

# GFOA Sample Investment Policy

## I. Introduction

The intent of the Investment Policy of [entity] is to define the parameters within which funds are to be managed. In methods, procedures and practices, the policy formalizes the framework for the [entity's] investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the [entity's] funds. The guidelines are intended to be broad enough to allow the investment officer to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

## II. Governing Authority

The investment program shall be operated in conformance with federal, state, and other legal requirements, including *[insert applicable citations governing the investment of public funds]*.

## III. Scope

This policy applies to activities of [entity] with regard to investing the financial assets of all funds. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the state of *[insert applicable state.]* The covered funds, and any new funds created by the [entity], unless specifically exempted by the oversight board and this policy, are defined in the [entity's] Comprehensive Annual Financial Report.

Note that any excluded funds such as employee retirement funds, proceeds from certain bond issues and foundation or endowment assets are covered by a separate policy/ies. *[This section should be modified to specify excluded assets. This can be removed if it is not applicable to the entity.]*

Except for funds in certain restricted and special funds, the [entity] commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. *[This paragraph refers to the pooling of funds within a single governmental entity and implies no reference to local government investment pools]*

## IV. General Objectives

The primary objectives, in priority order, of investment activities shall be:

### 1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit risk and interest rate risk.

### 2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

### 3. Return

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs.

#### *4. Special Considerations*

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State.

#### *Alternative sample language:*

The [entity] seeks to promote local economic development through various programs and activities. Included is a program of rewarding local financial institutions that increase their commitments to private economic growth and local housing investment.

*[This objective is intended to cover any unique objectives an entity may wish to achieve.]*

### **V. Standards of Care**

#### *1. Prudence*

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The "prudent person" standard states that,

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

*[This section should be modified to reflect standard specified in state statute if higher than prudent person.]*

#### *2. Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the [entity].

### *3. Delegation of Authority and Responsibilities*

#### **Governing Body**

The governing body will retain ultimate fiduciary responsibility for the portfolios. The governing body will receive monthly reports, designate investment officers and [annually] review the investment policy making any changes necessary by adoption.

#### **Investment Officers**

Authority to manage the investment program is granted to [designated official by title] hereinafter referred to as investment officer as designated by [governing body or Code citation, ordinances, charters or statutes].

Responsibility for the operation of the investment program is hereby delegated to the [e.g. Treasurer, Investment Officer, etc.] who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. Officers will prepare monthly investment reports and other special reports as may be deemed necessary.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

#### **Investment Committee**

The [entity] may seek to establish an investment committee to provide guidance to investment officers.

#### **Investment Adviser**

The [entity] may engage the services of one or more external investment managers to assist in the management of the entity's investment portfolio in a manner consistent with the entity's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

### **VI. Authorized Financial Institutions, Depositories, and Broker/Dealers**

#### *1. Authorized Financial Institutions, Depositories, and Broker/Dealers*

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 conducting a process of due diligence. These may include 'primary' dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- A. The investment officer shall determine which financial institutions are authorized to provide investment services to [entity]. Institutions eligible to transact investment business with [entity] include:
  - 1. Primary government dealers as designated by the Federal Reserve Bank;
  - 2. Nationally or state-chartered banks;
  - 3. The Federal Reserve Bank; and,
  - 4. Direct issuers of securities eligible for purchase.
  
- B. Selection of financial institutions and broker/dealers authorized to engage in transactions with the [entity] shall be at the sole discretion of the [entity].

- C. All 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 FINRA certification
  - 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 [entity's] investment policy.
  - Evidence of adequate insurance coverage.
- D. All financial institutions who desire to become depositories must supply the following (as appropriate):
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
  - Proof of state registration
  - Evidence of adequate insurance coverage.
- E. A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the investment officer.

### *2. Minority, Emerging and Community Financial Institutions*

From time to time, the investment officer may choose to invest in instruments offered by minority, emerging and community financial institutions. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law.

