



# Investment Policy

Approved June 13, 2017

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**Las Virgenes Municipal Water District  
Investment Policy  
Adopted June 13, 2017**

**1.0 AUTHORITY**

This Investment Policy was adopted by the Board of Directors of the Las Virgenes Municipal Water District at its regular meeting on June 13, 2017. Any modifications to this policy must be approved by the Board of Directors at a duly noticed public meeting.

**2.0 POLICY STATEMENT**

It is the policy of Las Virgenes Municipal Water District (“District”) to invest public funds in a manner that provides the maximum security and best investment return, while meeting the daily cash flow demands of the District and conforming to laws governing the investment of public funds.

**3.0 SCOPE**

This Investment Policy applies to all investment activities and financial assets of the District. Funds held by trustees or fiscal agents are excluded from this policy; however, such funds are subject to regulations established by the State of California. Funds subject to this policy are accounted for in the District’s audited Comprehensive Annual Financial Report (CAFR).

**3.1 Funds Covered by this Policy:**

- A. Potable Water
- B. Recycled Water
- C. Sanitation
- D. Rate Stabilization
- E. Internal Services
- F. Insurance Reserve
- G. Joint Powers Authority
- H. Any new fund created by the District unless specifically exempted.

**3.2 Funds Excluded From This Policy:**

- A. Pension Funds
- B. Other Post-Employment Benefit Funds
- C. Funds related to debt issues controlled by specific provisions of the issuance documents
- D. Deferred compensation program funds

The District commingles its funds to maximize investment earnings and increase efficiencies for investment pricing, safekeeping, and administration. Investment income is allocated to the various funds proportionally and in accordance with Generally Accepted Accounting Principles (GAAP).

#### **4.0 OBJECTIVES**

The primary objectives, in priority order, of the District's investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments in a manner that reduces credit and duration risks. Also, the District will invest funds among a variety of securities offering independent returns and financial institutions.

4.2 **Liquidity:** The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that may be reasonably anticipated.

4.3 **Return on Investment:** The District's Investment Policy shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio in a manner that reduces interest rate risk.

#### **5.0 DELEGATION OF AUTHORITY**

The Treasurer is a member of the Board of Directors and responsible for the investments. Daily management responsibility for the investment program is delegated to a Deputy Treasurer, normally the Director of Finance and Administration. The Deputy Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Deputy Treasurer. The Deputy Treasurer shall establish a system of controls to regulate the activities of subordinate designees.

Unless otherwise specifically designated by the District’s Board of Directors, the only officials authorized to undertake investment transactions on behalf of the District are the:

- Treasurer (Board Member)
- Deputy Treasurer
- Deputy Treasurer Designee(s)

Further, no person may engage in an investment transaction except as provided under the terms of the District’s Investment Policy.

**6.0      STANDARD OF CARE**

In compliance with California Government Code Section 53600.3, the standard of care to be used by investment officials shall be the “prudent investor” standard and applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the 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.

The “prudent investor” standard states that:

*“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”<sup>1</sup>*

**7.0      ETHICS AND CONFLICTS OF INTEREST**

The Treasurer, Deputy Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

The Treasurer, Deputy Treasurer and other employees involved in the investment process 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 investment portfolio and shall not undertake personal investment transactions through the same institution with whom business is conducted on behalf of the District.

The Treasurer, Deputy Treasurer and all District staff with delegated authority for any aspect of the investment process are required to file annual disclosure statements as required by the California Fair Political Practices Commission ("FPPC"), including Forms A-1 and A-2. During the course of the year, if an event subject to disclosure could impair the ability of the Treasurer, Deputy Treasurer or others to make impartial decisions, the Board of Directors will be notified in writing by the General Manager within 10 days of the event.

## **8.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The District shall transact business only with banks, savings and loans, and registered investment securities dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a **broker/dealer**, as defined in Section 25004 of the Corporations Code, who is a member of the National Association of Securities Dealers, a member of a Federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a **primary dealer** by the **Federal Reserve Bank**. In addition, a list shall also be maintained by the Deputy Treasurer of approved security broker/dealers who are authorized to provide investment services in California. The District may only conduct business with entities considered "primary" or "regional" dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

The Deputy Treasurer and his/her assigned staff shall investigate all institutions that wish to do business with the District, in order to determine if they are adequately capitalized, make markets in securities appropriate to the District's needs, and agree to abide by the conditions set forth in this Investment Policy. All financial institutions and broker/dealers that desire to become qualified bidders for investment transactions must provide the District with the following:

- Current audited financial statements;
- Proof of FINRA certification;
- Proof of National Association of Security Dealers (NASD) certification;
- Proof of California registration;
- Completed District questionnaire - Appendix "D" or Appendix "E";
- Evidence of adequate insurance coverage; and
- Certification of having read, understood, and agreed to comply with the District's Investment Policy.

