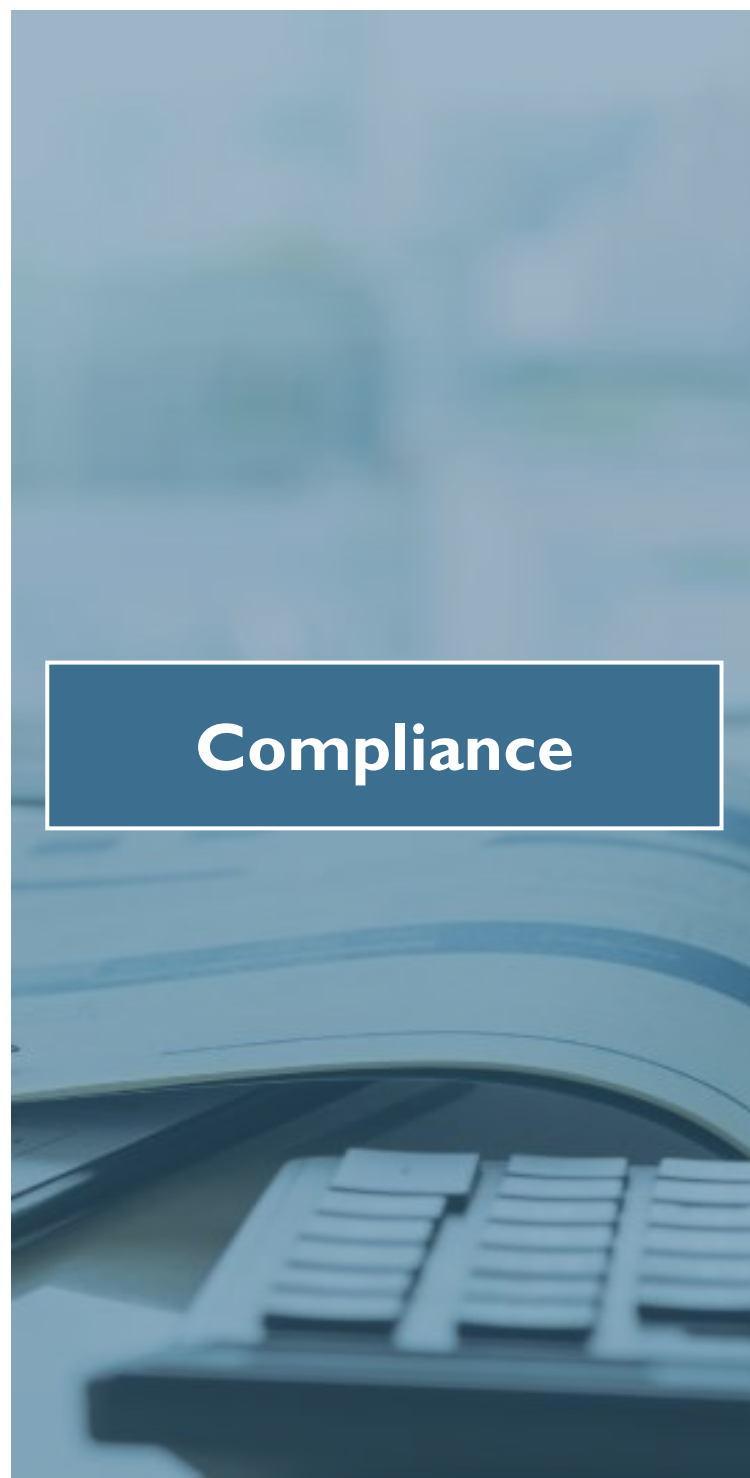
Safety



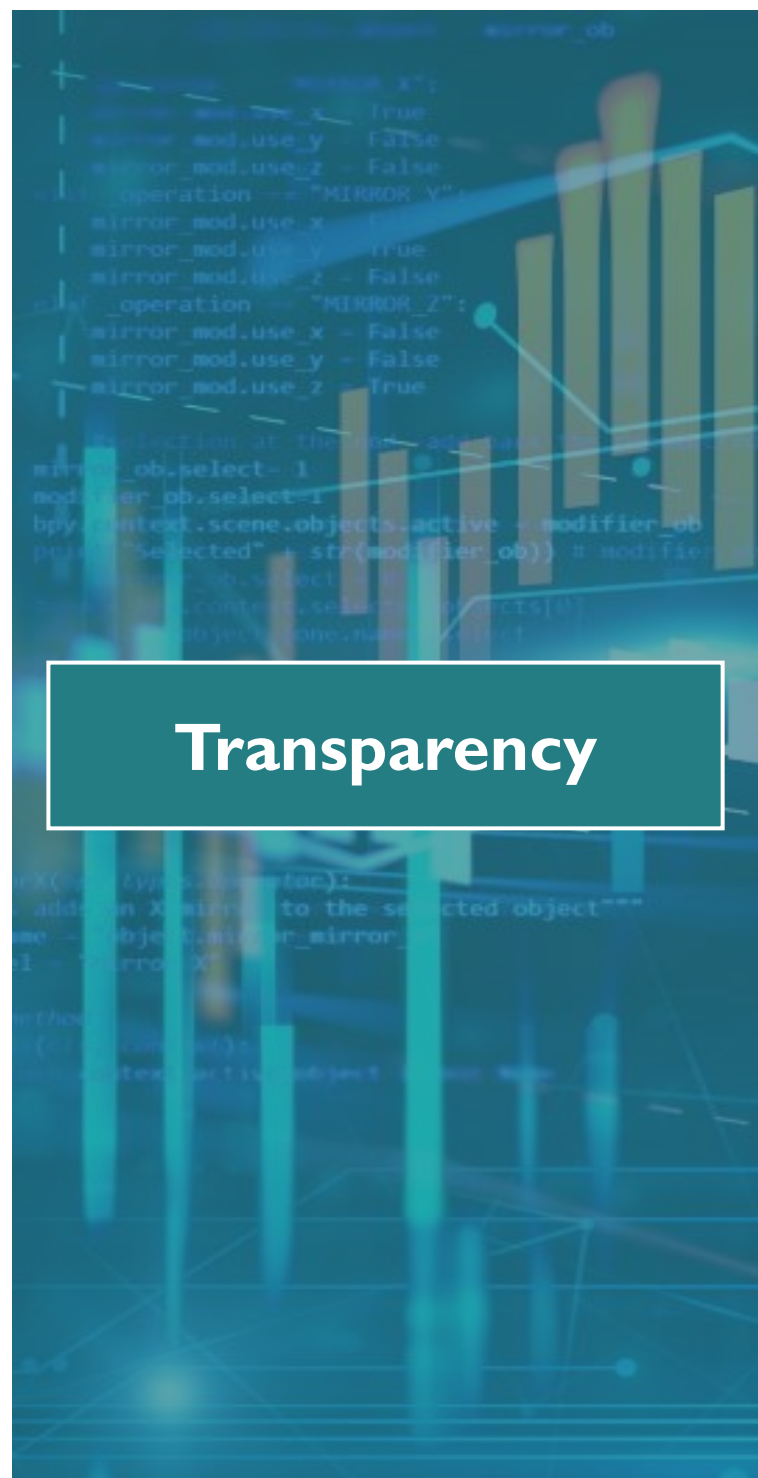
Liquidity



Yield



Compliance



Transparency

Please refer to the disclosure slide of this presentation for more information.

Who Is In Charge?



Governing Authority: City council, board, commission, etc. Include number of members, roles, etc.



Delegation of Authority and Investment Responsibility: Include what authority is delegated.



Investment Program Oversight Committee (IPOC) and Investment Program Review: Include members, frequency of meetings, purpose of committee and meetings.

Authority

CITY OF SURPRISE

Investment Management Authority

- Authority to manage the investment program of the City is granted to the Finance Director or his/her designee and derived from the A.R.S. § 35-323.

I. Delegation of Authority

- The Finance Director shall have responsibility for the operation of the investment program and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the Finance Director.

