

INVESTMENT POLICY

PHILLIPS COUNTY COLORADO
OFFICE OF THE COUNTY TREASURER

STEVE YOUNG, TREASURER

ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS ON JULY 18, 2023

PHILLIPS COUNTY INVESTMENT POLICY

I. PURPOSE AND SCOPE

This policy applies to the investment of all Phillips County funds, including short-term operating funds, long-term reserves, certain bond proceeds and reserves, and other receipts from tax and departmental revenues. The County Treasurer (hereinafter "Treasurer") is authorized by Colorado Revised Statute 30-10-708 and the Board of County Commissioners (hereinafter BOCC), Phillips County, Colorado, Resolution No. 2023-01-09-06 to deposit and invest funds on behalf of the County. The Treasurer will consolidate the County's cash balances from all funds to maximize investment earnings.

This policy shall not apply to fund proceeds related to the issuance of debt. Cash and investment balances as defined in this Section are entirely known as "Available Funds".

II. AUTHORIZING COLORADO STATE STATUTES

All investments will be made in accordance with the Colorado Revised Statutes, which include the following: C.R.S. 30-10-708, Deposit of funds in banks and savings and loan associations; C.R.S. 11-10.5-101, (et seq.), CRS 11-47-101, et seq. Savings & Loan Association Public Deposit Protection Act, Public Deposit Protection Act; C.R.S. 24-75-601 and 601.1, (et seq.), Funds-Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-702, Local governments-authority to pool surplus funds.

Any revisions, extensions or additional statutes governing investment of funds by Colorado Revised Statutes will be assumed to be part of this Investment Policy immediately upon their effective dates.

III. INVESTMENT OBJECTIVES

All public funds within the jurisdiction of the Treasurer shall be invested in accordance with Colorado State Statutes and resolutions enacted by the BOCC in a manner that seeks to accomplish the following objectives in the following priority.

- a. Safety. To ensure the safety of all public funds, Investments shall be undertaken in a manner that seeks the preservation of capital in the overall portfolio by limiting both credit risk and interest rate risk.
 - i. Credit Risk - The Treasurer will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying the investment and by limiting investments to prescribed exposure limits and specified credit ratings as defined by C.R.S. 24-75-601.1.
 - ii. Interest Rate Risk - The Treasurer will limit interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by diversification and managing the duration of the portfolio.



b. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market demand accounts, money market mutual funds, demand bank savings accounts, or local government investment pools that offer same-day, next-day, or weekly liquidity for short and medium-term funds.

c. Yield. To earn a market average rate of return consistent with the safety and liquidity objectives. The Market Rate of Return on investment is of tertiary importance compared to the safety and liquidity objectives as described above. Investments are limited to risk securities in anticipation of earning a fair return relative to the risk being assumed. The market rate of return comparison is defined in Section VIII. 2. Performance Standards within this document. Budgetary and economic cycles, investment risk constraints, and liquidity needs will be considered.

IV. STANDARD OF CARE

a. The County's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The BOCC and the Treasurer recognize that no investment is totally free of risk and that the investment activities of the County are a matter of public record. Accordingly, the BOCC and the Treasurer recognize that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that this policy has been followed and that the sale of a security prior to maturity is in the best long-term interest of the County.

b. Treasurer. The Treasurer may choose to contract with a registered investment advisory firm that specializes in the management of public fixed-income funds. Responsibility for the operation of the investment program is hereby delegated to the Treasurer and Deputy Treasurer, who shall act in accordance with internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate employees. This policy shall be reviewed on an annual basis and changes must be approved by the BOCC. Any deviations from this policy must be reported immediately to the County Administrator.

V. MANAGEMENT

a. Management responsibility for the investment program is delegated to the Phillips County Treasurer, who is the custodian for all County funds. The County Treasurer shall develop and maintain procedures for the operation of the investment program consistent with this policy.

- b. Periodic Review. This investment policy shall be reviewed and revised as necessary, no less frequently than annually.
- c. Audit. The records of the County Treasurer concerning investments shall be subject to inspection by the Board of County Commissioners no less frequently than annually, pursuant to 30-10-709, C.R.S., but may be audited at any time. All of the Treasurer's records shall be available for inspection by the members of the Board of County Commissioners or their designees at any time.
- d. Reports. The County Treasurer shall prepare a monthly report concerning the investment of all public funds within his control, which shall be submitted to the Board of County Commissioners for their approval no later than the 10th day of each month describing all transactions for the preceding year, and the results of all transactions. All reports shall describe each investment separately.
- e. Accounting. All confirmations of investments shall be received and retained by the County Treasurer for at least the period of time designated by the State Archivist for retention of investment records by a County Treasurer. Accounts shall be verified periodically by an individual designated by the Board of County Commissioners.
- f. Funds Transfer. Bank wire transfers, ACH transmittals, checks, or other negotiable instruments drawn on the accounts of the Phillips County Treasurer, shall be the accepted vehicles to move funds. All vendors shall receive written instructions from the County Treasurer informing them of the authorized investments and the receiving location of any County funds.
- g. Support Services. The Treasurer may engage the support services of outside professionals, so long as it can be demonstrated that these services produce a net financial advantage and necessary financial protection of the County's resources. Such services may include engagement of financial advisors in conjunction with portfolio management support, special legal representation, third party custodial services, and appraisal of independent rating services.