The Deputy Treasurer shall conduct an annual review of the financial condition of all approved financial institutions and broker/dealers in order to determine whether they continue to meet the District's guidelines for qualifications as defined in this section. In addition, the District shall give all approved broker/dealers a copy of the District's Investment Policy on an annual basis. The Deputy Treasurer shall keep current audited annual financial statements on file for each

approved financial institution and broker/dealer with which the District does business with for a minimum period of three years.

## **9.0 AUTHORIZED AND SUITABLE INVESTMENTS**

The District shall only invest in instruments authorized pursuant to Sections 16429.1, 53600 et seq., and 53638 of the Government Code **and** explicitly authorized by the Board subject to the prohibitions set forth in Section 9.1 of this Investment Policy. Appendix A includes a listing of all authorized types of investment securities.

### **9.1 Prohibited Investments and Transactions**

Any investment not specifically authorized in Appendix A is ineligible. The use of derivatives, options, futures or buying on margin is also specifically prohibited. Security transactions shall be conducted on a delivery-versus-payment basis. Securities purchased or acquired by the District shall be held in safekeeping by a third party only pursuant to a custodial agreement as required by Government Code Section 53601.

Also, Government Code Section 53601.6 prohibits local agencies from investing in certain instruments, including inverse floaters, range notes, and mortgage-derived interest only strips. Additionally, the District shall not invest funds in securities that could result in zero interest if held to maturity.

## **10.0 INVESTMENT POOLS / MUTUAL FUNDS**

The Treasurer shall thoroughly investigate any pooled investment funds, including mutual funds. To accomplish this, a questionnaire (Appendix F) is to be used to evaluate the suitability of the pooled fund. The questionnaire will address the following:

- A description of eligible investment securities, and a written statement of investment policy and objectives;
- A description of interest calculations and how it is distributed, and how gains and losses are treated;
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program is audited;
- A description of who may invest in the program, how often, what size of deposits and withdrawals are allowed;
- A schedule for receiving statements and portfolio listings;
- A description of how reserves and retained earnings are utilized by the pool/fund;
- A fee schedule, and when and how fees are assessed; and
- Whether the pool/fund is eligible for bond proceeds and/or if it will accept such proceeds?



The State of California Local Agency Investment Fund (LAIF) established by Government Code 16429.1 et seq. is explicitly authorized and, therefore, not subject to the provisions of this section.

#### **11.0 COLLATERALIZATION**

Pursuant to Government Code Sections 53652 through 53667, the District requires depositories to post certain types and levels of collateral for public funds above the Federal Deposit Insurance Corporation ("FDIC") insurance amounts. The collateral requirements apply to bank deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit).

The Treasurer shall require collateralization on two other types of investments: repurchase and reverse agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest and the value shall be adjusted no less than quarterly. The District requires the collateral to be in the form of U.S. Treasuries or a similar highly liquid instrument.

Collateral will always be held by an independent third party with whom the entity has a current written custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the District and retained throughout District retention of the investment. The right of collateral substitution is granted.

#### **12.0 SAFEKEEPING AND CUSTODY**

To protect against fraud, embezzlement, or losses caused by collapse of individual securities dealers, all securities owned by the District shall be held in safekeeping by the District's custodial bank acting as agent for the District under the terms of a custody agreement. Such custodial bank must be a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Collateral for repurchase agreements will be held by a third party custodian under the terms of a Public Securities Association ("PSA") master repurchase agreement.

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. This procedure ensures that securities are deposited with the third party custodian prior to the release of funds. Securities will be held by a third party custodian designated by the Treasurer or Deputy Treasurer and as evidenced by safekeeping receipts with a written custodial agreement. Pooled Investments, such as LAIF and other local agency pooled investments or money market mutual funds as described in Appendix A are undeliverable and, therefore, not subject to delivery or third party safekeeping. The Deputy Treasurer shall

not be responsible for securities delivered to and received for by a financial institution until they are withdrawn from the financial institution by the Deputy Treasurer or the Deputy Treasurer's designee.

Investment trades, shall be verified against the bank transactions and broker confirmation tickets to ensure accuracy. On a monthly basis, the custodial asset statement shall be reconciled with the month-end portfolio holdings. On an annual basis, the external auditor shall confirm investment holdings.

