

Jefferson County Treasurer Investment Policy

INVESTMENT POLICY JEFFERSON COUNTY, COLORADO TREASURER'S OFFICE LAST UPDATE – October 16, 2018

1.00 Policy - It is the policy of the Treasurer of Jefferson County, Colorado to invest public funds in a manner which will conform with all state statutes governing the investment of those funds, to insure a prudent level of safety, to ensure sufficient liquidity to meet daily cash flow demands, and subject to the above constraints, to earn a return commensurate to the market.

Maintenance of this Policy - Maintaining and updating this policy is conducted by the Treasury Officer. Any changes shall be approved by the Treasurer.

2.00 Scope - This investment policy applies to all financial assets under the jurisdiction of the county treasurer. These assets are accounted for in the General Ledger and reported in the Annual Comprehensive Financial Statements of Jefferson County. The equity appears on the General Ledger Fund 010 - "Pooled Cash Equity."

3.00 Prudence: The standard of prudence to be used by finance officers shall be the prudent investor standard and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that investments shall be made with judgment and care which persons of prudence, discretion and intelligence exercise in the management of the property of another considering the safety of their capital as well as the income to be derived.

County officers, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be indemnified pursuant to C.R.S. § 24-10-110 from 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.

4.00 Qualified Institutions - All securities transactions shall be settled delivery versus payment. Securities must be held by a third-party safekeeping agent. No security shall be bought or sold from a broker/dealer that is not registered with FINRA and licensed in the state of Colorado or is suspended with any regulator, as reported by FINRA or the state of Colorado, or has not been in business for at least three years. All contact between the treasurer and any broker/dealer must be made through a regular employee of that broker/dealer who is licensed with FINRA and The Colorado Division of Securities.

5.00 - Investments - As provided by C.R.S. § 30-10-708, the Jefferson County Commissioners have authorized the Jefferson County Treasurer to invest and reinvest all or part of the county funds which are available for investment in securities meeting the investment requirements established in Part 6 of Article 75, Title 24, C.R.S. Additionally, the County Treasurer is authorized to invest in securities with final maturity dates in excess of five years but not more than ten years if at the time of purchase, those securities have an effective duration of three years or less.

In addition, the following are further restrictions to the various classes of securities authorized by state statute placed on these investments by the Jefferson County Treasurer.

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5.01 Derivatives - Derivatives are defined, for the purposes of this policy, as any financial security whose cash flow of either principal or interest is derived by reference to some characteristic of other rate(s), index(ices), or other financial security(ies). Derivatives otherwise allowable under state statute must comply with the following restrictions on derivatives:

- 1] No derivative may be purchased that references any security, rate, or index with a duration greater than one year.
- 2] No derivative may be purchased other than those with the following structure:
 - a] A single index plus or minus some spread
 - b] The security must reset at least four times per year, unless at the time of purchase less than one year remains to maturity.

5.02 Repurchase and Reverse Repurchase Agreements [C.R.S. 24-75-601.1(j)] - are agreements between a seller and a buyer whereby the seller agrees to repurchase the securities at an agreed upon price and usually at a stated time. Repurchases must meet these requirements:

- 1] Restricted to Repurchases collateralized by U.S. Treasury or U.S. Agency securities not exceeding 10 years in maturity.
- 2] Securities must be delivered to The County's bank for safekeeping.

5.03 Private Corporate Debt Securities [C.R.S. 24-75-601.1(m)] - All corporate debt issues must comply with the following criteria:

- 1] Issuer must have a net worth of at least \$500 million.
- 2] Must be senior or asset-backed debt.

6.00 Certificates of Deposit [C.R.S. 30-10-708 and C.R.S. 11-10.5-111] - Any bank must be designated as an eligible public depository under the Colorado Public Deposit Protection Act and must comply with all provisions of the act. Additionally, the bank must have a Veribanc rating of green with three stars for the last four quarters for which ratings are available.