VI. PRUDENCE AND LIABILITY.

- a. Investment Standard. The standard of prudence to be applied by the County Treasurer shall be the "prudent investor" rule, which states, "In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property for the benefit of others, fiduciaries shall be required to have in mind the responsibilities which are attached to such offices and the size, nature, and needs of the estates entrusted to their care and shall exercise the judgment and care, under the circumstances then prevailing, which [people] of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital." 15-1-304 C.R.S. The prudent investor rule shall be applied in the context of managing the overall investment program.

b. Treasurer's Liability. The County Treasurer, acting in accordance with this policy and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes.

VII. ETHICS AND CONFLICT OF INTEREST

a. The Treasurer and the Deputy Treasurer shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. These investment officials shall disclose annually, in a written statement, 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. They shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the County.

VIII. ELIGIBLE INVESTMENTS.

a. To be eligible, all investments must meet the standards of a legal investment, as set forth in 24-75-601.1, C.R.S., and be of the type set forth below. All investments shall be made in the name of Phillips County, Colorado. Approved investments of public funds held by the Phillips County Treasurer shall be as follows:

- i. U.S. Treasury obligations. Any security issued by, fully guaranteed by, or for which the full credit of the United States Treasury guarantees fully all principal and interest payments., such as U.S. Treasury bills, notes, and bonds.
- ii. Credit Rating. At the time of purchase, the issuer must be rated by a minimum of two credit ratings via any Nationally Recognized Statistical Rating Organizations (NRSRO). Minimum acceptable credit ratings: Moody's Aaa/ Standard and Poor's AA+/ Fitch Ratings AAA.
- iii. Time certificates of deposit or deposit accounts in state or national banks located in the State of Colorado which are insured by the Federal Deposit Insurance Corporation (F.D.I.C.), which are approved as public fund depositories by the State of Colorado Banking Commissioner, and which have been approved as eligible depositories by the Board of County Commissioners. Certificates of deposit and deposit accounts which exceed the F.D.I.C. insurance shall be collateralized as required by the Public Deposit Protection Act for commercial banks.
- iv. Time certificates of deposit or deposit accounts in state or federally chartered savings and loan associations located in the State of Colorado which are insured by the Federal Deposit Insurance Corporation (F.D.I.C.), which are approved as public fund depositories by the State of Colorado Savings and Loan Commissioners, and which have been approved as eligible depositories by the Board of County Commissioners. Certificates of deposit and deposit accounts which exceed the

F.D.I.C. insurance shall be collateralized as required by the Savings and Loan Public Deposit Protection Act.

- v. Shares in any local government investment pool (LGIP) organized pursuant to Colorado State Statute have been approved as an eligible depository by the Board of County Commissioners.
 - vi. Government Securities and Government Agency backed securities. Any security issued by, fully guaranteed by or for which the full credit of the following is pledged for payment: The Federal Farm Credit Bank (FFCB), the Federal Land Bank, a Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporations (FHLMC), the Federal National Mortgage Association (FNMA), the Export-Import Bank, the Tennessee Valley Authority (TVA), the Government National Mortgage Association, the World Bank, or an entity or organization that is created by, or the creation of which is authorized by, legislation enacted by the United States congress and that is subject to control by the federal government.
- b. The period from the date of settlement to this type of security to its maturity date shall be no more than five years unless the governing body of the public entity authorizes investment for a period in excess of five years.
- c. No investment shall be placed for longer than six months unless the County has liquid funds on hand to meet its anticipated obligations for the succeeding six months. In no event shall funds be placed with a maturity of more than one year.
- d. Investments which do not qualify under the terms of this policy or of Colorado State Statutes shall be replaced as soon as reasonably prudent, as time and circumstance allow.
- e. The Treasurer may only make deposits and investments with those institutions and brokers that have been approved by the Board of County Commissioners as eligible depositories for County Funds.

IX. DIVERSIFICATION.

It is the intent of the Treasurer to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the County's anticipated cash flow needs.

Except for U.S. Treasury obligations, Government securities, and Government Agency backed securities, no more than 20 percent of public funds available for investment or 1.5 million dollars, whichever is less, shall be invested with any one approved institution or in any single type of approved investment.

Signature Page to Follow




BOARD OF COUNTY COMMISSIONERS

PHILLIPS COUNTY, COLORADO



Garold Roberts, Commissioner 7-18-23
Date



Tom Timm, Commissioner 7-18-23
Date



Terry Hofmeister, Commissioner 7-18-23
Date

PHILLIPS COUNTY TREASURER



Steve Young, Treasurer 7-18-23
Date