CITY OF SEDONA

Authority to either manage internally or to delegate the management of the investment portfolio of the City to an external manager is granted to the City Manager and his/her designee. If authority to manage all or a part of the investment portfolio of the City is delegated to an external manager, the City Manager and his/her designee shall be responsible for:

- Periodic investment portfolio reporting;
- Evaluating the performance of the externally managed portfolio;
- Confirming compliance with the City's investment policy;
- Developing investment strategies with the external manager and periodically reviewing the strategy to ensure it is consistent with the City's goals and values.

The Scope

Scope of Investment Policy

Should establish all funds and assets the policy covers and explicitly describe any that it does not apply to.

CITY OF GLENDALE

The provisions of this Investment Policy apply to all financial assets and funds held by the City of Glendale (hereinafter referred to as "the City"), the City's blended component units, and assets of restricted trust and escrow funds. These funds are accounted for in the City's audited Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Any new funds created by the City, unless specifically excluded.

When bond proceeds are invested, the permitted investments provision of the bond indenture shall take precedence over this Investment Policy upon approval by the Finance Director.

The Scope

CITY OF PHOENIX

This Investment Policy applies to the investment activities of the City related to monies on deposit in the City's Treasurer's Pool (the "Pool"). Various City cash resources have been combined to form the Pool. The purpose of the commingled Pool is to offer increased liquidity and diversification to the City's various funds and to assist the City in managing its cash and investments on a Citywide basis. The Pool is invested as a unit, based on the anticipated combined cash flows of all Pool participating funds and the City's overall cash operating requirements. Earnings on the Pool are allocated based on each fund's average daily balance during the reporting period.

Monies not commingled in the Pool include the City of Phoenix Employees' Retirement System ("COPERS"); the City of Phoenix's Deferred Compensation Plan ("DCP"); and other funds that are specifically and formally excluded ("Other Funds"). Other Funds consist primarily of bond proceeds, dedicated reserves and other programs in which investment in a commingled portfolio is either not permitted or not practicable. Other Funds will be invested 1) in accordance with their governing covenants, regulations, laws, and policies and 2) when not in conflict with (1), in accordance with this Investment Policy.

This Investment Policy shall serve as a general guideline, without conflict to governing covenants, regulations, laws, or policies, for the investment of monies in Other Funds that the City's Finance Department has been given formal authority to invest. Due to the relatively small anticipated size and the unique uses of the Other Funds, the percentage limitations stipulated under "Authorized Investments" may be waived if deemed prudent to do so by the Chief Financial Officer.

The provisions of this Investment Policy shall not apply to those funds of COPERS, DCP or certain funds held in a trust, which are externally managed and governed by their own investment policies.

Standard of Prudence

Prudent Investor Standard

or

Prudent Person Standard

TOWN OF QUEEN CREEK

The standard of prudence to be used for managing the Town's assets shall be the "prudent person" standard 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."

The Town's investments shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Town recognizes that no investment is totally without risk and that the investment activities of the Town are a matter of public record. Accordingly, the Town recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security before maturity is in the best interest of the Town.

Personnel acting in accordance with this Investment Policy and all Federal, State, and other legal requirements, and exercising the standard of prudence shall be relieved of personal responsibility for an individual security's interest rate, credit, market, and liquidity risks.

Internal Controls

Establish internal controls designed to prevent loss and identify policy and procedure compliance.

CITY OF PHOENIX

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Includes:

- Collusion
- Separation of Duties
- Safekeeping
- Clear Delegation of Authority
- Written Confirmation
- Delivery
- Daily Procedures
- Annual Audit

Internal and External Audit

Periodic review of transactions, relative records, and reports. These are formal reviews rather than ongoing controls.

CITY OF GLENDALE

A quarterly report shall be prepared and submitted by the Assistant Finance Director or designee to the Finance Director which will list the cost and current fair value of investments held by the City, in accordance with Governmental Accounting Standards Board Statement No. 31. The report shall include a summary of investment holdings detail to check for compliance and performance results during the period and a review of the portfolio and a comparison between the portfolio's total return and the established investment objectives. A record shall be maintained by the City of all bids and offerings for security transactions in order to ensure that the City receives competitive pricing.