### **13.0 DIVERSIFICATION**

The District will diversify its investments by security type, institution, and maturity. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the District's total investment portfolio will be invested in a single security issuer or with a single financial institution. The Treasurer shall to the greatest extent possible:

- Limit investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- Limit investments in securities that have higher credit risks,
- Invest in securities with varying maturities, and
- Continuously invest a minimum amount equal to six months operating budget in readily available funds such as local government investment pools (LAIF), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet the District's on-going financial obligations.

#### **13.1 Portfolio Rebalancing**

In the event that portfolio percentage constraints are violated due to a temporary imbalance in the portfolio, the District shall hold the affected securities to maturity in order to avoid capital losses. However, if no capital losses would be realized upon sale, the Treasurer, Deputy Treasurer or his/her designee shall consider rebalancing the portfolio after evaluating the expected length of time the portfolio would remain unbalanced. Since portfolio percentage limits are in place to ensure diversification of the District Investment portfolio, a small, temporary imbalance will not significantly impair the strategy.

### **14.0 MAXIMUM MATURITIES**

To minimize the impact of market risk, it is intended that all investments be held to maturity.

The Deputy Treasurer shall match the District's investments with anticipated cash flow requirements known at the time of purchase. The District will not directly invest in securities maturing more than five (5) years from the settlement date. Any investment that is further limited is noted in Appendix A, Authorized Investments. Also, Appendix B provides a listing of

maximum maturities by investment vehicle. The weighted average maturity of the investment portfolio will be limited to three years or less, exclusive of the funds held in investment pools and mutual funds. Investments may be sold prior to maturity for cash flow, appreciation purposes or in order to limit losses; however, no investment shall be made based solely on earnings anticipated from capital gains.

#### **15.0 INTERNAL CONTROL**

The Deputy Treasurer shall ensure that all investment transactions comply with the District's Investment Policy and establish internal controls that are designed to prevent losses due to fraud, negligence or third-party misrepresentation. These controls shall be designed to avoid collusion; ensure separation of duties and administrative controls; maintain separation of transaction authority from accounting and record keeping; provide custodial safekeeping; delegate authority clearly; ensure management approval and review of investment transactions; provide specific limitations regarding securities loss and remedial action; document investment transactions and strategies; and monitor investment performance results.

The Deputy Treasurer shall establish an annual process of independent review by an external audit firm. The external auditor shall review the management of the District's investment program in terms of compliance with the internal controls previously established.

The external auditor, serving as an independent reviewer, will review and verify the District's investment activity, holdings and compliance with this Investment Policy on an annual basis and submit a report to the District's Board of Directors relating thereto.

#### **16.0 PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary, economic, or weather cycles, commensurate with the investment risk constraints and cash flow needs. The District's investment portfolio, exclusive of investment pools and mutual funds, shall utilize the three-year Treasury note as its benchmark. It is understood that due to the District's policy to hold investments to maturity, short-term yields will lag the direction of the three-year Treasury note in changing interest rate environments.

#### **17.0 CREDIT DOWNGRADE**

If a security is downgraded below the minimum credit risk criteria specified in the Investment Policy, the Deputy Treasurer shall evaluate the downgrade and bring their evaluation back to the Treasurer and General Manager to evaluate and decide what action to take: continue to monitor and hold through maturity or sell the security on the secondary market.

## 18.0 REPORTING

The District's Investment Policy shall be reviewed on an annual basis by the Treasurer, Deputy Treasurer, and General Manager with recommendations for changes, if any, made to the Board of Directors.

The District shall maintain a complete and accurate record of all investment transactions.

18.1 **Monthly Reports:** The Deputy Treasurer shall prepare and submit a monthly investment report of funds directly controlled and managed by the District, including a detailed listing of all investment transactions opened and closed during a reporting period or, if none, a statement to that effect. The report shall be submitted monthly to the Board of Directors.

Each investment report shall be submitted within 45 days following the end of the period covered by the report and must also include certification by the General Manager that investment actions executed since the last report are in compliance with the Investment Policy or state areas of non-compliance; and the District will meet its expenditure obligations for the next six months or state why sufficient money shall, or may, not be available as required by law.

