

Children's Services Council

Finance Committee Meeting

Thursday, March 29, 2018, 3:30 p.m.

AGENDA / MINUTES

Welcome and introductions

Finance Committee Members:

Tom Lynch, CSC Finance Committee Chair
Thomas Bean, CSC and CSC Finance Committee Vice-chair
Tom Weber, CSC Chair
Paul Dumars, Director Financial Services, Solid Waste Authority
John Marino, Volunteer

CSC Staff:

Lisa Williams-Taylor, Ph.D., CEO
Debra Heim, CFO
Jennifer Diehl
Tom Sheehan, General Counsel
Elsa Sanchez, Senior Executive Assistant

Agenda Items:

- 1 Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017
- 2 February 22, 2018 Minutes
- 3 Budget Forecast 2018-2019
- 4 February 28, 2018 Financial Statements
- 5 Investment Strategy/Revision to Investment Policy
- 6 Adjournment

Next Meeting: April 26, 2018 4:00 PM

Finance Committee Meeting

Thursday, February 22, 2018, 4:15 p.m.

AGENDA / MINUTES

Welcome and introductions

Finance Committee Members:

Tom Lynch, CSC Finance Committee Chair, **Present**

Thomas Bean, CSC and CSC Finance Committee Vice-chair, **Present**

Tom Weber, CSC Chair, **Present**

Paul Dumars, Director Financial Services, Solid Waste Authority, **Not Present**

John Marino, Volunteer, **Not Present**

CSC Staff:

Lisa Williams-Taylor, Ph.D., CEO, **Present**

Jennifer Diehl, CFO, **Present**

Tom Sheehan, General Counsel, **Present**

Elsa Sanchez, Senior Executive Assistant, **Present**

Agenda Items:

- 1 January 25, 2018 Minutes, **Recommends Council to approve**
- 2 Budget Assumptions 2018-2019, **Discussed the unknowns such as legislative impacts, potential programs, and agreed to move forward using the information prepared for the next meeting's forecast discussion.**
- 3 December 31, 2017 Financial Statements, **Recommends Council to approve**
- 4 January 31, 2018 Financial Statements, **Recommends Council to approve**
- 5 Adjournment

Discussion Items:

- 1 PFM next steps, **Agreed to move forward with finalizing the agreement**

Next Meeting: March 29, 2018 4:00 PM

AGENDA ITEM: 3

TITLE: CSC FORECAST/BUDGET FOR THE YEAR ENDED SEPTEMBER 30, 2019

STAFF: Jennifer Diehl, Children's Services Council of Palm Beach County

SUMMARY:

Budget Assumptions:

Revenues

The millage rate will decrease in 2018-2019 to .6392 (may change slightly depending on tentative budget presented).

The tax base will increase 7% (projected).

Grant income will remain comparable.

Head Start Revenue match from the County will end.

Interest income and Other income will increase slightly.

Expenditures

The under expenditure rate is projected at 7%.

Health insurance is expected to increase by 10%.

Merit and Promotional increases of 3.5% are budgeted.

Children's programs expenditures are budgeted to increase approximately \$2.2 million which includes provider staff salaries and health insurance increases and policy briefs subject to approval by the Council.

No increase in number of budgeted CSC positions.

Fund Balance

The targeted fund balance is 27.5% of the total budget.

Children's Services Council of Palm Beach County
Budget Forecast 2016/2017 - 2021/2022

CSC Forecast reducing millage rate 3% in 18/19 and 19/20, 2% in 20/21 and 1% in 21/22

Tax base increases 7% in 18/19 ,8% in 19/20, 5% 20/21 and 20/22

Millage decrease of 3% in 18/19 and 19/20, 2% in 20/21 and 1% in 21/22

Under expenditure rate is projected at 7%

Targeted fund balance is 27.5% of the total budget

	Total PBC Tax Base	Millage Rate	CSC Ad Valorem Revenue	Other Funders/Income	Revenue from Fund Balance	Total CSC Budget	Balance in Fund Balance	27.5% of Budget
2016/17	165,150,014,583	0.6833	108,983,419	6,562,111	562,632	116,108,162	47,171,933	31,929,745
2017/18	177,260,171,007	0.6590	116,814,453	5,155,246	10,281,153	132,250,852	46,148,340	36,368,984
2018/19	189,668,382,977	0.6392	121,241,720	4,055,246	9,794,272	135,091,238	45,810,454	37,150,091
2019/20	204,841,853,616	0.6201	123,012,826	4,055,246	10,780,446	137,848,518	44,679,405	37,908,343
2020/21	215,083,946,296	0.6077	126,696,198	4,055,246	12,431,454	143,182,898	42,270,753	39,375,297
2021/22	223,687,304,148	0.6016	130,564,806	4,055,246	11,405,264	146,025,316	41,087,262	40,156,962