### *3. Competitive Transactions*

- A. The investment officer shall obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.
- B. If the Entity is offered a security for which there is no readily available competitive offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price.
- C. If the Entity hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing execution on each transaction. The investment adviser will retain documentation and provide upon request. **(OPTIONAL)**

## **VI. Safekeeping and Custody**

### *1. Delivery vs. Payment*

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the [entity's] safekeeping institution prior to the release of funds.

## 2. *Third-Party Safekeeping*

Securities will be held by an independent third-party safekeeping institution selected by the [entity]. All securities will be evidenced by safekeeping receipts in the [entity's] name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

## 3. *Internal Controls*

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the [entity] are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an *investment procedures manual* that shall be reviewed and updated periodically by the Investment Officers.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers
- Staff training and
- Review, maintenance and monitoring of security procedures both manual and automated.

The external auditor shall provide an annual independent review to assure compliance with state law, policies and procedures.

### *Alternative sample language:*

Management shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the investment committee, where present, and with the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the [entity.]

## **VIII. Suitable and Authorized Investments**

### 1. *Investment Types and Credit Guidelines*

Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the [entity] until this Policy has been amended and the amended version adopted by the governing body. Typical types of securities include:

- U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the payment of principal and interest.

- Federal Agency or U.S. government sponsored enterprises (GSE) obligations, participations or other instruments
- Bankers' acceptances;
- Federally insured time deposits (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
  - a. The amount per institution is limited to the maximum covered under federal insurance;
- **Time deposits (Non-negotiable certificates of deposit)** in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with state law
- **Negotiable certificates of deposit (NCDs)**
- **Commercial** paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized statistical rating organization;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Fully collateralized Repurchase agreements collateralized in compliance with this Policy, governed by a SIFMA Master Repurchase Agreement and with a maximum maturity. Capital project funds may be invested in a single flex repurchase agreement with a maximum stated maturity that shall be matched to the expenditure plan;
- SEC registered money market mutual funds; and
- Local government investment pools.

**IMPORTANT NOTE:** If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of safety, liquidity, yield and legality to make the decision.

## 2. *Collateralization*

Where allowed or required by state law and in accordance with full collateralization will be required on all demand deposit accounts, including checking accounts and negotiable (as authorized by respective state statutes) and non-negotiable certificates of deposit.

### **Authorized Collateral**

Acceptable collateral for bank deposits and repurchase agreements shall include only:

- obligations of the U.S. Government, its agencies and GSEs, including mortgage backed securities
- obligations of any state, city, county or authority rated at least AA by two nationally recognized statistical rating organizations.

## **IX. Investment Parameters**

### 1. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The [entity] shall mitigate credit risk by adopting the following:

#### A. *Diversification*

The investments shall be diversified by:

- limiting investments to avoid overconcentration in securities from a specific issuer or business
- sector (excluding U.S. Treasury securities),

- limiting investment in securities that have higher credit risks,
- investing in securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

**Alternative samples:**

**A. Diversification**

It is the policy of the [entity] to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, assets in all [entity] funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised periodically by the investment committee/investment officer for all funds.

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**Diversification Constraints on Total Holdings (Refer to applicable State Statutes or other legal guidelines) :**

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	<b>Maximum % Holdings</b>
<b>Issuer Type</b>	
<b>US Treasury Obligations</b>	
<b>US Agency (GSE) Securities</b>	
<b>LGIP</b>	
<b>Bankers' Acceptances</b>	
<b>Commercial Paper</b>	
<b>TLGP (FDIC Guaranteed )</b>	
<b>Certificates of Deposit/Bank Deposits/Savings</b>	
<b>Repurchase Agreements</b>	
<b>Corporate Indebtedness</b>	
<b>Municipal Bonds</b>	

Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

**B. Mitigating market risk in the portfolio**

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The [entity] recognizes that, over time, longer-term/core portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The [entity] shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The [entity] further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk

profile of the portfolio differently in different interest rate environments. The [entity], therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The [entity] shall maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
- The maximum percent of callable securities in the portfolio shall be 15%;
- The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy; and,
- Liquidity funds will be held in the State Pool or in money market instruments maturing one year and shorter.
- Longer term/Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in higher quality and liquid securities.
- The duration of the portfolio shall at all times be approximately equal to the duration (plus or minus 10%) of a Market Benchmark Index selected by the [entity] based on the [entity's] investment objectives, constraints and risk tolerances. The entity's current Benchmark shall be documented in an *Investment Procedures Manual*.