Schedules in the monthly report should include the following:

- The type of investment, name of the issuer, date of maturity, the par value, book value, yield to maturity or yield to call, and cost of all funds invested and subject to this policy;
- Coupon, discount or earnings rate;
- Percentage of the portfolio represented by each investment category; and
- The market value with the source of the market valuation for all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

18.2 **Quarterly Report:** Within 30 days of the end of each quarter, the Deputy Treasurer shall prepare and submit a quarterly investment report to the Board that includes the information required in the monthly investment report, plus the following additional information:

- A description of any investments, including loans and security lending programs, that are under the management of contracted parties;
- A description of the compliance with the statement of Investment Policy, or manner in which the portfolio is not in compliance;
- A statement denoting the District's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may, not be available;
- A benchmark comparison;
- A statement of cash and investments held and compliance with adopted reserve policies; and

- A narrative analysis with supporting graphs and/or charts that provide information on performance of the portfolio, as well as general economic and operational trends affecting the portfolios size and/or performance.

The investment portfolio will be managed in accordance with the parameters specified within this policy and monitored and evaluated by the Deputy Treasurer and his/he designated employees involved in the investment process.

#### **19.0 INVESTMENT POLICY ADOPTION**

The District's Investment Policy shall be adopted by the Board of Directors. The policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law, financial and economic trends, and to meet the needs of the District. Any modifications made hereto must be approved by the Board of Directors.

## Appendix A - AUTHORIZED INVESTMENTS

### 1. **UNITED STATES TREASURIES:**

United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

There is no limit as to the amount of the investment portfolio that may be invested in United States Treasury notes. Maximum maturity is five years from the settlement date.

### 2. **FEDERAL AGENCIES:**

Obligations issued by the United States Government Agencies, such as the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), the Tennessee Valley Authority (TVA), or obligations, participation, or other instruments of, or issued by a federal agency or a United States government-sponsored enterprise.

There is no limit as to the amount of the investment portfolio that may be invested in federal agencies. Maximum maturity is five years from the settlement date.

### 3. **STATE BONDS:**

Registered state warrants, treasury notes or bonds of this state and any of the 50 states and the District of Columbia, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. The long-term ratings of such bonds should have at least AA- by Standard and Poor's (S&P), AA- by Fitch or Aa1 by Moody's, or the short-term ratings should have at least A-1 by S&P, and P-1 by Moody's.

There is no limit as to the amount of the investment portfolio that may be invested in state bonds. Maximum maturity is five years.

### 4. **LOCAL AGENCY BONDS:**

Bonds and notes issued by local agencies (cities, counties, special districts, or schools) of the United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency, such as Las Virgenes Municipal Water District. The maturity of such bonds or notes should not exceed five years from the date of purchase. The long-term ratings of such bonds should be

investment grade (at least AA- by Standard and Poor's (S&P), KBRA or Fitch or Aa3 by Moody's, or the short-term ratings should have at least A-1 by S&P, and P-1 by Moody's).

There is no limit as to the amount of the District's portfolio may be invested in local agency bonds. Maximum maturity is five years.

5. **LOCAL GOVERNMENT INVESTMENT POOLS:**

Local government investment pools, that adhere to the California Government Code parameters for eligible investments.

A. LAIF:

State managed Local Agency Investment Fund ("LAIF") pursuant to Government Code Section 16429.1 and Resolution No. 01-04-2291 of the Las Virgenes Municipal Water District.

The maximum amount an agency may invest in LAIF is \$65,000,000 pursuant to the LAIF policy.

B. Local Agency Pooled Investment Funds: Other local agency pooled investment funds that invest pursuant to California Government Code Section 53601 or 53635, as authorized by the Board.

No more than 25 percent of the District's total portfolio value may be invested in other local agency pooled investment funds.

6. **REPURCHASE/REVERSE REPURCHASE AGREEMENTS:**

a.) Investments in repurchase agreements or reverse repurchase agreements of any securities authorized by this section, so long as the agreements are subject to this subdivision, including, the delivery requirements specified in this section. All transactions in repurchase agreements or reverse repurchase agreements shall require a master repurchase agreement executed by the contra-party.

b.) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed 30 days. The market value of securities that underlies a repurchase agreement must be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly.

- c.) Investments in reverse repurchase agreements or similar investments in which the District sells securities prior to purchase, may only be made upon prior approval of the Board of Directors and with a maximum maturity of 30 days.
- d.) (1) "Repurchase agreement" means a purchase of securities by the District pursuant to an agreement by which the counter-party seller will repurchase the securities on or before a specified date and for a specified amount and the counter-party will deliver the underlying securities to the District by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counter-party bank's customer book-entry account may be used for book-entry delivery.
- (2) "Securities," for purpose of repurchase under this subdivision, 4 means securities of the same issuer, description, issue date, and maturity.
- (3) "Reverse repurchase agreement" means a sale of securities by the District pursuant to an agreement by which the District will repurchase the securities on or before a specified date and includes other comparable agreements.
- (4) For purposes of this section, the base value of the District's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods.
- (5) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.
- (6) Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York.