Revenues	FY 2016/2017*	FY 2017/2018 **	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022
Ad valorem Taxes	108,983,419	116,814,453	121,241,720	123,012,826	126,696,198	130,564,806
Grant Income	3,443,818	3,355,246	3,355,246	3,355,246	3,355,246	3,355,246
Head Start Revenue	2,100,000	1,100,000	-	-	-	-
Interest Income	562,469	500,000	500,000	500,000	500,000	500,000
Other Income	455,824	200,000	200,000	200,000	200,000	200,000
Cash Balances Brought Forward	562,632	10,281,153	9,794,272	10,780,446	12,431,454	11,405,264
Total	116,108,162	132,250,852	135,091,238	137,848,518	143,182,898	146,025,316

Expenditures	FY 2016/2017*	FY 2017/2018 **	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022
Personnel	11,356,945	12,625,087	13,099,281	13,595,395	14,091,508	14,587,622
Travel	159,087	235,635	235,635	235,635	235,635	235,635
Building Space	564,811	657,674	677,404	697,726	718,658	740,218
Communications	53,938	66,999	66,999	66,999	66,999	66,999
Printing & Supplies	92,110	202,051	202,051	202,051	202,051	202,051
Other Expenses	1,433,281	1,481,396	1,481,396	1,481,396	1,481,396	1,481,396
Capital Expenses	406,355	262,500	262,500	262,500	262,500	262,500
Non-Operating Expenses	1,531,679	3,184,838	3,184,838	3,184,838	3,184,838	3,184,838
Children's Programs and Initiatives	98,188,450	108,361,465	108,361,465	110,531,465	115,201,465	117,371,465
Children's Programs and Initiatives Cost Drivers	-	-	1,300,000	1,300,000	1,300,000	1,300,000
Policy Briefs	-	-	870,000	870,000	870,000	870,000
Contingency	-	500,000	500,000	500,000	500,000	500,000
Reserve for Uncollectible Tax	-	4,673,207	4,849,669	4,920,513	5,067,848	5,222,592
Total	113,786,656	132,250,852	135,091,238	137,848,518	143,182,898	146,025,316

Items included in projection:	Promotional increases in salaries (.5%)
Added 10% health insurance increase	Programs based on projection plus cost drivers of 3% salary increase and 10% health insurance increase
Merit increases in salaries (3%)	Decrease in property taxes by \$4m beginning 19/20

* based on actual numbers

**Based on Trim Packet approved by Council

AGENDA ITEM: 4

**TITLE: Financial Statements – February 28, 2018
(Unaudited)**

STAFF: Jennifer Diehl, Children’s Services Council of Palm Beach County

SUMMARY:

The financial statements are presented reflecting the estimated operating results of the General Fund and Special Revenue Fund (Prevention Partnerships for Children, Inc.) for the five months ended February 28, 2018. The audit of the Council for the fiscal year ended September 30, 2017 has been completed and the applicable figures represent audited numbers.

Balance Sheet:

As of February 28, 2018, the Council had \$110,211,086 in cash and investments. Of this balance, \$30,000,000, net of unamortized discounts and premiums, was held in federal government bonds, \$77,811,665 was held in a public funds money market account, and \$300,000 was held in the Morgan Stanley Institutional Government Advisory Fund #8342. The remainder of the funds were on deposit in the Council’s operating accounts.

The Capital Assets and the Investment in Capital Assets for \$18,124,662 represent the costs associated with furniture and fixtures, equipment, and building costs.

Statement of Revenue and Expenses:

The budgeted expenditure rate at February 28, 2018 is 41.67%. The estimated expenditure rate for Children’s Programs at February 28, 2018 is 35.08%.