On an annual basis, the Finance Director shall report on investment strategy and performance to the City Council. This report will include an update on the performance of the portfolio over the prior year and the proposed strategy for the coming year. The annual report shall be presented to City Council during the first quarter of each fiscal year.

The City has established reporting and accounting standards for callable Instrumentality securities. Callable securities may be retired at the issuer's option prior to the stated final maturity. All securities holding reports shall disclose the final maturity as well as the next call date of each callable security held. For callable securities which are purchased "priced to the next call date" and have an overwhelming probability of being called on the next call date, the weighted average maturity as well as yield shall be calculated using the next call date.

Safekeeping and Custody

CITY OF PEORIA

To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers, all investment securities purchased by the City, including collateral on repurchase agreements, shall be held by the City or in safekeeping by the City's custodian bank or a third-party bank trust department, acting as agent for the City under the terms of a custody or trustee agreement executed by the bank and by the City. The primary agent shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity, and other pertinent information.

All securities transactions conducted by the custodian on behalf of the City are to be on a delivery-versus-payment (DVP) only basis. Securities will be held by a third party custodian designated by a financial officer and evidenced by safekeeping receipts.

Investment officials shall be bonded to protect the City against loss due to possible embezzlement and malfeasance.

Investments

Maturity

Quality

Diversification

Allocation

Statute Meets Policy

Allowable Securities	Maximum Maturity	Minimum Quality	Diversification Limits
Government Obligations	5 years	N/A	100%
US Agencies & GSE's	5 years	AA-/Aa3	100%
US Agency Issued Mortgage Securities	5 years	AA-/Aa3	50%
Prime Commercial Paper	270 days	A-2/P-2 equivalent rating*	35%
Repurchase Agreements	180 days	102% collateral	50%
Municipal Securities	5 years	Municipal bonds rated at least AA-/Aa3 or better and short-term municipal bonds rated SP-2/MIG 2	25%
Corporate Bonds	5 years	A-/A3	35%
Asset-Backed Securities	5 Years	Aa3/AA-	20%
Deposit Accounts, CD's & BA's	365 days	Rating on short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories	20%

Summary of Authorized Investments

Entity Specific

SUMMARY TABLE OF ALLOWABLE INVESTMENTS

Allowable Securities	Maximum Maturity	Quality	Diversification Limits	Further Limitations
US Treasury Obligations	5 years	N/A	100%	N/A
Federal Instrumentality Securities	5 years	N/A	100%	Per Issuer: 40% of City's combined portfolio
US Agency Issued Mortgage Securities	5 years	N/A	50%	N/A
Prime Commercial Paper	270 days	A-1/P-1 or equivalent rating*	35%	Per issuer: 5% of City's combined portfolios; the roll up concentration limit per issuer for prime commercial paper and corporate is bond is 10%.
Repurchase Agreements	180 days	Counterparty short term debt rating of A-1 and long term debt rating of A or equivalent rating*	50%	Per Counterparty: 10% of City's combined portfolio 102% collateral
Pooled Investment Funds	N/A	N/A	50%	Per ARS 35-326
Time Certificates of Deposit	1 year	City approved depository	20%	Per Institution: 5% of City's combined portfolio Shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral.
Interest Bearing Savings Accounts	N/A	City approved depository	20%	Per Institution: 5% of City's combined portfolio Shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral.
Arizona Securities	5 years	MIG1/VMIG1/P-1 Municipal bonds rated at least A2/A or better and short term municipal bonds rated MIG1/VMIG1/P-1 or equivalent rating*	25%	Per Issuer: 5% of City's combined portfolio
Corporate Bonds	5 years	A2/A or equivalent rating*	35%	Per Issuer: 5% of City's combined portfolios; the roll up concentration limit per issuer for prime commercial paper and corporate is bond is 10%.
Variable Rate Obligations	N/A	N/A	N/A	25% of City's combined portfolio
Callable Securities	N/A	N/A	N/A	25% of City's combined portfolio

*Ratings issued by Nationally Recognized Statistical Rating Organizations (NRSRO) Standard & Poor's, Moody's and Fitch, respectively.