Repurchase agreements may not exceed 25 percent of the District's investment portfolio value. Reverse repurchase agreements may not exceed 10 percent of the District's investment portfolio value.



7. **MONEY MARKET MUTUAL FUNDS:**

Shares of beneficial interest issued by diversified management companies (otherwise known as “mutual funds”), as defined in Section 23701 of the Revenue and Taxation Code, investing in the securities and obligations as authorized by subdivisions (1) to (12), inclusive, of this section and that comply with the investment restrictions of Article 1 (commencing with Section 53600) and Article 2 (commencing with Section 53630). To be eligible for investment pursuant to this subdivision, these companies shall either:

a) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services.

b) Commission with not less than five years' experience investing in the securities and obligations as authorized by this Investment Policy, inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that these companies may charge.

The purchase of money market mutual funds shall not exceed 20 percent of the District's total portfolio value; however, no more than 10 percent of the District's investment portfolio value may be invested in shares of beneficial interest of any one money market mutual fund.

8. **CERTIFICATES OF DEPOSIT:**

A. Negotiable, non-negotiable, and placement service certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the Financial Code) or by a state-licensed branch of a foreign bank. The issuing firm should have been in existence for at least five years.

1. Federally insured negotiable Certificates of Deposits up to \$250,000.
2. Certificates of Deposit that are fully collateralized. To collateralize such deposits, an institution shall maintain in the collateral pool securities having a market value of at least 10% in excess of the total amount deposited. Real estate mortgages may not be accepted as collateral. The maximum term for deposits shall be five years. In general, the issuer must have a minimum tier one risk-based capital ratio of 6% as determined by the FDIC and their operation must have been profitable during their last reporting period.

The term of a Certificate of Deposit shall not exceed 5 years from the settlement date. Purchases of all types of certificates of deposit may not exceed 25 percent of the District's portfolio value which may be invested pursuant to this section.

9. **PLACEMENT SERVICE DEPOSITS** - Service that allows a local agency to purchase in excess of \$250,000 in deposits, placing monies with other institutions while maintaining FDIC insurance. Placement service deposits may not exceed 25 percent of the District's investment portfolio value.

**Appendix B - SUMMARY OF AUTHORIZED INVESTMENTS:**

<b>Authorized Investments</b>	<b>District Policy Legal Limit (% or \$)</b>	<b>Maximum Maturity Constraints</b>	<b>Limits</b>
United States Treasuries	Unlimited	5 years	None
U.S. Agencies	Unlimited	5 years	None
State Bonds	Unlimited	5 years	Rated AA-
Local Agency Bonds	Unlimited	5 years	Rated AA-
LAIF	\$65,000,000	N/A	Limited to 15 transactions per month, per State policy
Local Agency Pooled Investments	25%	N/A	Prior Board of Directors approval required
Voluntary Investment Fund	Unlimited	N/A	None
County Pooled Investment Fund	Unlimited	N/A	None
Repurchase Agreements	25%	30 days	Requires a Master Repurchase agreement, market value of underlying securities must be greater than 102%
Reverse Repurchase Agreements	10%	30 days	Prior Board of Directors approval required
Money Market Mutual Funds	20%	N/A	No more than 10% will be invested in any one mutual fund
Non-Negotiable Certificates of Deposit	25%	5 years	None
Negotiable Certificates of Deposit	25%	5 years	All CDs over \$250,000 must be collateralized at 110%.
Placement Service CD	25%	5 years	None
Placement Service Deposits	10%	5 years	None

## Appendix C - GLOSSARY OF TERMS

**ACCRUED INTEREST:** The interest owed to the seller of a coupon bearing issue from the last coupon date up to the sale date.

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft of bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer-evidencing a loan created by the accepting bank.

**BASIS POINT:** 1/100 of one percent (decimally, .0001)

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See OFFER.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CALLABLE BOND:** A bond that can be bought back from a holder by the issuer at a specific price after a specific date prior to the maturity date.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**CMO (COLLATERALIZED MORTGAGE OBLIGATION):** Mortgage-backed bond that separates mortgage pools into short-, medium-, and long-term portions.

**COLLATERAL:** Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMMERCIAL PAPER (CP):** An unsecured promissory note issued by a corporation. Maturity may not exceed 270 days. Usually sold in discount form.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)** The official annual report for Las Virgenes Municipal Water District. It includes the presentation of required financial

statements in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DEFAULT:** The failure of a debtor to make timely payments of interest and principal as they come due or to meet some other provision of a bond indenture.