RECOMMENDATION:

I recommend the Finance Committee propose that the Council accept the February 28, 2018 Financial Statements as submitted.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

BALANCE SHEET (Unaudited)

February 28, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total All Funds</u>
		<i><u>Prevention Partnership for Children, Inc.</u></i>	
<u>Assets</u>			
Cash & Investments	\$ 109,972,847	\$ 238,239	\$ 110,211,086
Accounts Receivable	3,591,001	-	3,591,001
Advances to Agencies	5,281,030	-	5,281,030
Prepaid Expenses	200,460	-	200,460
Due From - Special Revenue Fund	117,471	-	117,471
Capital Assets	<u>18,124,662</u>	<u>-</u>	<u>18,124,662</u>
Total Assets	<u>137,287,471</u>	<u>238,239</u>	<u>137,525,710</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Allocations to Children's Services Programs	9,692,811	112,555	9,805,366
Deferred Revenue	91,667	-	91,667
Accounts Payable	381,247	8,213	389,460
Due to - General Fund	-	117,471	117,471
Total Liabilities	<u>10,165,725</u>	<u>238,239</u>	<u>10,403,964</u>
Fund Balance			
Nonspendable:			
Prepaid Expenses	200,460	-	200,460
Assigned:			
Reserved in accordance with fund balance policy	35,606,480	-	35,606,480
Unassigned:	<u>73,190,144</u>	<u>-</u>	<u>73,190,144</u>
Total Fund Balance	<u>108,997,084</u>	<u>-</u>	<u>108,997,084</u>
Investment in Capital Assets	<u>18,124,662</u>	<u>-</u>	<u>18,124,662</u>
Total Liabilities and Fund Balance	\$ <u>137,287,471</u>	\$ <u>238,239</u>	\$ <u>137,525,710</u>

**CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUE AND EXPENSES CHANGES IN FUND BALANCE
FOR THE FIVE MONTHS ENDED FEBRUARY 28, 2018**