Total Portfolio Maturity Constraints:	
	Minimum % of Total Portfolio
<b>Under 30 days</b>	
<b>Under 1 year</b>	
<b>Under 5 years</b>	
<b>WAM (weighted average maturity)</b>	

- Exception to 5-year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.
- Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

## **X Performance Standards/ Evaluation**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity and credit profile as the portfolio.

### ***Alternative sample:***

The [entity's] cash management portfolio shall be designed with the objective of regularly meeting or exceeding a selected performance benchmark, which could be the average return on three-month U.S. Treasury bills, the state investment pool, a money market mutual fund [specify] or the average rate of Federal funds. These indices are considered benchmarks for lower risk investment transactions

and therefore comprise a minimum standard for the portfolio's rate of return.

***Alternative sample***

The performance of investments will be measured against the performance of a combination of benchmarks: the Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance. Given these considerations, the Entity's portfolio should provide a net yield that is equal or better to that attained by the Local Government Investment Pool over interest rate cycles. Additionally, a market benchmark (i.e.: 0-3 or 0-5 Treasury or Agency Index) may be determined that is appropriate for longer term investments based on the Entity's risk and return profile. Return comparisons of the portfolio to the market benchmark will be calculated on a monthly basis. When comparing the performance of the Entity's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return.

**XI. Reporting/Disclosure**

*1. Methods*

The investment officer shall prepare an investment report at least quarterly *[or monthly]*, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter *[or month]*. This management summary will be prepared in a manner which will allow the [entity] to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's chief administrative officer, the legislative body, the investment committee and any pool participants. The report will include, at a minimum, the following:

- a. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
- b. Average maturity of the portfolio and modified duration of the portfolio;
- c. Maturity distribution of the portfolio;
- d. Average portfolio credit quality; and,
- e. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the Benchmark Index returns for the same periods;
- f. Average weighted yield to maturity of portfolio on investments as compared to applicable Benchmarks
- g. Distribution by type of investment.

Annual reports

- 1 The investment policy shall be reviewed at least annually within 120 days of the end of the fiscal year to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.
- 2. A comprehensive annual report shall be presented in conjunction with the investment policy review. This report shall include comparisons of City's return to the Benchmark Index return, shall suggest policies and improvements that might enhance the investment program, and shall include an investment plan for the coming year.

## Annual audit

Management shall establish an annual process of independent review by the external auditor to assure compliance with internal controls. Such audit will include tests deemed appropriate by the auditor.

### *Alternative sample:*

1. The investment officer shall submit quarterly an investment report that summarizes recent market conditions, economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the quarter's total investment return and compare the return with budgetary expectations. The report shall include an appendix that discloses all transactions during the past quarter: The report shall be in compliance with state law and shall be distributed to the investment committee and others as required by law.

Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies. Copies shall be transmitted to the independent auditor. Within 40 days of the end of the fiscal year, the investment officer shall present a comprehensive annual report on the investment program and investment activity. The annual report shall include 12-month and separate quarterly comparisons of return and shall suggest policies and improvements that might be made in the investment program. Alternatively, this report may be included within the [entity] annual Comprehensive Annual Financial Report.

## ALTERNATIVE

The Investment Officer will retain and periodically, at a minimum annually, provide the Governmental Board with investment reports. The reports also will be available upon request. Securities holdings, cash balances and market values in the investment portfolio will be provided on the month-end reports.

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<b>Book Yield</b>
<b>Holdings Report (including mark to market)</b>
<b>Transactions Report</b>
<b>Weighted Average Maturity or Duration</b>
<b>Compliance Report</b>

## XIII. Policy Considerations

### 1. *Exemption*

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

### *Alternative sample:*

Any investment currently held that does not meet the guidelines of this policy shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the policy within six months of the policy's adoption or the governing body must be presented with a plan through which investments will come into conformance.