**DELIVERY VERSUS PAYMENT (DVP):** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVE:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from a underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at a lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNTED SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**DURATION:** A measure of the sensitivity of the price of a fixed income security to interest rate changes.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small-business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings, and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government, Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**INVERSE FLOATER;** A structured note in which the coupon increases as rates decline and decrease as rates rise.

**IO (INTEREST ONLY):** A class of mortgage derivative in which the cash flow consists solely of the interest payments from a CMO.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET PRICE:** In general business, the price agreed upon by buyers and sellers of a product or service, as determined by supply and demand.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase – reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, banker’s acceptances, etc.) are issued and traded.

**NEGOTIABLE CERTIFICATES OF DEPOSIT:** Large denomination interest bearing deposits with a fixed maturity date that may be sold in the money market.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See ASKED and BID.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve’s most important monetary policy tool.

**PAR:** 1) 100% of the face amount of an issue. 2) The principal amount a holder will receive at the maturity of an issue.

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

**PREMIUM:** 1) The amount by which the market price of an issue exceeds par. 2) The amount in excess of par that an issuer must pay to call in its bonds. 3) In the money market, the rate higher than the norm that one bank must pay to attract CD depositors.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRIME RATE:** The loan rate for the best customers of a bank.

**PRINCIPAL:** 1) The dollar cost of an issue excluding accrued interest. 2) The one who takes ownership in a transaction, as opposed to brokering or acting as agent.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use of ad valorem taxes under the laws of this state, which as segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The Security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lend money that is, increasing bank reserves.



**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15C3-1:** See Uniform Net Capital Rule.

**SPREAD:** 1) The yield or price difference between the bid and offer on an issue. 2) The yield or price difference between different issues.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**SWAP:** The sale of one issue and the simultaneous purchase of another for some perceived advantage.

**TRADE DATE:** The date on which the buyer and seller agree to a transaction. The trade date may or may not be the day on which the securities and money changes hands.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among member so underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

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

**INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD or YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

***LAS VIRGENES MUNICIPAL WATER DISTRICT  
DEPARTMENT OF FINANCE & ADMINISTRATION***

**BANK/SAVINGS AND LOAN QUESTIONNAIRE AND CERTIFICATION**

1. Name of Firm: \_\_\_\_\_
2. Address: \_\_\_\_\_
3. Telephone No: \_\_\_\_\_  
Direct Nat. Headquarters
4. Primary Representative: \_\_\_\_\_ Manager: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_  
Telephone No: \_\_\_\_\_ Telephone No: \_\_\_\_\_
5. What is your Community Reinvestment Act ("CRA") Rating? \_\_\_\_\_
6. What are the Total Assets of the Bank/Savings and Loan? \_\_\_\_\_  
\_\_\_\_\_
7. What is the current Net Worth Ratio of your institution? \_\_\_\_\_
8. What was the Net Worth Ratio for the Previous Year? \_\_\_\_\_
9. What are your required Capital Ratios?
  - A. Tangible Capital Ratio \_\_\_\_\_
  - B. Core Capital Ratio \_\_\_\_\_
  - C. Risk-Based Capital Ratio \_\_\_\_\_
10. What are your Ratings (i.e., S&P, Moody's, Fitch)? \_\_\_\_\_
11. What is the date of your Fiscal Year-End? \_\_\_\_\_  
Has there been a year during the past three years in which the Bank/Savings and Loan did not make a profit? Yes  No
12. Have you read the California Government Code Section 53630 through 53684 pertaining to the State's requirements governing the deposit of monies by Local Agencies? Yes  No
13. Amounts above the FDIC insurance coverage must be collateralized as specified in the Government Code. Where is the collateral for Deposits held?  
\_\_\_\_\_  
Has there ever been a failure to fully collateralize? If Yes, please attach explanation.  
Yes  No
14. What is the education level of the Primary Contact(s)? \_\_\_\_\_
15. How many years of related experience does the Primary Contact(s) have? \_\_\_\_\_
16. What other banking services would you be interested in providing the District?  
\_\_\_\_\_

17. What transaction documents and reports would we receive? \_\_\_\_\_  
\_\_\_\_\_
18. What information would you provide to our Treasurer and/or Deputy Treasurer?  
\_\_\_\_\_
19. Describe the precautions taken by your Bank/Savings and Loan to protect the interest of the public when dealing with government agencies as depositors or investors. \_\_\_\_\_  
\_\_\_\_\_
20. Please provide your Contract of Deposit of Moneys pre-signed and sealed by your institution, as well as, any signature cards that you may require.
21. Please provide your Wiring Instructions: \_\_\_\_\_  
\_\_\_\_\_
22. Please provide your Bank/Savings and Loan most recent certified financial statement. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end.