	<u>General Fund</u>					<u>Special Revenue Fund</u>					<u>Total</u>				
	<u>Approved 2017/2018 Budget</u>	<u>Budget Through 2/28/2018</u>	<u>Actual Through 2/28/2018</u>	<u>Variance YTD</u>	<u>% YTD</u>	<u>Prevention Partnership for Children, Inc.</u>					<u>Approved 2017/2018 Budget</u>	<u>Budget Through 2/28/2018</u>	<u>Actual Through 2/28/2018</u>	<u>Variance YTD</u>	<u>% YTD</u>
						<u>Approved 2017/2018 Budget</u>	<u>Budget Through 2/28/2018</u>	<u>Actual Through 2/28/2018</u>	<u>Variance YTD</u>	<u>% YTD</u>					
Revenues															
Ad Valorem Property Taxes	\$ 116,814,453	\$ 101,630,869	\$ 101,630,869	\$ -	87.00%	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 116,814,453	\$ 101,630,869	\$ 101,630,869	\$ -	87.00%
Interest Income	500,000	208,333	129,018	(79,315)	25.80%	-	-	-	-	0.00%	500,000	208,333	129,018	(79,315)	25.80%
Unrealized Gain or Loss	-	-	55,458	55,458	100.00%	-	-	-	-	0.00%	-	-	55,458	55,458	100.00%
Department of Health/Agency for Health Care Administration	3,355,246	1,398,019	2,475,742	1,077,723	73.79%	-	-	-	-	0.00%	3,355,246	1,398,019	2,475,742	1,077,723	73.79%
Palm Beach County Head Start Match	1,100,000	458,333	458,333	-	41.67%	-	-	-	-	0.00%	1,100,000	458,333	458,333	(0)	41.67%
Income from Tenants	75,000	31,250	38,238	6,988	50.98%	-	-	-	-	0.00%	75,000	31,250	38,238	6,988	50.98%
Other Income	125,000	52,083	69,829	17,746	55.86%	-	-	-	-	0.00%	125,000	52,083	69,829	17,746	55.86%
Cash Carryforward	10,281,153	-	-	-	0.00%	-	-	-	-	0.00%	10,281,153	-	-	-	0.00%
Total Revenues	132,250,852	103,778,888	104,857,487	1,078,599	79.29%	-	-	-	-	0.00%	132,250,852	103,778,888	104,857,487	1,078,599	79.29%
Expenditures															
Administrative Expenditures	5,441,364	2,267,235	2,309,639	(42,404)	42.45%	-	-	610	(610)	100.00%	5,441,364	2,267,235	2,310,249	(43,014)	42.46%
Capital Expenditures	262,500	109,375	6,783	102,592	2.58%	-	-	-	-	0.00%	262,500	109,375	6,783	102,592	2.58%
Contingency	500,000	-	-	-	0.00%	-	-	-	-	0.00%	500,000	-	-	-	0.00%
Non-Operating Expenses	3,184,838	2,446,751	2,446,751	-	76.82%	-	-	-	-	0.00%	3,184,838	2,446,751	2,446,751	-	76.82%
Reserve for Uncollectible Taxes	4,673,206	-	-	-	0.00%	-	-	-	-	0.00%	4,673,206	-	-	-	0.00%
Children's Services Programs:															
Direct Services:															
Funded Programs & Initiatives	105,588,722	43,995,301	36,839,138	7,156,163	34.89%	2,772,743	1,155,310	768,628	386,682	27.72%	108,361,465	45,150,610	37,607,766	7,542,844	34.71%
Support Services:															
Programmatic Support	9,827,479	4,094,783	3,851,378	243,405	39.19%	-	-	-	-	0.00%	9,827,479	4,094,783	3,851,378	243,405	39.19%
Total Children's Programs	115,416,201	48,090,084	40,690,516	7,399,567	35.26%	2,772,743	1,155,310	768,628	386,682	27.72%	118,188,944	49,245,393	41,459,144	7,786,249	35.08%
Total Expenses	129,478,109	52,913,445	45,453,689	7,459,756	35.11%	2,772,743	1,155,310	769,238	386,072	27.74%	132,250,852	54,068,754	46,222,927	7,845,827	34.95%
Excess Revenues over Expenses			59,403,798					(769,238)					58,634,560		
Other Financing Sources (Uses)															
Transfers in (out)	(2,772,743)	(1,155,310)	(769,238)	(386,072)	27.74%	2,772,743	1,155,310	769,238	386,072	27.74%	-	-	-	-	0.00%
Net Changes in Fund Balances			58,634,560					-					58,634,560		
Fund Balances															
October 1, 2017			50,362,524					-					50,362,524		
February 28, 2018			\$ 108,997,084					\$ -					\$ 108,997,084		

AGENDA ITEM: 5

TITLE: Investment Strategy/Revision to Investment Policy

STAFF: Jen Diehl, Children's Services Council of Palm Beach County

SUMMARY:

PFM's targeted portfolio structure will include purchases of corporates, municipals, asset backed securities, commercial paper, and supranational securities. PFM is asking that the Finance committee approve use of the full table in the policy (excerpt provided) and rely on PFM's expertise in all of those instruments. The new investment policy is a comprehensive policy and going forward, CSC will have one policy that affords the organization the best combination of investment options. PFM will work to ensure that the policy is complied with on an ongoing basis.

RECOMMENDATION:

I recommend the Finance Committee propose that the Council consider approving a comprehensive list of investment vehicles based on the discussion with PFM.

2. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
 3. Daily market pricing provided by the CSC's custodian or their correspondent institutions
- C. The CFO or the investment manager shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the CFO or the investment manager, competitive bidding would inhibit the selection process.
- D. Examples of when this method may be used include:
1. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
 2. When no active market exists for the issue being traded due to the age or depth of the issue
 3. When a security is unique to a single dealer, for example, a private placement
 4. When the transaction involves new issues or issues in the "when issued" market
- E. Overnight sweep repurchase agreements will not be bid, but may be placed with the CSC's depository bank relating to the demand account for which the repurchase agreement was purchased.

XIV. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

- A. Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and CSC's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the CSC may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the CSC's custodian.
- B. The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the Council. The CEO, CFO, and the Finance Committee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies.
- C. The percentage allocation requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this Policy are prohibited.
- D. The following investments are currently available for investment by the CFO and investment manager:
- US Treasury
 - Federal Agency
 - Municipal
 - Certificates of Deposit & Savings Accounts
 - Overnight Bank Deposit
 - Repurchase Agreement
 - Money Market Fund
- E. Any other investment type listed as "Permitted Investments" but not listed in the preceding sentence shall require prior approval by the Finance Committee (at a regular or special meeting) or by the Council before the CFO and investment manager may invest in such investment type.