## 2. Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

## **XIV Approval of Investment Policy**

The investment policy and any modifications to that policy shall be formally approved and adopted by the governing body of the [entity].

## **XV. Miscellaneous**

### *1. List of Attachments*

The following documents, as applicable, are attached to this policy:

- Listing of authorized personnel,
- Relevant investment statutes and ordinances,
- Listing of authorized broker/dealers and financial institutions,
- Internal Controls
  - Investment Guidelines Manual
- Glossary

### *2. Other Documentation*

- Master Repurchase Agreement, other repurchase agreements and tri-party agreements
- Broker/Dealer Questionnaire, (in GFOA *Introduction to Broker-Dealers for State and Local Governments*, Second edition)
- Broker –dealer certification (in GFOA *Introduction to Broker-Dealers for State and Local Governments*, Second edition)
- Safekeeping agreements,
- Wire transfer agreements,
- Sample investment reports,
- Methodology for calculating rate of return,
- GFOA Best Practices and Advisories.

### **GFOA Best Practices and Advisories:**

- Government Relationships with Securities Dealers (1986, 1987, 1993, 2000, 2007 and 2010 –GFOA TIM Committee).
- Using Mutual Funds for Cash Management Purposes (1987, 2003 and 2006 – GFOA TIM Committee).
- Establishing a Policy for Repurchase Agreements (1986, 1995, 1998, 2000, 2003, 2006, 2008, and 2010 – GFOA TIM Committee).
- Establishing a Policy for Reverse Agreements (2010).
- Considerations for Using of Local Government Investment Pools (2007 and 2008 - GFOA TIM Committee).

- Collateralization of Public Deposits (1984, 1987, 1993, 2000 and 2007 – GFOA TIM Committee).

▪ **Glossary**

<b>US Treasury Obligation</b>	Direct obligations of the United States Treasury whose payment is guaranteed by the United States. (State Statute Note)
<b>GSE – Agency Obligations</b>	US Government Agencies, Government Sponsored Enterprises ( <i>GSEs</i> ), Corporations or Instrumentalities of the US Government – Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association ( <i>FNMA</i> ), the Federal Home Loan Mortgage Corporation ( <i>FHLMC</i> ), Federal Home Loan Banks ( <i>FHLB</i> ), and the Federal Farm Credit Bureau (FFCB). (State Statute)
<b>TLGP Debt Obligations</b>	Senior unsecured debt obligations guaranteed by the Federal Deposit Insurance Corporation under the Temporary Liquidity Guarantee Program (TLGP) or other federal government guaranteed programs; Eligible debt obligations must carry the full faith and credit of the United States Government. ( if ALLOWABLE)
<b>Commercial Paper</b>	Commercial Paper* that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s
<b>Bankers’ Acceptances</b>	Bankers’ acceptances, if the bankers’ acceptances are: (i) Guaranteed by, and carried on the books of, a qualified financial institution; (ii) Eligible for discount by the Federal Reserve System; and (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.
	For the purposes of this paragraph, “qualified financial institution” means: (i) A financial institution that is located and licensed to do banking business in the State; or (ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of XXX.
<b>Repurchase Agreements</b>	An agreement with a approved broker/dealer that provides for sell and simultaneous purchase of a allowable collateral security. The difference in the sales and purchase price is the earning rate on the agreement. A master repurchase agreement must be in place with the approved broker dealer.

<b>Corporate Indebtedness</b>	Corporate Indebtedness* that has a minimum long term debt rating of AA-rated by Standard and Poor's and a Aa3 rating by Moody's and must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. [State Statue] IF ALLOWABLE
<b>Local Government Investment Pool</b>	State treasurer's local short-term investment fund up to the statutory limit per state statute
<b>Certificates of Deposit/Bank Deposit/Savings Accounts</b>	Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in State Statue, in credit unions as defined in State statue or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state. [State Statue
<b>Municipal Obligations</b>	Lawfully issued debt obligations of the agencies and instrumentalities of the State of XXX and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. [State Statue - NOTE SPECIFIC TO EACH STATE]