**- CERTIFICATION -**

I hereby certify that I have personally read Las Virgenes Municipal Water District's (the "District") Investment Policy and the California Government Codes pertaining to the investments and deposits of the District, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the District. **I understand however, that our firm is not obligated to monitor the percentage limits on the investments as described in the policy.** All sales personnel will be routinely informed of District investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing District Investment Officers of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

**NOTE: Completion of Questionnaire is only part of District's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the District.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Countersigned: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**LAS VIRGENES MUNICIPAL WATER DISTRICT  
DEPARTMENT OF FINANCE & ADMINISTRATION**

**BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

1. Name of Firm: \_\_\_\_\_
2. Address: \_\_\_\_\_
3. Telephone No: \_\_\_\_\_  
Direct \_\_\_\_\_ Nat. Headquarters \_\_\_\_\_
4. Primary Representative: \_\_\_\_\_ Manager/Partner-in-Charge: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_  
Telephone \_\_\_\_\_ Telephone \_\_\_\_\_  
Telephone No: \_\_\_\_\_ No: \_\_\_\_\_  
Sales: \_\_\_\_\_ Sales: \_\_\_\_\_  
No. of Years with Firm: \_\_\_\_\_ Firm: \_\_\_\_\_
5. Are you a Primary Dealer in U.S. Government Securities? Yes  No
6. Are you a Regional Dealer in U.S. Government Securities? Yes  No
7. Are you a Broker instead of a Dealer? (i.e. You DO NOT own positions of securities)  
Yes  No
8. Are you FINRA certified and licensed to sell in California Municipalities?  
Yes  No
9. What is the net capitalization of your firm? \_\_\_\_\_
10. What is the date of your Fiscal Year-End? \_\_\_\_\_
11. Is your firm owned by a Holding Company? Yes  No   
If so, what is its name and net capitalization? \_\_\_\_\_
12. Please provide your Wiring and Delivery Instructions: \_\_\_\_\_
13. Which of the following instruments are offered regularly by your local desk?  
 T-Bills  Treasury Notes/Bonds  
 NCD's  Agencies (specify) \_\_\_\_\_  
 BA's (Domestic)  BA's (Foreign)  
 Mid-Term Notes  Commercial Paper  
 Repurchase Agreements  Reverse Agreements
14. Which of the above does your firms specialize in Marketing? \_\_\_\_\_
15. Please identify your most directly comparable Local Agency clients in our geographical area:  
Contact Person: \_\_\_\_\_

Telephone No: \_\_\_\_\_ Client Since: \_\_\_\_\_

16. What reports, transactions, confirmations and paper trail would we receive?  
\_\_\_\_\_
17. Please include samples of research reports or market information that your firm regularly provides to local agency clients.
18. What precautions are taken by your firm to protect the interest of the public when dealing with government agencies as investors? \_\_\_\_\_
19. Have you or your firm been censured or punished by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities? Yes  No
20. If yes, please explain: \_\_\_\_\_
21. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided within 120 days of your fiscal year-end.

**- CERTIFICATION -**

I hereby certify that I have personally read Las Virgenes Municipal Water District's (the "District") Investment Policy and the California Government Codes pertaining to the investments and deposits of the District, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the District. **I understand however, that our firm is not obligated to monitor the percentage limits on the investments as described in the policy.** All sales personnel will be routinely informed of District investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing District Investment Officers of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

**NOTE: Completion of Questionnaire is only part of District's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the District.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Countersigned: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

***LAS VIRGENES MUNICIPAL WATER DISTRICT  
DEPARTMENT OF FINANCE & ADMINISTRATION***

**INVESTMENT POOL QUESTIONNAIRE**

**SECURITIES**

1. Does the pool provide a written statement of investment policy and objectives?  
Yes  No
2. Does the statement contain the following (check all that apply):
  - A description of eligible investment instruments
  - The credit standards of investments
  - The allowable maturity range of investments
  - The maximum allowable dollar weighted average portfolio maturity
  - The limits of portfolio concentration permitted for each type of security
  - The policy of reverse repos
3. Are the changes in the policies communicated to the pool participants?  
Yes  No

**INTEREST**

4. Does the pool disclose the following about yield calculations (check all that apply):
  - Methodology is used to calculate interest (simple maturity, yield to maturity, etc.)
  - Frequency of interest payments
  - How interest is paid
  - How gains/losses are reported (factored monthly or only when realized)
5. How often is the yield reported to participants of the pool? \_\_\_\_\_
6. Are expenses of the pool deducted before quoting the yield? Yes  No   
If no, please explain: \_\_\_\_\_
7. Is the yield generally in line with the market yields for securities in which you usually invest? Yes  No

**SECURITY**

8. Does the pool disclose safekeeping practices? Yes  No   
If yes, what are they? \_\_\_\_\_  
\_\_\_\_\_
9. Is the pool subject to audit by an independent auditor? Yes  No
10. Is a copy of the audit available to participants? Yes  No
11. Who makes the portfolio decisions? \_\_\_\_\_  
\_\_\_\_\_
12. How does the manager monitor the credit risk of the securities in the pool?  
\_\_\_\_\_  
\_\_\_\_\_

13. Is the pool monitored by someone on the board or a separate, neutral party external to the investment function to ensure compliance with written policies?  
\_\_\_\_\_

14. Does the pool have specific policies with regard to repurchase agreements?

Yes  No

If yes, what are those policies? \_\_\_\_\_

15. Does the pool report the portfolios market value? Yes  No

16. Does the pool disclose the following about portfolio valuations (check all that apply):

Frequency with which the portfolio securities are valued

Method used to value the portfolio (cost, current value, or other method)

17. Are statements for each account sent to participants? Yes  No

Do statements show balances, transactions and yield? Yes  No

18. How does the pool distribute detailed reports of its holdings?

Regularly

Upon Request Only

#### FEES

19. Is there a written schedule of administrative costs? Yes  No

What are the fees? \_\_\_\_\_

How often are they assessed? \_\_\_\_\_

How are they paid? \_\_\_\_\_

Are there additional fees for wiring funds? \_\_\_\_\_

20. Are expenses deducted before quoting the yield? Yes  No

#### OPERATIONS

21. Does the pool limit eligible participants? Yes  No

What entities are permitted to invest in the pool? \_\_\_\_\_

22. Does the pool allow multiple accounts and subaccounts? Yes  No

23. Is there a minimum or maximum account size? Yes  No

If yes, what is minimum/maximum? \_\_\_\_\_

24. How many transactions are permitted each month? \_\_\_\_\_

25. Is there a limit on transaction amounts permitted each month? Yes  No

What is the minimum and maximum withdrawal amount permitted? \_\_\_\_\_

What is the minimum and maximum deposit amount permitted? \_\_\_\_\_

26. Does the pool require one or more day/s notice for deposits and/or withdrawals?

Yes  No

27. Is there a cutoff time for deposits and withdrawals? Yes  No



If yes, what is it? \_\_\_\_\_

28. Are the funds 100% withdrawable at any time? Yes  No

29. Are there procedures for making deposits and withdrawals? Yes  No

What paperwork required, if any? \_\_\_\_\_

What are the wiring procedures? \_\_\_\_\_

30. Can an account remain open with zero balance? Yes  No

31. Are confirmations sent following transactions? Yes  No

## **Appendix G - LIST OF PRIMARY GOVERNMENT SECURITIES DEALERS**

List of the Primary Government Securities Dealers Reporting to the Government Securities Dealers Statistics Unit of the Federal Reserve Bank of New York:

Bank of Nova Scotia, New York Agency  
BMO Capital Markets Corp.  
BNP Paribas Securities Corp.  
Barclays Capital Inc.  
Cantor Fitzgerald & Co.  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Daiwa Capital Markets America Inc.  
Deutsche Bank Securities Inc.  
Goldman, Sachs & Co.  
HSBC Securities (USA) Inc.  
Jefferies LLC  
J.P. Morgan Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Mizuho Securities USA Inc.  
Morgan Stanley & Co. LLC  
Nomura Securities International, Inc.  
RBC Capital Markets, LLC  
RBS Securities Inc.  
SG Americas Securities, LLC  
TD Securities (USA) LLC  
UBS Securities LLC.  
Wells Fargo Securities LLC.

NOTE: This list has been compiled and made available for statistical purposes only and has no significance with respect to other relationships between dealers and the Federal Reserve Bank of New York. Designation of an entity as a primary dealer by the New York Fed in no way constitutes a public endorsement of that entity by the New York Fed, nor should such designation be viewed as a replacement for prudent counterparty risk management and due diligence.

Government Securities Dealers Statistics Unit  
Federal Reserve Bank of New York  
April 18, 2016