Strategy

Identify any additional strategies based on
Municipalities' Cash Forecasting

CITY OF GLENDALE

Funds will be divided into two portfolios depending upon liquidity needs. Each portfolio will be managed to a different strategy and be assigned an appropriate benchmark.

Liquidity Portfolio – This portfolio is managed to maintain sufficient liquidity to fund operations of the City, over a normal business cycle. Funds in this portfolio will mature within the normal business cycle, or one year, and will be managed on a non-discretionary basis.

Core Portfolio – This is the longer-term, actively managed portfolio, managed with a longer duration, but within the maximum maturity of 5 years or shorter depending on security type, per this policy. This portfolio will be managed on a discretionary basis with quarterly strategy updates and authorization.

Authorized Financial Institutions Broker/Dealer

Stipulate any requirements for funds and/or securities
held by financial institutions.

CITY OF GOODYEAR

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g. a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the City’s investment policy
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance Director.

Collateralization

Collateral requirements for fund deposits

CITY OF PEORIA

Collateralization will be required on all deposits, certificates of deposits, investments and repurchase agreements. So as to anticipate market changes and provide an adequate level of security for all funds, the collateralization level will be 105% of market value of principal and accrued interest. Collateral is limited to obligations of the U. S. Government, its agencies and instrumentalities excluding all of the following obligations: Collateralized Mortgage Obligations (CMO's), Real Estate Mortgage Investment Conduits (REMIC's), and other Principal Only (PO's) and Interest Only (IO's, obligations that are secured with mortgages issued by any federal agency, instrumentality or private firm). As an alternative, 9 insurance/surety bonds may be used as collateral to ensure certificates of deposit payments of principal and interest at the date of maturity. Insurance/surety bonds may also be used to ensure replacement on checking and money market accounts in case of a financial institution's default.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted. Each time collateral is changed it must be approved by the City.

Allocation of Income

CITY OF PHOENIX

The purpose of the commingled Pool is to offer increased liquidity and diversification to the City's various funds and to assist the City in managing its cash and investments on a Citywide basis. The Pool is invested as a unit, based on the anticipated combined cash flows of all Pool participating funds and the City's overall cash operating requirements. Earnings on the Pool are allocated based on each fund's average daily balance during the reporting period.

Performance Reporting

TOWN OF QUEEN CREEK

Evaluation and monitoring of investment performance are the responsibility of the Finance Director who shall generate investment performance statistics and activity reports as follows:

- The following reports are provided in a monthly report to the Finance Director.
 - Month-end Investment Summary. The month-end investments are summarized by type of investment. The report summarizes original cost and market values of investments in the pools and funds.
 - Earned investment yield for period, year-to-date, and comparison to prior year.
 - Interest distributed for period.
- On a quarterly basis, the following information:
 - Monthly average rate of return on the portfolio
 - Average days to maturity
 - Monthly portfolio composition
- At a minimum, a report shall be presented annually to the Town Manager and Council to update administration on securities held, maturities, investment returns, unrealized gains (losses), comparisons to established benchmarks, market conditions, prevailing investment strategy, and adherence to the investment policy. Securities will be reported on a mark to market basis as defined by the Governmental Accounting Standards Board (GASB).

Other Considerations

- Settlement date versus trade date for maturity limits
- Guidelines to sell a security that falls below allowable ratings criteria
- Purchasing private placement securities
- Investment pool/fund participation (from outside your entity)
- Loans to pool/fund participants
- Pool/fund withdrawal policies
- Apportionment of administrative pool/fund expenses
- Security impairment evaluation process
- Environmental, Social, and Corporate Governance Investing

Investment Policy Development

A well-defined investment policy is vital to governing the investment and safekeeping of public funds and should include:

General Investment Rules	Governance	Risk Mitigation & Safekeeping	Reporting & Accountability
Investment objectives	Governing board	Diversification & maximum maturities	Benchmarks & assessment
Allowable investments	Annual policy review	Collateral requirements	Reporting requirements
Roles & responsibilities	Define investment committee	Custodial services	Required meetings
Statutory/constitutional constraints	Adoption of policy by formal action	Selection & management of outside services	Record keeping & storage requirements

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