Permitted Investments

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement ¹	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life ⁴ for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	80%	40% ³	N/A	5.50 Years
Federal Agency/GSE other than those above		10%		
Supranationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Highest LT Rating Categories (A-1/P-1, AAA/Aaa, or equivalent)	5.50 Years
Corporates	50% ²	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent)	5.50 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities (MBS)	25%	40% ³	N/A	5.50 Years Avg. Life ⁴
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life ⁴
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	25%	Secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes	2 Years
Overnight Bank Deposit Account	100%	N/A	Secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes	N/A
Commercial Paper (CP)	50% ²	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Repurchase Agreements (Repo or RP)	40%	20%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	1 Year
Money Market Funds (MMFs)	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Intergovernmental Pools (LGIPs)	50%	25%	Highest Fund Quality and Volatility Rating Categories by all NRSROs who rate the LGIP, (AAAm/AAAf, S1, or equivalent)	N/A

Notes:

¹ Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

² Maximum allocation to all corporate and bank credit instruments is 50% combined.

³ Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

⁴ The maturity limit for MBS and ABS is based on the expected average life at time of settlement, measured using Bloomberg or other industry standard methods.

* Federal National Mortgage Association (FNMA); Federal Home Loan Mortgage Corporation (FHLMC); Federal Home Loan Bank or its District banks (FHLB); Federal Farm Credit Bank (FFCB).

- 1) **U.S. Treasury & Government Guaranteed** - U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.
- 2) **Federal Agency/GSE** - Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).
- 3) **Supranationals** – U.S. dollar denominated debt obligations of a multilateral organization of governments where U.S. is a shareholder and voting member.
- 4) **Corporates** – U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic corporation, financial institution, non-profit, or other entity.
- 5) **Municipals** – Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory.
- 6) **Agency Mortgage Backed Securities** - Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.
- 7) **Asset-Backed Securities** - Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans.
- 8) **Non-Negotiable Certificate of Deposit and Savings Accounts** - Non-negotiable interest bearing time certificates of deposit, or savings accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- 9) **Overnight Bank Deposit Account** – depository accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- 10) **Commercial Paper** – U.S. dollar denominated commercial paper issued or guaranteed by a domestic corporation, company, financial institution, trust or other entity, only unsecured debt permitted.
- 11) **Repurchase Agreements** - Repurchase agreements (Repo or RP) that meet the following requirements:
 - a. Must be governed by a written SIFMA Master Repurchase Agreement which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the Counterparty default or fail to provide full timely repayment.

- b. Counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered commercial bank.
- c. Securities underlying repurchase agreements must be delivered to a third party custodian under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the CSC's custodial account or in a separate account in the name of the CSC.
- d. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States, or U.S. Agency-backed mortgage related securities.
- e. Underlying securities must have an aggregate current market value of at least 102% (or 100% if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each business day.
- f. Final term of the agreement must be 1 year or less. **[Note – previously had been 90 days]**

- 12) **Money Market Funds** - Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7.

A thorough investigation of any money market fund is required prior to investing. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

- 13) **Local Government Investment Pools** – State, local government or privately-sponsored investment pools that are authorized pursuant to state law.

A thorough investigation of any intergovernmental investment pool is required prior to investing. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

General Investment and Portfolio Limits

1. General investment limitations:
 - a. Investments must be denominated in U.S. dollars and issued for legal sale in U.S. markets.
 - b. Minimum ratings are based on the highest rating by any one Nationally Recognized Statistical Ratings Organization (“NRSRO”), unless otherwise specified.
 - c. All limits and rating requirements apply at time of purchase.
 - d. Should a security fall below the minimum credit rating requirement for purchase, the investment manager will notify the CFO.
 - e. The maximum maturity (or average life for MBS/ABS) of any investment is 5.50 years. Maturity and average life are measured from settlement date. The final maturity date can be based on any mandatory call, put, pre-refunding date, or other mandatory redemption date.
2. General portfolio limitations:
 - a. The maximum effective duration of the aggregate portfolio is 3 years.
3. Investment in the following are permitted, provided they meet all other Policy requirements: