

Bountiful City

REQUEST FOR PROPOSAL (RFP) CERTIFIED INVESTMENT ADVISORY SERVICES

**ISSUED: January 26, 2016
DUE: April 7, 2016, 5:00 p.m.**

**Bountiful City
790 South 100 East
Bountiful, Utah 84010**

**Galen D. Rasmussen
Assistant City Manager**

**S. Ted Elder
City Treasurer**

Contents

INTRODUCTION

- I. General RFP Information
 - A. Intent of Request for Proposal
 - B. Background of the City
 - C. Firm Eligibility and General Requirements
 - D. Written Agreement
 - E. Contract Period
 - F. Termination Rights
 - G. Other Requirements
 - H. Proposal Calendar

FIRM INFORMATION

- I. Organizational Information
- II. Firm Personnel
- III. Client Service
- IV. Compliance
- V. Governance
- VI. Trading
- VII. Assets under Management
- VIII. Accounts Lost/Gained
- IX. Investment Philosophy and Process
- X. Risk Management
- XI. Research
- XII. Fees and Account Minimums
- XIII. Other Services

EVALUATION AND SELECTION PROCESS

EXHIBITS

- I. City Investment Portfolio (as of December 31, 2015)
- II. City Investment Policy (as of June 28, 2011)

INTRODUCTION

I. GENERAL RFP INFORMATION

A. Intent of Request for Proposal

The purpose of this RFP is to solicit competitive sealed proposals from full-service “Certified Investment Advisory” firms (as defined by the Utah Money Management Act found in Utah Code Section 51-7). The City will then assess each proposal (and the underlying firm) for eligibility, qualifications, services and costs for managing deposits and investments and providing certain other related financial services for the benefit of Bountiful City and its related business entities, namely, Bountiful City Redevelopment Agency and the Municipal Building Authority of Bountiful City (collectively referred to as “City” for purposes of this RFP).

B. Background of the City

Bountiful City covers approximately 14 square miles in south Davis County, Utah. The City provides a full range of municipal services including administration, police, parks, street maintenance and snow removal, utility services (electricity, water, storm water, recycling, landfill and sanitation) and a championship golf course. The City’s fiscal year begins on July 1 and ends on June 30. The adopted 2015-2016 budget is \$54 million which includes 171 full-time equivalent employees to provide services to a resident population of approximately 43,000. The City Treasurer oversees management of all deposits and investments. Approximately \$37 million of the \$92 million in City deposits and investments are managed within two separate portfolios by a Certified Investment Advisor. One of these portfolios is for general cash and investment needs of the City and the other portfolio is used to manage the City’s Other Post-Employment Benefits (OPEB) program (currently under a bank trust account arrangement). The overall City portfolio composition (with the detailed composition of each certified investment advisory portfolio) as of December 31, 2015 is attached as Exhibit A to this RFP.

The City Council has adopted an Investment Policy which closely aligns with the Utah State Money Management Act. This investment policy is attached as Exhibit B to the RFP. This policy is due for update to improve the overall content and its consistency with the Utah Money Management Act. The planned updates are not deemed material to this RFP solicitation.

C. Firm Eligibility and General Requirements

A qualified firm meeting the requirements of the Utah State Money Management Act (Utah Code Annotated 51-7 Sections 51-7-3(3), 51-7-18(2)(b)(vi) and (vii) and 51-7-11.5 along with the Rules of the State Money Management Council.

The proposing firm must be capable of managing two separate portfolios (regular investment portfolio and OPEB portfolio) and, in the case of the OPEB portfolio, either directly provide a trust account for the assets or be capable of working with an outside trust account provider to invest the OPEB assets.

D. Written Agreement

The selected firm must enter into a written agreement with Bountiful City, in an acceptable form, to provide all services as required under the scope of this RFP. The written agreement must be executed within 30 days of the City’s approval of services or the City may give notice of intent to select the next most qualified proposing firm or call for new proposals.

E. Contract Period

The term of the contract shall be a five (5) year period commencing on July 1, 2016 depending on the City’s time frame in accommodating technology or administrative adjustments. The contract may then be renegotiated, at the option of the City, on an annual basis at end of the five year contract.

F. Termination Rights

The banking contract shall provide that either entity has the right to cancel with or without cause at any time upon ninety (90) days written notice of its intent to terminate the contract.

G. Other Requirements

1. Conform to RFP Guidelines

All proposal information must be submitted as required in this Request for Proposal.

2. Proposals submitted on a Timely Basis

All proposals with three (3) complete copies must be submitted to Mr. Galen D. Rasmussen, Assistant City Manager, by the deadline of Thursday, April 7, 2016, at 5:00 p.m. Mountain Time at the following address:

Attn: Galen D. Rasmussen
Bountiful City
790 South 100 East
Bountiful, UT 84010

Contact Information for Questions:

Galen Rasmussen, Assistant City Manager

Phone: 801-298-6117

Email: GalenR@BountifulUtah.gov

Alternate Contact Information for Questions:

Ted Elder, City Treasurer

Phone: 801-298-6093

Email: Telder@BountifulUtah.gov

Any proposal received after the stated deadline above will be deemed unresponsive and will not be considered for evaluation. **Faxed and e-mailed proposal copies from firms will not be accepted in lieu of the physical copies.**

H. Proposal Calendar

It is anticipated that the following schedule will be followed:

<i>Publication of Notice of Request for Proposals (website)</i>	<i>January 26, 2016</i>
<i>Distribution of RFPs (via email and/or postal mail)</i>	<i>January 26, 2016</i>
<i>Mandatory Pre-proposal Conference (9:30 a.m.)</i>	<i>February 17, 2016</i>
<i>Sealed proposals due by 5:00 p.m.</i>	<i>April 7, 2016</i>
<i>Reviews & Negotiations</i>	<i>April 11 – April 18, 2016</i>
<i>Scheduled Approval by City Council</i>	<i>April 26, 2016</i>
<i>Implementation period</i>	<i>April 2016 to June 2016</i>
<i>Contract start date</i>	<i>July 1, 2016</i>

Circumstances may require that this schedule be altered based upon the number and quality of proposals.

FIRM INFORMATION

I. Organizational Information

Please provide the following information:

- A. Firm name.
- B. Firm headquarters mailing address.
- C. Firm headquarters telephone number.

- D. Name of individual(s) completing questionnaire.
- E. Individual(s) telephone number(s), and address(es).
- F. Individual(s) fax number(s).
- G. Individual(s) e-mail address(es).

- H. Date questionnaire completed (Day/Month/Year).
- I. Firm classification (Bank, Insurance Company, Registered Investment Advisor, etc.)
- J. Brief history of firm:
 - _ Ownership (Length of time in business under present name and ownership)
 - _ Listing of material developments in the past three years
 - _ Prior business names
- K. Organizational chart of firm.
- L. Copy of the firm's most recently issued annual financial report.
- M. Name of parent firm (if any) and the name of affiliations or subsidiaries (if any).
- N. Date of firm inception.
- O. Name of regulatory body overseeing the firm.
- P. Firm's fidelity bond and fiduciary liability insurance policies, including coverage amounts.

II. Firm Personnel

Name	Title	Education	Role at the Firm	Total Investment Experience	Tenure with Firm
<i>Notes:</i>					

III. Client Service

- A. Provide contact information and professional qualifications for the individuals who would have primary responsibility for the City's accounts.
- B. List the scope of services that will be provided. Include a description of how client servicing/communication responsibilities are divided between portfolio managers and client service/marketing personnel and how often meetings are held with clients to review the portfolio.
- C. Describe the client-reporting process. How frequently are reports made available? What output formats are available? Include sample reports for examination.

IV. Compliance

- A. Describe the compliance assessment process for your firm, including the time period covered, testing methods, and frequency.
- B. When was the last compliance assessment? Please attach a summary of the report, if possible.
- C. To whom does the chief compliance officer report?
- D. Please provide a copy of the registration forms you have provided to your local regulator.
- E. When was your firm’s last regulatory inspection? Please provide a copy of the inspection report.

- F. Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last five years? If yes, please describe.
- G. Is your firm or any affiliate the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to money management activities? If yes, please describe.
- H. Has your firm, or the principals of your firm, been under investigation related to money management activities in the last five years? If yes, please explain.

V. Governance

- A. Provide a summary of your firm’s internal control structure.
- B. Describe any potential conflicts of interest your firm may have in the management of this account.
- C. How would conflicts of interest be addressed by your firm?

VI. Trading

- A. Describe any restrictions you may have on client-directed transactions.
- B. Outline your firm’s policies and procedures concerning trading and execution, including those relating to (i) how your firm seeks to achieve best execution; (ii) how your firm ensures equitable trading for all clients (i.e., the account of one client is not favored above the account of another) and exceptions to this policy, if any; and (iii) allocation of trades (e.g., by portfolio manager or automated);

VII. Assets under Management

Account Type	Asset Amounts	Number of Accounts
Corporate		
Public fund		
Union/multi-employer		
Foundation and endowment		
Insurance		
High-net-worth Individuals		
Wrap accounts		
Sub-advised assets		
Other, please explain		
Total		

VIII. Accounts Lost/Gained

	Accounts Lost			Accounts Gained		
	Number	Dollars (US\$ millions)	% of Firm	Number	Dollars (US\$ millions)	% of Firm
2015						
2014						
2013						
2012						
2011						
2010						
2009						
2008						
2007						
2006						
2005						

- A. Discuss the reasons for lost accounts indicated in the table above (not including plan terminations).
- B. Provide a representative client list for this product and at least three client references. For each reference, please include the client’s name and the length of the relationship as well as the client’s e-mail address and phone number.

IX. Investment Philosophy and Process

- A. Briefly describe your firm’s investment philosophy.
- B. Discuss your firm’s investment strategy, screening processes, and portfolio construction methodology.
- C. How do you decide to buy or sell a security?
- D. Are portfolios managed by individual managers or teams?
- E. Do managers follow a “model” portfolio, and if so, to what extent is management permitted to deviate from such a model portfolio?
- F. How frequently are investment policy or strategy meetings held?

X. Risk Management

- A. Describe how your firm controls portfolio investment risk.
- B. How does your firm currently measure/track risk?
- C. Do you stress test your portfolios? If so, how is this accomplished?

XI. Research

- A. Provide an overview of your research, including the use of fundamental, technical, and quantitative analyses. Please provide any additional comments that are unique to your firm.

XII. Fees and Account Minimums

- A. List your fee schedule covering all services to be provided. Please include performance-based fees, the basis for those fees, and any other fees that may be applicable to the running of this account.
- B. What is the minimum account your firm will accept?
- C. Does your firm charge a minimum annual fee? If so, what is this fee? Will it stay the same or change in the future based on some set formula?
- D. Under what circumstances are fees negotiable?
- E. What is your billing frequency?

XIII. Other Services

- A. List any alternative or additional services that your firm is capable of providing that may be of benefit to the City.
- B. Outline your experience in delivering these service alternatives.

EVALUATION AND SELECTION PROCESS

The Assistant City Manager and City Treasurer will evaluate RFP responses and select the top two responsible and responsive proposals which will then be subject to further negotiations and evaluations. The following categories and point values will be used for evaluation of RFPs:

- I. (5 Points) Responsiveness** – Completeness and conformity of the proposal response to the RFP requirements.
- II. (10 Points) Financial Strength and Capacity** – This includes review of the firm’s financial report and external regulatory agency reports.
- III. (35 Points) Availability and Quality of Services** – The demonstrated ability of the proposing firm to meet the investment services needs of the City including, but not limited to, the quality of provided investment expertise, related technology resources, strength of professional references, and the training and experience of key personnel.
- IV. (40 Points) Fees and Account Minimums**– Combination of projected monthly costs and related financial benefits which are offered to yield the best combined benefit to the City, in the judgement of City staff.
- V. (10 Points) Optional Services** – Consideration of other services, products, or offers that may be beneficial to the City.

EXHIBITS

- I.** City Investment Portfolio (as of December 31, 2015)
- II.** City Investment Policy (as of June 28, 2011)

**Bountiful City
DEPOSITS AND INVESTMENTS
as of close of business on
December 31, 2015**

	A	B	C	E	F	G	H	I	J	M	N	O
	Bountiful City DEPOSITS AND INVESTMENTS as of close of business on December 31, 2015											
8	Account or Security	Account, CUSIP or Security Type	Account or Security Class	Coupon	Yield	Purchase Date	Maturity Date	Par Value/ Principal	Book Value/ Cost	Safekeeping Location	Fund Assigned To	Dealer and Agent
9	Bank of Utah (Acct #xxxx9300)	Cash	CD	0.75%	0.75%	04/01/13	04/01/15	1,955,826.01	1,955,826.01	City Treasurer	Investment (All Funds)	Bank of Utah:
10	Bank of Utah (Acct #xxxx4838)	Cash	CD	0.76%	0.76%	11/06/14	11/06/15	1,066,043.88	1,066,043.88	City Treasurer	Investment (All Funds)	Bank of Utah:
11	Wells Fargo (Acct #xxxxx2524)	Cash	Checking	N/A	N/A	N/A	N/A	1,441,130.51	1,441,130.51	Wells Fargo	Investment (All Funds)	Wells Fargo: Fred Pettersson
12	Chase Bank (Acct#xxxxx5113) Operations	Cash	Checking	N/A	N/A	N/A	N/A	2,135,196.16	2,135,196.16	Chase Bank	Investment (All Funds)	Chase Bank
13	Chase Bank (Acct#xxxxx0310) Golf	Cash	Checking	N/A	N/A	N/A	N/A	32,909.46	32,909.46	Chase Bank	Investment (All Funds)	Chase Bank
14	Chase Bank (Acct#xxxxx5121) Workers Comp	Cash	Checking	N/A	N/A	N/A	N/A	0.00	0.00	Chase Bank	Investment (All Funds)	Chase Bank
15	USbank (Acct # xxx3000) Sales Tax Rev Bond 2013	Bond Fund	Savings/CMMA	0.65%	0.65%	N/A	N/A	0.00	0.00	USbank	Sales Tax Rev Refunding Bond	USbank - Kim Galbraith
16	USbank (Acct # xxx5000) Spec Assmnt Bond	Bond Fund	Savings/CMMA	0.65%	0.65%	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Bond	USbank - Kim Galbraith
17	USbank (Acct # xxx1000) Elec Rev Bond Fund	Bond Fund	Savings/CMMA	0.65%	0.65%	N/A	N/A	215,221.26	215,221.26	USbank	Elec Rev Bond -Bond	USbank - Kim Galbraith
18	Zions Wealth Advisors (Acct# xx776)	Invest. Advisor	Investment Advisor	1.01%	1.29%	N/A	N/A	924,541.14	924,541.14	Zions	OPEB	Zions Wealth Advisors
19	Zions Wealth Advisors (Acct#xxxx775)	Invest. Advisor	Investment Advisor	1.10%	1.28%	N/A	N/A	36,682,527.35	36,682,527.35	Zions	Investment (Cap ProjFunds)	Zions Wealth Advisors
20	Public Treas. Invt. Fd. (City of Bountiful #xx23)	State Pool	State Pool	0.65%	0.65%	N/A	N/A	15,016,299.21	15,016,299.21	Utah State Treasurer	Investment (All Funds)	Utah State Treasurer
21	Public Treas. Invt. Fd. (Landfill Escrow #xx73)	State Pool	State Pool-Landfill	0.65%	0.65%	N/A	N/A	2,091,041.16	2,091,041.16	Utah State Treasurer	Landfill Escrow	Utah State Treasurer
22	Public Treas. Invt. Fd. (Landfill Closure #xx29)	State Pool	State Pool-Landfill	0.65%	0.65%	N/A	N/A	813,882.55	813,882.55	Utah State Treasurer	Landfill Closure	Utah State Treasurer
23	Public Treas. Invt. Fd. (Investment Trades xx43)	State Pool	State Pool	0.65%	0.65%	N/A	N/A	1,387,151.22	1,387,151.22	Utah State Treasurer	Investment (All Funds)	Utah State Treasurer
24	Federal Home Loan Bank	313382AM5	Government Note	1.00%	1.30%	02/13/14	02/27/18	500,000.00	496,420.56	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
25	Federal Farm Credit Bank	3133EEFP0	Government Note	1.20%	1.20%	12/24/14	12/18/17	2,000,000.00	2,000,400.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
26	Federal Home Loan Mortgage Corp	3134G6S95	Government Note	1.35%	1.35%	05/18/15	12/17/18	1,000,000.00	1,000,000.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
27	Federal Home Loan Mortgage Corp	3134G6S95	Government Note	1.35%	1.35%	05/18/15	12/17/18	1,260,000.00	1,260,000.00	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
28	Federal Home Loan Mortgage Corp	3134G6R62	Government Note	1.38%	1.38%	05/26/15	02/26/19	1,000,000.00	1,000,000.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
29	Federal Home Loan Mortgage Corp	3134G6R47	Government Note	1.50%	1.50%	05/27/15	06/10/19	1,000,000.00	1,000,000.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
30	Federal Home Loan Mortgage Corp	3134G66D0	Government Note	1.15%	1.18%	06/17/15	06/22/18	1,550,000.00	1,548,450.00	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
31	Federal Home Loan Mortgage Corp	3134G7P96	Government Note	1.00%	1.00%	10/08/15	04/29/19	1,000,000.00	1,000,000.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
32	Federal National Mortgage Association	3136G0F48	Government Note	1.55%	1.66%	12/29/15	09/27/19	2,000,000.00	1,999,992.22	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
33	Federal Home Loan Mortgage Corp	3134G86X2	Government Note	1.75%	1.75%	12/30/15	12/30/19	1,000,000.00	1,000,000.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
34	Goldman Sach Group, Inc	38143UB91	Corporate Note	2.41%	1.04%	11/27/13	09/01/16	2,000,000.00	1,964,600.00	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
35	JPMorgan Chase & Co	46625HJA9	Corporate Note	3.15%	0.85%	07/01/15	07/05/16	1,000,000.00	1,022,727.40	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
36	Halliburton Co	406216BB6	Corporate Note	1.00%	0.80%	07/01/15	08/01/16	1,000,000.00	1,002,110.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
37	CitiGroup Inc	172967GW5	Corporate Note	1.70%	0.95%	07/12/15	07/25/16	1,041,000.00	1,048,942.83	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
38	PNC Funding Corp	693476BM4	Corporate Note	2.70%	1.00%	07/21/15	09/19/16	1,950,000.00	1,984,885.50	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
39	Barclays Bank PLC	06739FGF2	Corporate Note	5.00%	1.02%	08/04/15	09/22/16	1,000,000.00	1,044,720.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
40	Bank of America Corp	06051GEW5	Corporate Note	1.39%	1.39%	09/22/15	03/22/18	2,000,000.00	2,018,651.53	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
41	Rio Tinto	76720AAL0	Corporate Note	1.38%	1.37%	10/08/15	06/17/16	1,000,000.00	1,006,978.75	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
42	Fifth Third Bank	31677QBE8	Corporate Note	1.24%	1.07%	10/21/15	08/20/18	1,700,000.00	1,711,480.24	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
43	JPMorgan Chase & Co	46623EJY6	Corporate Note	1.35%	1.20%	11/20/15	02/15/17	1,000,000.00	1,001,829.99	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
44	Morgan Stanley	61745EH53	Corporate Note	3.00%	1.36%	12/21/15	08/31/17	2,000,000.00	2,060,300.00	Wells Fargo	Investment (All Funds)	WellsFargo Brokerage - Brandon Hodge
45	Caterpillar Finacial SE	14912L5Z0	Corporate Note	1.00%	1.13%	12/21/15	03/03/17	1,000,000.00	1,001,450.00	Wells Fargo	Investment (All Funds)	Raymond James & Assoc - Mark McKinnon
46	Totals			1.42%	1.08%			92,762,769.91	92,935,708.93			
47												
48	Prepared By:		I verify that all deposits and investments listed above meet the criteria of the Money Management Act <u>STE</u>									
49	S. Ted Elder, City Treasurer		This entity has an investment policy in place <u>STE</u> (Date of last review of Policy) <u>10/11/2011</u> .									
50	telder@bountifulutah.gov											Report for 12/31/2015
51	801-298-6093											Date Submitted: 01/12/2015

Investment Policy

Bountiful Municipal Corporation

Adopted _____

Bountiful City Investment Policy

Table of Contents

1.0	POLICY	Page -3-
2.0	SCOPE	Page -3-
3.0	PRUDENCE	Page -4-
4.0	OBJECTIVES	Page -4-
5.0	DELEGATION OF AUTHORITY	Page -5-
6.0	ETHICS AND CONFLICTS OF INTEREST	Page -5-
7.0	AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS	Page -5-
8.0	AUTHORIZED AND SUITABLE INVESTMENTS	Page -6-
9.0	INVESTMENT POOLS/MUTUAL FUNDS:	Page -6-
10.0	COLLATERALIZATION	Page -7-
11.0	SAFEKEEPING AND CUSTODY	Page -7-
12.0	DIVERSIFICATION	Page -7-
13.0	MAXIMUM MATURITIES	Page -8-
14.0	INTERNAL CONTROL	Page -8-
15.0	PERFORMANCE STANDARDS	Page -8-
16.0	REPORTING	Page -9-
17.0	INVESTMENT POLICY ADOPTION	Page -9-
18.0	GLOSSARY	Page -9-
20.0	EXHIBITS	Page -14-

Bountiful City Investment Policy

1.0 POLICY

The City of Bountiful seeks to invest public funds in securities and deposits that provide a high degree of safety and liquidity along with a competitive yield based on prevailing market conditions while meeting the daily cash flow demand of the city. All investments and deposits are placed subject to applicable City and State ordinances and laws pertaining to investment of public funds in the State of Utah, specifically the Utah Money Management Act and the Rules of the Utah Money Management Council, which provisions are hereby incorporated as part of this policy.

2.0 SCOPE

This investment policy covers investment of all financial assets reported in the Comprehensive Annual Financial Report for the City of Bountiful (City) and the Bountiful Redevelopment Agency (RDA). The scope includes the General, Special Revenue, Capital Projects, Enterprise, Debt Service, Special Assessment and Internal Service funds for the City and RDA.

2.1 FUNDS

- 2.1.1 General Fund
 - 2.1.1.10 General Fund
 - 2.1.1.61 Computer Maintenance Fund
 - 2.1.1.75 Employee Benefits
- 2.1.2 Special Revenue
 - 2.1.2.44 Municipal Building Authority
 - 2.1.2.72 RDA Revolving Loan Fund
 - 2.1.2.73 RDA Fund
 - 2.1.2.78 Landfill Closure
 - 2.1.2.83 Rap Tax Fund
 - 2.1.2.92 O.P.E.B.
- 2.1.3 Debt Service
 - 2.1.3.30 Debt Service
- 2.1.4 Capital Projects
 - 2.1.4.45 Capital Improvement Fund
- 2.1.5 Enterprise Funds
 - 2.1.5.48 Recycling Fund
 - 2.1.5.49 Storm Water Fund
 - 2.1.5.51 Water Fund
 - 2.1.5.53 Light & Power Fund
 - 2.1.5.55 Golf Course Fund
 - 2.1.5.57 Landfill Fund
 - 2.1.5.58 Sanitation Fund

- 2.1.5.59 Cemetery Fund
- 2.1.6 Internal Service Funds
 - 2.1.6.63 Government Immunity Fund
 - 2.1.6.64 Workers' Compensation Self-Insurance Fund
- 2.1.7 Permanent Funds
 - 2.1.7.74 Cemetery Perpetual Care

2.2 Special Revenue/ Escrow/ Trust Funds

Certain restricted amounts may also be subject to additional requirements of a trust , or escrow, or other additional rules and regulations. Examples are Landfill Closure, Landfill Escrow, O.P.E.B., Cemetery Perpetual Care, etc.

Any new funds created will also be subject to this investment policy, to State statute, and rulings of the State Money Management Council.

3.0 PRUDENCE

The standard of prudence applied by the City's investment officials is the "prudent person" and/or "prudent investor" rule. "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 benefits to be derived, and the probable duration for which such investment may be made, and considering the investment objectives specified in section 4.0" This standard shall be applied in the context of managing the overall investment portfolio of the City. The City Treasurer acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility 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.

4.0 OBJECTIVES

Funds of the City and RDA will be invested in accordance with the Utah Money Management Act found at U.C.A. Chapter 51 Title 7. These objectives of the Money Management Act and the City in order of priority are:

4.1 Safety of Principal: Safety of principal/capital is the foremost objective of the investment program. Investments shall be made to ensure the preservation of capital in the overall portfolio. Investments will be diversified by security type, by industry, by issuer, and maturity date to spread potential investment risks.

4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. Efforts to achieve this objective will be focused on matching the term to maturity of investments with the period of availability of funds.

4.3 Return on Investment: The investment portfolio will be designed with the

objective to earn a market rate of return throughout budget years and economic cycles, taking into account investment risk, legal requirements and cash flow needs.

5.0 DELEGATION OF AUTHORITY

Authority to manage the City's investment program is derived from Utah Annotated, 10-6-141 1953, as amended. The City Council and Mayor have assigned the responsibility for conducting investment transactions to the City Treasurer. The City Treasurer is responsible for investment decisions and activities. The City Treasurer shall develop and maintain administrative procedures for the operation of the investment program consistent with these policies. In the event of an emergency and the unavailability of the City Treasurer, the Administrative Services Director is authorized to conduct the City's investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the general policies and procedures as adopted by the City. The City Recorder/Finance Director and/or Deputy City Recorder/Accountant shall also confirm investment transactions.

5.1 Investment Procedures: The City Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. A copy will be on file in the City Treasurer's office and will be reviewed and updated regularly. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

6.0 ETHICS AND CONFLICTS OF INTEREST

Those 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 overall program shall be designed and managed with a degree of professionalism worthy of the public trust. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Financial institutions and investment broker/dealers who desire to become qualified bidders or qualified depositories must be certified thru the State and meet all requirements imposed by the Utah State Department of Financial Institutions and the requirements of the Utah Money Management Council, and Act (Rule 16). The Utah Money Management Council quarterly issues a list of certified dealers, and a list of qualified depositories authorized by state statute to conduct transactions with public treasurers. Transactions involving authorized deposits or investments of public funds may be conducted only through Issuers of securities authorized by Section 51-7-11(3),

Qualified Depositories included in the current state list, or Certified Dealers included in the current state list. All securities purchased from a certified dealer are required to be delivered to the City Treasurer or to the City's safekeeping bank.

8.0. AUTHORIZED AND SUITABLE INVESTMENTS

The City may place public money in investments/deposits authorized by the Utah Money Management Act (U.C.A. 51-7-11). The Treasurer shall ensure that all purchases and sales of securities are settled within 15 days of the trade date for outstanding issues and 30 days on new issues. In general these investments can be any of the following subject to restrictions specified in the Act:

1. Obligations of the U.S. Treasury and most Government-Sponsored Agencies
2. Commercial paper
3. Bankers Acceptances
4. Publicly traded fixed rate corporate obligations
5. Certain variable rate securities and deposits
6. Deposits with the State Public Treasurer's Investment Fund
7. Certain fixed rate negotiable deposits with a certified depository

8.1 Master Repurchase Agreement: Repurchase and Reverse-repurchase Agreements are not allowed by this policy. Bountiful City shall not enter into a Master Repurchase Agreement, a repurchase agreement, or a reverse-repurchase agreement.

8.5 The City Treasurer may designate a certified investment advisor to make trades on behalf of the treasurer as authorized by the Utah Money Management Act (U.C.A. 51-7-11.5 and Rule 15).

1. Certified investment advisors may not make any investments that are inconsistent with the State Money Management Act, rules of the State Money Management Council, or this Investment Policy.
2. Certified investment advisers acting on behalf of the city treasurer shall conduct investment transactions only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

9.0 INVESTMENT POOLS/MUTUAL FUNDS

The City upon thorough investigation of the pool/fund will require the following from the Utah Public Treasurers' Investment Fund or similar qualified pool/fund prior to any investing with said pool:

- A. Monthly statement detailing all transactions on each investment account held by the city such as:
 1. Date and account number for each account.
 2. Reference date for each transaction.

3. All deposits and withdrawals listed by date.
 4. Report period covered.
 5. Balance for each account.
 6. Account Summary:
 - Beginning balance, deposits in the period, withdrawals in period, ending balance, gross earnings, fee (0%), net earnings, average daily balance, gross earnings rate, net earnings rate.
- B. Every six months, provide a statement of how the Pool/Fund invests said funds and how often the securities are priced and how often the Pool/Fund is audited.
 - C. A current copy, at least annually, of the State Money Management Act and Rules of the State Money Management Council.
 - D. Receive quarterly, a copy of the approved list of depository institutions that have been Qualified as depositories to receive public funds. Also included will be a listing of allowable Maximum Amount of Public Funds allowed per institution.
 - E. Receive quarterly, a copy of the listing of Certified Dealers and their Agents who are certified to receive Public Funds.

10.0 COLLATERALIZATION

In the State of Utah, the collateralization of public funds is not required.

11.0 SAFEKEEPING AND CUSTODY

All security transactions by Bountiful City shall be conducted on a delivery-versus-payment basis. All security transactions shall be held in safekeeping by a third-party institution which has been certified by the Utah Money Management Council and designated by the City Treasurer. Securities held in safekeeping will be evidenced by a safekeeping receipt issued to the City Treasurer within a few business days following the purchase.

12.0 DIVERSIFICATION

Investments entered into by the City will be diversified by security type, industry, institution and maturity to spread potential investment risk and return among many classes of investments. As measured by cost, the portfolio will be invested no more than 50% in any one class of investments (This restriction does not apply to U.S. Treasury Bonds, Notes, and Bills; U.S. Government Agency Obligations; and the Utah State Public Treasurer's Investment Fund). Diversification of investments with a single institution must comply with applicable rules of the Act, specifically;

- A. No more than 20% of funds may be invested in any one permitted qualified out-of-state depository institution. (Rule 10, 5)
- B. No more than 10% of the total portfolio with a single Commercial Paper or corporate Notes issuer if the portfolio is \$10,000,000 or less (Rule 17, 5)
- C. No more than \$1,000,000 in a single Commercial paper or Corporate Notes issuer if the portfolio is greater than \$10,000,000 but less than \$20,000,000 (Rule 17, 5)
- D. No more than 5% of the total portfolio with a single Commercial Paper or corporate Notes issuer if the portfolio is \$20,000,000 or more (rule 17, 5)

Further, for issuers which are not covered by rules or statute, the City will restrict its investments to no more than 20% with a single issuer with the exception of funds invested with the Utah State Treasurers' Pool (referred to hereafter as "The State Pool"), U.S. Treasury securities, U.S. Government Agency Securities, or funds held in trust (i.e. construction, sinking, or reserve bond funds, etc.).

13.0 MAXIMUM MATURITIES

As stated in the Utah State Money Management Act, "the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested." The operating and capital funds of the City are pooled to obtain maximum return on investment and to simplify administration of the investment program.

14.0 INTERNAL CONTROL

Investment decisions and day-to-day management of the portfolio are the responsibility of the City Treasurer. The City Recorder/Finance Director and Deputy City Recorder/Accountant provide an independent check on investments made by confirming each trade and reviewing investment/deposit reports and accounts on a monthly basis. Investment reports are distributed monthly to the City Manager, Mayor and City Council, and the Administrative Services Director for their review and input on the investment program. The Utah Money Management Council also reviews the content of the portfolio twice annually in July and January for the periods ending June 30 and December 31. The investments and deposits are also subject to annual independent audit by the City's outside auditors.

15.0 PERFORMANCE STANDARDS

Market yields will be sought throughout the budget and economic cycle consistent with the overriding objectives stated. In keeping with the State of Utah statutes and the city's investment strategy, funds will be placed for investment and not speculation, (i.e. technically referred to as a passive investment strategy). The benchmark standard for rate of return on the City portfolio will be the average rate of return on similar investments and portfolios such as 1 year U.S. Treasury bills and the Utah State Public Treasurer's Investment Fund.

16.0 REPORTING

Management reports on the City's portfolio are generated and distributed monthly to all City department heads, the City Manager and the Mayor and City Council for review and comment. The first report gives a breakdown of the balances and allocation of interest for each city fund which has money invested through the City Investment Fund (exhibit F). The second report is the current month copy of the list of investments and deposits as sent to the state semi-annually (exhibit G). The third report lists the G/L account balances in the Investment Fund and associated earnings (exhibit H). The list of investments and deposits is provided semi-annually to the Utah Money Management Council for compliance review as required by 51-7-15 of the Money Management Act. The investment portfolio and deposits are included in the Comprehensive Annual Financial Report for the City.

17.0 INVESTMENT POLICY ADOPTION

Investment policies are developed by the City Treasurer and reviewed with the Administrative Services Director, City Manager, Mayor and City Council subject to the rules of the Money Management Act. The City's investment policy shall be adopted by the Bountiful City Council. Any modifications made to this policy must be approved by the City Council.

18.0 GLOSSARY

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

ASKED: The price at which securities are offered.

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

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.

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

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to

securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the government entity. It includes five combined statements for each individual fund and account group prepared 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.

CUSTODY: A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

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.

DELIVERY VERSUS PAYMENT: 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.

DERIVATIVES: (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 an 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 lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued 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.

DUE DILIGENCE: Such a measure of prudence, activity, assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent person under the particular circumstances; not measured by any absolute standard, but depending on the relative facts of the special case.

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 \$100,000 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) which 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 a 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.

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 VALUE: The price upon 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, bankers' acceptances, etc.) are issued and traded.

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 and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

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.

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 or ad valorem taxes under the laws of this state, which has 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 lending 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.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations which 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.

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 members of 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. (a) 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.

EXHIBITS

20.0 EXHIBITS

- Exhibit A: State Statute 51-7-11. Authorized deposits or investments of public funds.
- Exhibit B: State Statute 51-7-15. Bonds of state treasurer and other public treasurers - Reports to council.
- Exhibit C: Rule 10: Rating requirements for a Permitted Depository.
- Exhibit D. Rule 15: Certification as an Investment Advisor
- Exhibit E: Rule 16: Certification as a Dealer
- Exhibit F: Rule 17: Limitations on Commercial paper and Corporate notes.
- Exhibit G: Sample Allocation of Interest Report
- Exhibit H: Sample State required Report
- Exhibit I: Notification of Investment Policy Certification by the Association of Public Treasurers of the United States and Canada
- Exhibit J: Sample Investment Fund Report

Exhibit A

51-7-11. Authorized deposits or investments of public funds.

- (1) (a) Except as provided in Subsection (1)(b), a public treasurer may conduct investment transactions only through qualified depositories, certified dealers, or directly with issuers of the investment securities.
(b) A public treasurer may, in furtherance of his duties, designate a certified investment adviser to make trades on behalf of the public treasurer.

- (2) The remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested.

- (3) Except as provided in Subsection (4), all public funds, may be deposited or invested only in the following assets that meet the criteria of Section 51-7-17:
 - (a) negotiable or nonnegotiable deposits of qualified depositories;
 - (b) qualifying or non-qualifying repurchase agreements and reverse repurchase agreements with qualified depositories using collateral consisting of:
 - (i) Government National Mortgage Association mortgage pools;
 - (ii) Federal Home Loan Mortgage Corporation mortgage pools;
 - (iii) Federal National Mortgage Corporation mortgage pools;
 - (iv) Small Business Administration loan pools;
 - (v) Federal Agriculture Mortgage Corporation pools; or
 - (vi) other investments authorized by this section
 - (c) qualifying repurchase agreements and reverse repurchase agreements with certified dealers, permitted depositories, or qualified depositories using collateral consisting of:
 - (i) Government National Mortgage Association mortgage pools;
 - (ii) Federal Home Loan Mortgage Corporation mortgage Pools;
 - (iii) Federal National Mortgage Corporation mortgage pools;
 - (iv) Small Business Administration loan pools; or
 - (v) other investments authorized by this section:
 - (d) commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Service or Standard and Poor's, which has a remaining term to maturity of:
 - (i) 270 days or less for paper issued under 15 U.S.C. Sec 77c(a)(3); or
 - (ii) 365 days or less for paper issued under 15 U.S.C. Sec 77d(2);
 - (e) bankers' acceptances that:
 - (i) are eligible for discount at a Federal Reserve Bank; and
 - (ii) have a remaining term to maturity of 270 days or less;
 - (f) fixed rate negotiable deposits issued by a permitted depository that have a remaining term to maturity of 365 days or less;
 - (g) obligations of the United States Treasury, including United State Treasury bills, United States Treasury notes, and United State Treasury bonds;

- (h) obligations other than mortgage pools and other mortgage derivative products issued by, or fully guaranteed as to principal and interest by, the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer, unless the agency or instrumentality has become private and is no longer considered to be a government entity:
 - (i) Federal Farm Credit banks;
 - (ii) Federal Home Loan banks;
 - (iii) Federal National Mortgage Association;
 - (iv) Federal Home Loan Mortgage Corporation;
 - (v) Federal Agriculture Mortgage Corporation; and
 - (vi) Tennessee Valley Authority;
- (i) fixed rate corporate obligations that:
 - (i) are rated "A" or higher or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations one of which must be Moody's Investors Service, or Standard and Poor's;
 - (ii) are senior unsecured obligations of the issuer;
 - (iii) are publicly traded;
 - (iv) and have a remaining term to final maturity of 365 days or less or is subject to a hard put at par value or better, within 365 days;
- (j) tax anticipation and general obligation bonds of the state or of any county, incorporated city or town, school district, or other political subdivision of this state, including bonds offered on a when-issued basis without regard to the limitation in Subsection (7);
- (k) bonds, notes, or other evidence of indebtedness of any county, incorporated city or town, school district, or other political subdivision of the state that are payable from assessments or from revenues or earnings specifically pledged for payment of the principal and interest on these obligations, including bonds offered on a when-issued basis without regard to the limitation in Subsection (7);
- (l) shares or certificates in a money market mutual fund as defined in Section 51-7-3.
- (m) variable rate negotiable deposits that:
 - (i) are issued by a qualified depository or a permitted depository;
 - (ii) are repriced at least semiannually; and
 - (iii) have a remaining term to final maturity not to exceed two years; and
- (n) variable rate securities that:
 - (i) (A) are rated "A" or higher or the equivalent of "A" or higher by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's;
 - (B) are senior unsecured obligations of the issuer;
 - (C) are publicly traded;
 - (D) are repriced at least semiannually; and
 - (E) have a remaining term to final maturity not to exceed two years; or are subject to a hard put at par value or better, within 365 days; and
 - (ii) are not mortgages, mortgage-backed securities, mortgage derivative products, or any security making unscheduled periodic principal payments other than optional redemptions.

- (4) The following public funds are exempt from the requirements of Subsection (3):
- (a) the Employers' Reinsurance Fund created in Section 34A-3-702;
 - (b) the Uninsured Employers' Fund created in Section 34A-3-704; and
 - (c) a local government other post-employment benefits trust fund under Section 51-7-12.2.
- (5) If any of the deposits authorized by subsection (3)(a) are negotiable or nonnegotiable large time deposits issued in amounts of \$100,000 or more, the interest shall be calculated on the basis of the actual number of days divided by 360 days.
- (6) A public treasurer may maintain fully-insured deposits in demand accounts in a federally-insured nonqualified depository only if a qualified depository is not reasonably convenient to the entity's geographic location.
- (7) The public treasurer shall ensure that all purchases and sales of securities are settled within;
- (a) 15 days of the trade date for outstanding issues; and
 - (b) 30 days on new issues.

Exhibit B

51-7-15. Bonds of state treasurer and other public treasurers-Reports to council.

- (1) (a) The state treasurer, county, city, and town treasurers, the clerk or treasurer or each school district, and any other public treasurers that the council designates by rule shall be bonded in an amount of not less than that established by the council.
(b) The council shall base the minimum bond amount on the amount of public funds normally in the treasurer's possession or control.
- (2) (a) When a public treasurer deposits or invests public funds as authorized by this chapter, he and his bondsmen are not liable for any loss of public funds invested or deposited unless the loss is caused by the malfeasance of the treasurer or of any of any member of his staff.
(b) A public treasurer and his bondsmen are liable for any loss for any reason from deposits or investments not made in conformity with this chapter and the rules of the council.
- (3) (a) Each public treasurer shall file a written report with the council on or before January 31 and July 31 of each year.
(b) The report shall contain:
 - (i) the information about the deposits and investments of that treasurer during the preceding six months ending December 31 and June 30, respectively, that the Council requires by rule; and
 - (ii) information detailing the nature and extent of interest rate contracts permitted by Subsection 51-7-17(2).
(c) The public treasurer shall make copies of the report available to the public at his offices during normal business hours.

Exhibit C

RULE 10 Rating Requirements to be a Permitted Depository.

1. Purpose:

This rule establishes a uniform standard for public treasurers to evaluate the financial condition of Permitted depository institutions to determine if acceptance of Utah public funds by those institutions would expose public treasurers to undue risk. The criteria is applicable to all Permitted Depository institutions to determine if they are eligible to accept deposits of Utah public funds. The criteria established by this rule is designed to be flexible enough to ensure that public treasurers will be able to receive competitive market rates on deposits placed outside this state while maintaining sufficient protection from loss.

2. Authority:

This rule is issued pursuant to Sections 51-7-17(4) and 51-7-18.(2)(b)(iv).

3. Definitions:

The terms used in this rule are defined in Section 51-7-3.

4. Rating requirements for permitted depositories.

(1) The Permitted depository must meet the following criteria to accept deposits from Utah public entities:

- (a) the depository must be federally insured;
- (b) the total assets of the Permitted depository must equal \$5 billion or more as of December 31 of the preceding year, and;
- (c) fixed rate negotiable deposits which meet the criteria of Section 51-7-11(3)(f) must, at the time of investment, have the equivalent of an "A" or better short term rating by at least two NRSRO's, one of which must be Moody's Investors Service or Standard And Poor's, or;
- (d) variable rate negotiable deposits which meet the criteria of Section 51-7-11(3)(m) must, at the time of investment, have the equivalent of an "A" or better, long term rating, by at least two NRSRO's, one of which must be Moody's Investors Service or Standard and Poor's.

(2) Permitted depository institutions whose ratings drop below the minimum ratings established in R628-10-4(1) above, are no longer be eligible to accept new deposits of Utah public funds. Outstanding deposits may be held to maturity, but may not be renewed and no additional deposits may be made by any public treasurer.

5. Restrictions on concentration of deposits in any one out-of-state depository institution:

The maximum amount of any public treasurer's portfolio which can be invested in any one Permitted depository institution shall be as follows:

- 1. Portfolios of \$10,000,000 or less may not invest more than 10% of the total portfolio with a single issuer.
- 2. Portfolios greater than \$10,000,000 but less than \$20,000,000 may not invest more than \$1,000,000 in a single issuer.
- 3. Portfolios of \$20,000,000 or more may not invest more than 5% of the total portfolio with a single issuer.

The amount or percentages used in determining the amount of Permitted deposits a treasurer may purchase, shall be determined by the book value of the portfolio at the time of purchase.

Exhibit D

Rule-15. Certification as an Investment Adviser.

1. Authority.

This rule is issued pursuant to Sections 51-7-3(3), 51-7-18(2)(b)(vi) and (vii), and 51-7-11.5.

2. Scope.

This rule establishes the criteria applicable to all investment advisers and investment adviser representatives for certification by the Director as eligible to provide advisory services to public treasurers under the State Money Management Act (the "Act"). It further establishes the application contents and procedures, and the criteria and the procedures for denial, suspension, termination and reinstatement of certification.

3. Purpose.

This rule establishes a uniform standard to evaluate the financial condition and the standing of an investment adviser to determine if investment of public funds by investment advisers would expose said public funds to undue risk.

4. Definitions.

A. The following terms are defined in Section 51-7-3 of the Act, and when used in this rule, have the same meaning as in the Act:

1. "Certified investment adviser";
2. "Council";
3. "Director";
4. "Public treasurer";
5. "Investment adviser representative"; and
6. "Certified Dealer".

B. For purposes of this rule the following terms are defined:

1. "Investment adviser" means either a federal covered adviser as defined in Section 61-1-13 or an investment adviser as defined in Section 61-1-13.
2. "Realized rate of return" means yield calculated by combining interest earned, discounts accreted and premiums amortized, plus any gains or losses realized during the month, less all fees, divided by the average daily balance during the reporting period. The realized return should then be annualized.
3. "Soft dollar" means the value of research services and other benefits, whether tangible or intangible, provided to a certified investment adviser in exchange for the certified investment adviser's business.

5. General Rule.

Before an investment adviser or investment adviser representative provides investment advisory services to any public treasurer, the investment adviser or investment adviser representative must submit and receive approval of an application to the Division, pay to the Division a non-refundable fee as described in Section 51-7-18.4(2), and become a Certified investment adviser or Investment adviser representative under the Act.

6. Criteria for Certification of an Investment Adviser.

To be certified by the Director as a Certified investment adviser or Investment adviser representative under the Act, an investment adviser or investment adviser representative shall:

A. Submit an application to the Division on Form 628-15 clearly designating:

- (1) the investment adviser;
- (2) its designated official as defined in R164-4-2 of the Division; and
- (3) any investment adviser representative who provides investment advisory services to public treasurers in the state.

B. Applicant shall provide written evidence of insurance coverage as follows:

(1) fidelity coverage based on the following schedule:

Utah Public funds under management	Percent for Bond
\$0 to \$25,000,000	10% but not less than \$1,000,000
\$25,000,001 to \$50,000,000	8% but not less than \$2,500,000
\$50,000,001 to \$100,000,000	7% but not less than \$4,000,000
\$100,000,001 to \$500,000,000	5% but not less than \$7,000,000
\$500,000,001 to \$1.250 billion	4% but not less than \$25,000,000
\$1,250,000,001 and higher	Not less than \$50,000,000

(2) errors and omissions coverage equal to five percent (5%) of Utah public funds under management, but not less than \$1,000,000 nor more than \$10,000,000 per occurrence.

C. provide to the Division at the time of application or renewal of application, its most recent annual audited financial statements prepared by an independent certified public accountant in accordance with generally accepted accounting principles in accordance with R628-15-8A.

D. Pay to the Division the non-refundable fee described in Section 51-7-18.4(2).

E. Have a current Certificate of Good Standing dated within 30 days of application from the state in which the applicant is incorporated or organized. F. Have net worth as of its most recent fiscal year-end of not less than \$150,000 documented by the financial statements audited according to subsection R628-15-6(C).

G. Allow the public treasurer to select the forum and method for dispute resolution, whether that forum be arbitration, mediation or litigation in any state or federal court. No agreement, contract, or other document that the applicant requires or intends to require to be signed by the public treasurer to establish an investment advisory relationship shall require or propose to require that any dispute between the applicant and the public treasurer must be submitted to arbitration.

H. Agree to the jurisdiction of the Courts of the State of Utah and applicability of Utah law, where relevant, for litigation of any dispute arising out of transactions between the applicant and the public treasurer.

I. All Investment adviser representatives who have any contact with a public treasurer or its account, must sign and have notarized a statement that the representative:

- (1) is familiar with the authorized investments as set forth in the Act and the rules of the Council;
- (2) is familiar with the investment objectives of the public treasurer, as set forth in Section 51-7-17(2);
- (3) acknowledges, understands, and agrees that all investment transactions conducted for the benefit of the public treasurer must fully comply with all requirements set forth in Section 51-7-7 and that the Certified investment adviser and any Investment adviser representative is prohibited from receiving custody of any public funds or investment securities at any time.

7. Certification.

- A. The initial application for certification must be received on or before the last day of the month for approval at the following month's Council meeting.
- B. All certifications shall be effective upon acceptance by the Council.
- C. All certifications not otherwise terminated shall expire on June 30 of each year, unless renewed.

8. Renewal of Application.

- A. Certified investment advisers shall apply annually, on or before April 30 of each year, for certification to be effective July 1 of each year.
- B. The application must contain all of the documents and meet all of the requirements as set forth above with respect to initial applications.
- C. The application must be accompanied by an annual certification fee as described in section 51-7-18.4(2).
- D. A Certified investment adviser whose certification has expired as of June 30 may not function as a Certified investment adviser until the investment adviser's certification is renewed.

9. Post Certification Requirements.

- A. Certified investment advisers shall notify the Division of any changes to any items or information contained in the original application within 30 calendar days of the change. The notification shall provide copies, where necessary, of relevant documents.
- B. Certified investment advisers shall maintain a current application on Form 628-15 with the Division throughout the term of any agreement or contract with any public treasurer. Federal covered advisers shall maintain registration as an investment adviser under the Investment Advisers Act of 1940 throughout the term of any agreement or contract with any public treasurer.
- C. Certified investment advisers shall provide and maintain written evidence of insurance coverage and shall maintain insurance coverage as described in R628-15-(B).
- D. Certified investment advisers shall provide to the public treasurer the SEC form ADV Part II prior to contract execution.
- E. Certified investment advisers shall file annual audited financial statements with all public treasurers with whom they are doing business.
- F. Certified investment advisers shall fully disclose all conflicts of interest and all economic interests in certified dealers and other affiliates, consultants and experts used by the Investment adviser in providing investment advisory services.
- G. Certified investment advisers shall act with the degree of care, skill, prudence, and diligence that a person having special skills or expertise acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- H. Certified investment advisers shall exercise good faith in allocating transactions to certified dealers in the best interest of the account and in overseeing the completion of transactions and performance of certified dealers used by the Investment adviser in connection with investment advisory services.
- I. Certified investment advisers shall fully disclose to the public treasurer any self-dealing with subsidiaries, affiliates or partners of the Investment adviser and any soft dollar benefits to the Investment adviser for transactions placed on behalf of the public treasurer.

J. Certified investment advisers shall fully and completely disclose to all public treasurers with whom they do business the basis for calculation of fees, whether and how fees may be adjusted during the term of any agreement, and any other costs chargeable to the account. If performance-based fees are proposed, the disclosure shall include a clear explanation of the amount of the fee at specific levels of performance and how prior losses are handled in calculation of the performance-based fee.

K. Certified investment advisers shall not assign any contract or agreement with a public treasurer without the written consent of the public treasurer.

L. Certified investment advisers shall provide immediate written notification to any public treasurer to whom advisory services are provided and to the Division upon conviction of any crime involving breach of trust or fiduciary duty or securities law violations.

M. Not less than once each calendar quarter and as often as requested by the public treasurer, Certified investment advisers shall timely deliver to the public treasurer:

- (1) copies of all trade confirmations for transactions in the account;
- (2) a summary of all transactions completed during the reporting period;
- (3) a listing of all securities in the portfolio at the end of each reporting period, the market value and cost of each security, and the credit rating of each security;
- (4) performance reports for each reporting period showing the total return on the portfolio as well as the realized rate of return, when applicable, and the net return after calculation of all fees and charges permitted by the agreement; and
- (5) a statistical analysis showing the portfolio's weighted average maturity and duration, if applicable, as of the end of each reporting period.

10. Notification of Certification.

The Director shall provide a list of Certified investment advisers and Investment adviser representatives to the Council at least semiannually. The Council shall mail this list to each public treasurer.

11. Grounds for Denial, Suspension or Termination of Status as a Certified investment adviser.

Any of the following constitutes grounds for denial, suspension, or termination of status as a Certified investment adviser:

- A. Denial, suspension or termination of the Certified investment adviser's license by the Division.
- B. Failure to maintain a license with the Division by the firm or any of its Investment adviser representatives conducting investment transactions with a public treasurer.
- C. Failure to maintain the required minimum net worth and the required bond.
- D. Requiring the public treasurer to sign any documents, contracts, or agreements which require that disputes be submitted to mandatory arbitration.
- E. Failure to pay the annual certification fee.
- F. Making any false statement or filing any false report with the Division.
- G. Failure to comply with any requirement of section R628-15-9.
- H. Engaging in any material act in negligent or willful violation of the Act or Rules of the Council.
- I. Failure to respond to requests for information from the Division or the Council within 15 days after receipt of a request for information.
- J. Engaging in a dishonest or unethical practice. "Dishonest or unethical practice" includes but

is not limited to those acts and practices enumerated in Rule R164- 6-1g.

K. Being the subject of:

(1) an adjudication or determination, within the past five years by a securities or commodities agency or administrator of another state, Canadian province or territory, or a court of competent jurisdiction that the person has willfully violated the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or the securities or commodities law of any other state; or

(2) an order entered within the past five years by the securities administrator of any state or Canadian province or territory or by the Securities and Exchange Commission denying or revoking license as an investment adviser, or investment adviser representative or the substantial equivalent of those terms or is the subject of an order of the Securities and Exchange Commission suspending or expelling the person from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934, or is the subject of a United States post office fraud order.

12. Procedures for Denial, Suspension, or Termination and Reinstatement of Status.

A. Where it appears to the Division or to the Council that grounds may exist to deny, suspend, or terminate status as a Certified investment adviser, the Council shall proceed under the Utah Administrative Procedures Act, Title 63G Chapter 4 ("UAPA").

B. All proceedings to suspend a Certified investment adviser or to terminate status as a certified investment adviser are designated as informal proceedings under ("UAPA").

C. In any hearings held, the Chair of the Council shall be the presiding officer, and that person may act as the hearing officer, or may designate another person from the Council or the Division to be the hearing officer. After the close of the hearing, other members of the Council may make recommendations to the hearing officer.

D. The Notice of Agency Action as set forth under UAPA, or any petition filed in connection with it, shall include a statement of the grounds for suspension or termination, and the remedies required to cure the violation.

E. A Certified investment adviser and its Investment adviser representative who has received a Notice of Agency Action alleging violations of the Act or these rules, may continue, in the discretion of the public treasurer, to conduct investment transactions with the public treasurer until the violations asserted by the Money Management Council in the Notice of Agency Action becomes subject to a written order of the Council or Agency against the adviser or adviser representative, or until the Council enters an emergency order indicating that public funds will be jeopardized by continuing investment transactions with the adviser or adviser representative.

F. The Council may issue an emergency order to cease and desist operations or specified actions with respect to public treasurers or public funds. Further, the Council may issue an emergency suspension of certification if the Council determines that public funds will be jeopardized by continuing investment transactions or other specified actions with the adviser or adviser representative.

G. Within ten business days after the conclusion of a hearing on an emergency order, the Council shall lift this prohibition upon a finding that the Certified investment adviser and its investment adviser representative may maintain certification.

EXHIBIT E

RULE 16: Certification as a Dealer

1. Authority:

This rule is issued pursuant to Sections 51-7-3(1) and 51-7-18.

2. Scope:

This rule establishes the criteria applicable to all broker-dealers and agents for certification by the Director of the Securities Division of the Department of Commerce (the "Director") as eligible to conduct investment transactions under the State Money Management Act. It further establishes the application contents and procedures, and the procedures for termination and reinstatement of certification.

3. Purpose:

This rule establishes a uniform standard to evaluate the financial condition and the standing of a broker-dealer to determine if investment transactions with public treasurers by such broker-dealers would expose public funds to undue risk.

4. Definitions:

The following terms are defined in Section 51-7-3 of the State Money Management Act, and when used in this rule, have the same meaning as in the Act:

- A. "Certified dealer";
- B. "Council";
- C. "Director"; and
- D. "Public treasurer"

The following terms are defined in Section 61-1-13 of the Utah Uniform Securities Act, and when used in this rule, have the same meaning as in that Act:

- A. "Agent".

5. General Rule:

No public treasurer may conduct any investment transaction through a broker-dealer or any agent representing such broker-dealer unless such broker-dealer has been certified by the Director as eligible to conduct investment transactions with public treasurers.

6. Application to Become a Certified Dealer

A. Any broker-dealer wishing to become a certified dealer under the State Money Management Act must submit an application to the Utah Securities Division.

B. The application must include:

1. Primary Reporting Dealers: Proof of status as a primary reporting dealer, including proof of recognition by the Federal Reserve Bank as such, if applicant is a primary reporting dealer.

2. Office Address: The address of the applicant's principal office. Broker-dealers who are not primary reporting dealers must have and maintain an office and a resident principal in Utah; the application shall include the address of the Utah office and the identity of the resident principal.

3. Broker-Dealer Registration: Proof of registration with the Division under its laws and rules, effective as of date of the application, of the following: (a) the broker-dealer; (b) its resident principal (if one is required); and (c) any agents of a firm doing business in the state.

4. Corporate Authority: A Certificate of Good Standing, obtained from the state in which the applicant is incorporated. An applicant who is a foreign corporation also must submit a copy of its Certificate of Authority to do business in Utah, obtained

from the Corporations Division of the Department of Commerce (hereinafter the "Corporations Division").

5. Financial Statements: With respect to applicants who are not primary reporting dealers, financial statements, prepared by an independent certified public accountant in accordance with generally accepted accounting principles, indicating that the applicant has, as of its most recent fiscal year end:

(a) Net Capital: Minimum net capital, as calculated under rule 15c3-1 of the General Rules and Regulations under the Securities and Exchange Act of 1934 (the Uniform Net Capital Rule), of at least five percent (5%) of the applicant's aggregate debt balances, as defined in the rule, and;

(b) Total Capital: Total capital as follows: (i) of at least \$10 million or; (ii) of at least \$25 million, calculated on a consolidated basis, with respect to an applicant which is a wholly-owned subsidiary.

6. Government Securities Act Registration: Proof of the firm's registration under the Government Securities Act of 1986 (100, Stat 3208).

7. Account Documents: Copies of all agreements, contracts, or other documents that the applicant requires or intends to require to be signed by the public treasurer to open or maintain an account. Such documents must meet the following requirements:

(a) The Director shall not certify any applicant who requires, or proposes to require, that any dispute arising out of transactions between the applicant and the public treasurer must be submitted to arbitration. The applicant must provide copies of agreements signed or to be signed, which allow the public treasurer to select the forum for dispute resolution, whether that forum be arbitration mediation or litigation in any state or federal court.

(b) Any such customer agreement shall provide that suit may be litigated in a Utah court, and that Utah law shall apply in settling disputes, where relevant.

8. Knowledge of Money Management Act: A notarized statement, signed by a principal and by any agent who has any contact with a public treasurer or its account, that the agent is familiar with the authorized investments as enumerated in Section 51-7-11(3) and the rules of the Council, and with the investment objectives of the public treasurer, as set forth in Section 51-7-17(1).

9. Fee: A non-refundable fee as described in Section 51-7- 18.3(2), payable to the Division.

7. Certification

A. Initial Certification: The initial application for certification must be received on or before the last day of the month for approval at the following month's council meeting.

B. Date of Effectiveness: All certifications shall be effective upon approval by the council.

C. Expiration; Renewal: All certifications not otherwise terminated shall expire on June 30 of each year, unless renewed. Renewal applications must be received on or before April 30 of each year.

8. Renewal of Application

A. Certified dealers wishing to retain their status as certified dealers must reapply annually, on or before April 30 of each year, for recertification to be effective July 1 of each year.

B. The renewal application must contain all of the documents and meet all of the requirements as set forth above with respect to initial applications.

C. The renewal application must be accompanied by an annual renewal fee as described in

section 51-7-18.3(2).

9. Post Certification Requirements:

Certified dealers are required to notify the Division of any changes to any items or information contained in the original application within 20 calendar days of the change. Such notification shall provide copies, where necessary, of relevant documents.

10. Notification of Certification:

The Director shall provide a list of certified broker-dealers and agents to the Money Management Council at least semiannually. The Council shall mail this list to each public treasurer.

11. Grounds for Suspension or Termination of Status as a Certified Dealer:

Any of the following constitutes grounds for suspension or termination of status as a certified dealer:

- A. Termination of the dealer's status as a primary reporting dealer if the dealer gained certification as a primary reporting dealer.
- B. Denial, suspension or revocation of the dealer's registration under the Government Securities Act, or by the Division, or by any other state's securities agency.
- C. Failure to maintain a principal office operated by a resident registered principal in this state, if applicable.
- D. Failure to maintain registration with the Utah Securities Division by the firm or any of its agents having any contact with a public treasurer.
- E. Failure to remain in good standing in Utah with the Corporations Division, or to maintain a certificate of authority, as applicable.
- F. Failure to submit within 10 day of the due date the required financial statements, or failure to maintain the required minimum net capital and total capital.
- G. Requiring the public treasurer to sign any documents, contracts, or agreements which require that disputes be submitted to mandatory arbitration.
- H. The sale, offer to sell, or any solicitation of a public treasurer by an agent or by a resident principal, where applicable, who is not certified.
- I. Failure to pay the annual renewal fee.
- J. Making any false statement or filing any false report with the Division.
- K. Failure to file amended reports as required in section R628-16-9.
- L. The sale, offer to sell, or any solicitation of a public treasurer, by the certified dealer or any of its employees or agents, of any instrument or in any manner not authorized by the Money Management Act or rules of the Council.
- M. Failure to respond to requests for information from the Division or the Council within 15 days after receipt of a request for information.
- N. Failure to maintain registration under the federal Government Securities Act.
- O. Engaging in a dishonest or unethical practice in connection with any investment transaction with a public treasurer. "Dishonest or unethical practice" includes, but is not limited to, those acts and practices enumerated in Rule 164-6-1g, which is incorporated herein.

12. Procedures for Suspension or Termination and Reinstatement of Status

- A. Where it appears to the Division or to the Council that grounds may exist to suspend a certified dealer or terminate status as a certified dealer, the Council shall proceed under the Utah Administrative Procedures Act, Title 63G Chapter 4 of the Utah Code.
- B. All proceedings to suspend a certified dealer or to terminate status as a certified dealer are hereby designated as informal proceedings under the Utah Administrative Procedures Act.
- C. In any hearings held, the Chair of the Council shall be the presiding officer, and that person may act as the hearing officer, or may designate another person from the Council or the Division to be the hearing officer. At the election of the presiding officer, other members of the Council may issue recommendations to the hearing officer after the close of the hearing.
- D. The Notice of Agency Action, or any petition filed in connection with it, required under the Utah Administrative Procedures Act, shall include a statement of the grounds for termination, and the remedies required to cure the violation.
- E. After the date of service of the Notice of Agency Action, the certified dealer and its agents shall not conduct any investment transaction with any public treasurer if so ordered by the Money Management Council. The order issued by the hearing officer at the conclusion of the proceedings shall lift this prohibition if the order allows the certified dealer to keep its status as a certified dealer.

EXHIBIT F

Rule 17: Limitations on Commercial paper and Corporate notes

1. Authority:

This rule is issued pursuant to Section 51-7-18(2)(b).

2. Scope:

This rule establishes limits on the dollar amount of public funds that a public treasurer may invest in commercial paper or corporate obligations of a single issuer.

3. Purpose:

The purpose of this rule is to provide guidelines for treasurers when investing public funds in commercial paper or corporate obligations. The guidelines established by this rule are designed to be flexible enough to allow public treasurers to receive competitive market rates on funds placed in these types of investment instruments while maintaining sufficient protection from loss.

3. Definitions: For the purpose of this rule:

Commercial paper means: an unsecured promissory note that matures on a specific date, and is issued by industrial, utility, and finance companies. The commercial paper must meet the criteria for investment as described in section 51-7-11(3).

Corporate obligation means: A secured or unsecured note with original term to maturity ranging from nine months to thirty years that is issued by an industrial, utility or finance company. The corporate obligation must meet the criteria for investment as described in section 51-7-11(3).

4. General Rule: The maximum amount of any public treasurer's portfolio which can be invested in a single issuer of commercial paper and corporate obligations shall be as follows:

1. Portfolios of \$10,000,000 or less may not invest more than 10% of the total portfolio with a single issuer.

2. Portfolios greater than \$10,000,000 but less than \$20,000,000 may not invest more than \$1,000,000 in a single issuer.

3. Portfolios of \$20,000,000 or more may not invest more than 5% of the total portfolio with a single issuer.

The amount or percentages used in determining the amount of commercial paper and or corporate obligations a treasurer may purchase, shall be determined by the book value of the portfolio at the time of purchase.

Example G

City of Bountiful Advance to Investment Fund (Allocation of Interest) March 31, 2011													
Fund Name	Fund Number	01/31/11	02/28/11	03/31/11	Fiscal Yr. Monthly Average	Interest Y-T-D	Current Month Allocation	Interest 06/30/11	Line Item Interest at 6/30/11	Fiscal Year 2010-2011 Budget	Projected Over (Under) Budget	Fund Over (Under) at 6/30/2011	Interest Account
General Operating	10-1431-0000	2,953,520.75	3,299,828.69	3,537,514.45	2,205,367.29	7,431.24	1,113.34	9,710.15	9,710.15	15,000.00	(5,289.85)	(5,289.85)	10-3610-0000
E 911	10-1431-1600				0.00	0.00	0.00	0.00	0.00		0.00		10-3610-5500
Debt Service	30-1431-0000	32,001.26	25,283.81	208,157.45	63,482.20	254.34	32.05	332.34	332.34	1,500.00	(1,167.66)	(1,167.66)	30-3610-0000
MBA	44-1431-0000	347,979.50	348,138.62	348,285.94	342,350.55	1,555.78	172.83	2,032.89	2,032.89	7,500.00	(5,467.11)	(5,467.11)	44-3610-0000
Cap. Imp. Operating	45-1431-0000	29,710,007.77	29,941,578.83	30,218,389.35	29,406,216.58	131,389.14	14,845.17	171,681.81	171,681.81	115,000.00	56,681.81	56,681.81	45-3610-0000
Cap. Imp. R/R	45-1431-1400				0.00	0.00	0.00	0.00					
Recycling	48-1431-0000	21,014.15	19,811.18	24,508.05	19,838.12	87.93	10.01	114.90	114.90	0.00	114.90	(1,060.16)	48-3610-0000
Storm Water	49-1431-0000	728,212.39	691,643.71	740,639.50	775,517.01	3,706.73	391.51	4,843.46	6,024.95	7,200.00	(1,175.05)	(1,175.05)	49-3610-0000
Storm Water R/R	49-1431-1400	207,835.36	209,880.56	211,918.98	203,731.26	904.20	102.85	1,181.49					
Water- Operating	51-1431-0000	948,624.00	960,041.40	1,024,738.09	963,231.49	4,364.52	486.27	5,702.97	5,702.97	7,500.00	(1,797.03)	(1,797.03)	51-3610-0000
Water- Expansion	51-1431-1310	1,284,354.29	1,284,953.26	1,285,506.45	1,283,049.06	5,811.13	647.72	7,593.21	7,593.21	6,400.00	1,193.21	1,193.21	51-3610-1008
Water- Rplcmt Rsrsv	51-1431-1400	888,791.23	891,252.86	893,683.47	883,797.56	3,983.41	446.17	5,204.99	5,204.99	4,200.00	1,004.99	1,004.99	51-3610-1009
L & P Operating	53-1431-0000	5,829,387.44	7,105,585.61	12,213,782.78	6,675,666.29	25,838.81	3,370.08	33,762.71	33,762.71	19,568.00	14,194.71	33,734.71	53-3610-1000
L & P Emer. Equip.	53-1431-1360				0.00	1,686.41	0.00	2,203.58	2,203.58	7,188.00	(4,984.42)		53-3610-1003
Future Power	53-1431-1362				0.00	4,382.13	0.00	5,725.98	5,725.98	6,758.00	(1,032.02)		53-3610-1004
L & P Rate Stabiliz.	53-1431-1363	5,012,531.99	5,014,870.20	5,017,029.79	5,009,017.06	19,558.50	2,528.71	25,556.44	25,556.44	0.00	25,556.44		53-3610-1010
Golf Operating	55-1431-0000	226,587.57	129,324.26	34,813.65	306,144.15	1,616.78	154.55	2,112.59	9,467.11	14,500.00	(5,032.89)	(5,032.89)	55-3610-0000
Golf Expansion	55-1431-1310				0.00	0.00	0.00	0.00					
Golf R/R	55-1431-1400	1,295,554.04	1,308,734.87	1,321,873.59	1,269,107.74	5,628.46	640.69	7,354.52					
BSL Operating	57-1431-0000	4,710,495.98	4,752,239.17	4,817,451.23	4,775,507.41	21,948.18	2,410.82	28,678.96	50,707.16	70,000.00	(19,292.84)	(19,292.84)	57-3610-0000
BSL R/R	57-1431-1400	3,558,952.84	3,519,891.43	3,480,690.02	3,636,701.89	16,858.32	1,835.92	22,028.20					
Sanitation Operating	58-1431-0000	766,168.46	793,039.81	841,788.65	870,573.54	4,073.19	439.49	5,322.30	7,792.50	11,000.00	(3,207.50)	(3,207.50)	58-3610-0000
Sanitation R/R	58-1431-1400	391,717.91	385,534.75	379,335.58	404,039.55	1,890.46	203.97	2,470.20					
Cemetery Operating	59-1431-0000	921,444.25	938,796.99	948,056.01	947,566.40	4,346.31	478.36	5,679.18	6,399.77	8,900.00	(2,500.23)	(2,500.23)	59-3610-0000
Cemetery R/R	59-1431-1400	121,885.86	121,942.70	121,995.20	121,762.00	551.47	61.47	720.59					
Cptr Maint - Oper.	61-1431-0000	500.00	483.53	500.00	174.42	0.19	0.09	0.25	339.55	445.00	(105.45)	(105.45)	61-3610-0000
Cptr Maint - R/R	61-1431-1400	13,090.86	13,103.30	8,593.31	23,133.23	172.75	11.68	225.73					
Cptr Maint - Software	61-1431-1500	22,676.31	22,685.73	19,904.56	20,413.94	86.92	10.31	113.58					
Liability Ins. Oper.	63-1431-0000	3,510,854.44	3,497,734.65	3,476,933.26	3,551,156.72	16,271.36	1,792.73	21,261.24	21,261.24	18,361.00	2,900.24	2,900.24	63-3610-0000
Workers Comp. Oper.	64-1431-0000	1,346,705.75	1,342,733.53	1,330,445.73	1,365,756.51	6,262.69	689.48	8,183.25	8,183.25	7,000.00	1,183.25	1,183.25	64-3610-0000
Revolving Loan Fund	72-1431-0000	19,451.47	89,157.08	130,189.69	157,455.39	1,277.92	79.49	1,669.82	1,669.82	25,000.00	(23,330.18)	(23,330.18)	72-3610-0000
RDA Oper Fund	73-1431-0000	3,365,962.04	3,361,762.97	3,101,566.68	3,284,827.98	15,311.55	1,658.28	20,007.09	20,007.09	40,000.00	(19,992.91)	(19,992.91)	73-3610-0000
Cemetery Perp. Care	74-1431-0000	1,412,233.23	1,415,458.83	1,418,164.81	1,406,597.78	6,350.31	710.09	8,297.74	8,297.74	0.00	8,297.74	8,297.74	74-3610-0000
Employee Benefits	75-1431-0000	44,934.72	44,295.77	42,012.29	53,553.41	264.93	27.04	346.18	346.18	0.00	346.18	346.18	75-3610-0000
RAP Tax Fund	83-1431-0000	99,399.73	110,632.43	102,475.39	95,525.56	414.14	48.22	541.14	541.14	0.00	541.14	541.14	83-3610-0000
Subtotal		69,792,875.59	71,640,420.53	77,300,943.95	70,121,262.09	314,280.20	35,399.39	410,659.46	410,659.46	393,020.00	17,639.46	16,464.41	
Landfill Escrow	57-1161-5700	2,030,059.70	2,030,900.81	2,031,664.20	2,028,266.98	8,025.29	892.64	10,486.38	10,486.38				
Landfill Closure	78-1161-3000	790,147.18	790,474.56	790,771.69	789,449.41	3,123.63	347.44	4,081.54	4,081.54				
Total		72,613,082.47	74,461,795.90	80,123,379.84	72,938,978.48	325,429.12	36,639.47	425,227.38	425,227.38	393,020.00	17,639.46	16,464.41	
								City					
								30-Day Comm. Paper	3-Month T-Bill	1-Year T-Bill	State Pool		
						YTD Average:	0.59%	0.20%	0.14%	0.27%	0.52%		

Example H

City of Bountiful Deposits and Investments 03/31/11									
	Account or Security Class	Coupon	Yield	Purchase Date	Maturity Date	Par Value/ Principal	Book Value/ Cost	Safekeeping Location	Fund Assigned To
Bank of Utah (Acct #xxxx9300)	CD	1.05%	1.05%	04/01/10	04/01/11	0.00	0.00	City Treasurer	Investment (All Funds)
Bank of Utah (Acct #xxxx4838)	CD	0.75%	0.75%	11/06/10	11/06/11	1,041,359.93	1,041,359.93	City Treasurer	Investment (All Funds)
Wells Fargo (Acct #xxxxxx2524)	Checking	N/A	N/A	N/A	N/A	415,106.47	415,106.47	Wells Fargo	Investment (All Funds)
Key Bank (Acct #xxxxxxx1136)	Checking	N/A	N/A	N/A	N/A	23,706.86	23,706.86	Key Bank	Investment (All Funds)
Chase Bank (Acct#xxxxx5113)	Checking	0.00%	N/A	N/A	N/A	2,442,097.17	2,442,097.17	Chase Bank	Investment (All Funds)
Chase Bank (Acct#xxxxx5121)	Checking	N/A	N/A	N/A	N/A	0.00	0.00	Chase Bank	Investment (All Funds)
Chase Bank (Acct#xxxxx6520)	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	Chase Bank	Investment (All Funds)
Zions Bank (Acct #xxx5506)	Savings/CMMA	0.51%	0.51%	N/A	N/A	157,057.82	157,057.82	Zions Bank	Mun. Bldg. Auth.-Bond
Zions Bank (Acct #xxx5507)	Savings/CMMA	0.51%	0.51%	N/A	N/A	171,283.27	171,283.27	Zions Bank	Mun. Bldg. Auth.-Reserve
Zions Bank (Acct #xxx2402)	Savings/CMMA	0.51%	0.51%	N/A	N/A	517,342.24	517,342.24	Zions Bank	Liability Insur. Reserve
USbank (Acct # xxx7700) MBA Bond	Savings/CMMA	0.51%	0.51%	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Bond
USbank (Acct # xxx7701) MBA Reserve	Savings/CMMA	0.51%	0.51%	N/A	N/A	379,954.54	379,954.54	USbank	Mun. Bldg. Auth.-Reserve
USbank (Acct #xxx7702) MBA Rep/Repl	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Rep/Repla
USbank (Acct # xxx7703) MBA Resv Inst	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Resv Inst
USbank (Acct # xxx7704) MBA Construction	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Construct
USbank (Acct # xxx7705) MBA COI	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-COI
USbank (Acct # xxx5000) Spec Assmnt Bond	Savings/CMMA	0.51%	0.51%	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Bond
USbank (Acct # xxx5001) Spec Assmnt Reserve	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Reserve
USbank (Acct # xxx5002) Spec Assmnt Construction	Savings/CMMA	N/A	N/A	N/A	N/A	0.00	0.00	USbank	Mun. Bldg. Auth.-Reserve
USbank (Acct # xxx1000) Elec Rev Bond Fund	Savings/CMMA	0.51%	0.51%	N/A	N/A	425,540.60	425,540.60	USbank	Elec Rev Bond -Reserve
USbank (Acct # xxx1001) Elec Rev Bond Reserve	Savings/CMMA	0.51%	0.51%	N/A	N/A	1,288,379.25	1,288,379.25	USbank	Elec Rev Bond -Reserve
USbank (Acct # xxx1002) Elec Rev Bond Construction	Savings/CMMA	0.51%	0.51%	N/A	N/A	12,819,045.57	12,819,045.57	USbank	Elec Rev Bond -Reserve
USbank (Acct # xxx1003) Elec Rev Bond C.O.I.	Savings/CMMA	0.20%	0.20%	N/A	N/A	0.00	0.00	USbank	Elec Rev Bond -Reserve
ICMARC(Acct# # xxx3078) OPEB	Money Market	N/A	N/A	N/A	N/A	1,454,573.76	1,454,573.76	ICMARC	OPEB
Public Treas. Inv. Fd. (City of Bountiful #xx23)	State Pool	0.51%	0.51%	N/A	N/A	45,713,972.19	45,713,972.19	Utah State Treasurer	Investment (All Funds)
Public Treas. Inv. Fd. (Landfill Escrow #xx73)	State Pool	0.51%	0.51%	N/A	N/A	2,032,556.84	2,032,556.84	Utah State Treasurer	Landfill Escrow
Public Treas. Inv. Fd. (Landfill Closure #xx29)	State Pool	0.51%	0.51%	N/A	N/A	791,119.13	791,119.13	Utah State Treasurer	Landfill Closure
Public Treas. Inv. Fd. (Investment Trades xx43)	State Pool	0.51%	0.51%	N/A	N/A	8,837,994.28	8,837,994.28	Utah State Treasurer	Landfill Closure
Merrill Lynch and Co	Corporate Note	0.29%	1.44%	10/21/10	06/05/12	2,000,000.00	1,970,360.00	Wells Fargo	Investment (All Funds)
Suntrust Bank	Corporate Note	6.38%	1.15%	11/20/09	04/01/11	1,500,000.00	1,574,415.00	Wells Fargo	Investment (All Funds)
Morgan Stanley	Corporate Note	0.55%	1.00%	11/20/09	01/09/12	1,000,000.00	992,175.00	Wells Fargo	Investment (All Funds)
CountryWide Financial	Corporate Note	0.73%	1.17%	01/19/11	05/07/12	2,000,000.00	1,984,322.19	Wells Fargo	Investment (All Funds)
Citigroup inc	Corporate Note	1.16%	1.16%	02/23/11	02/15/13	2,000,000.00	2,005,960.00	Wells Fargo	Investment (All Funds)
GE Cap Corp	Corporate Note	0.41%	1.21%	05/25/10	04/10/12	2,000,000.00	1,974,266.00	Wells Fargo	Investment (All Funds)
ING Bank	Corporate Note	1.36%	1.16%	03/22/11	03/15/13	2,000,000.00	2,007,970.00	Wells Fargo	Investment (All Funds)
Totals						91,011,089.92	91,020,558.11		
Prepared By:									
Mark O. McRae, City Treasurer									



ASSOCIATION OF PUBLIC TREASURERS
UNITED STATES & CANADA

October 17, 2002

Mr. Mark McRae
Treasurer
City of Bountiful
790 South 100 East
Bountiful, UT 84010

Dear Mr. McRae:

The Association of Public Treasurers of the United States and Canada is pleased to present the City of Bountiful, Utah with the Association's Investment Policy Certification. Members of the Association's Investment Policy Certification Committee congratulate your government for its success in developing a comprehensive written investment policy that meets the criteria set forth by the Association's Investment Policy Certification Committee.

Our review of your investment policy is limited to the documentation submitted. The Certification is not a guarantee against loss due to economic and market conditions or human behavior. Governments are welcome to submit their investment policies for review on an annual basis. However, the Investment Policy Certification Committee recommends that a certified government submit its investment policy once every three years or sooner if major revisions are made to the existing policy.

The Association's Investment Policy Certification Committee Chairman, Ernie O'Dell, will be presenting the Investment Policy Certification plaque to all recipients at the Association's 2003 Annual Conference, August 10 - August 13. Your government will be recognized during the Awards Luncheon on Wednesday, August 13.

As a treasury/financial officer from a government whose investment policy has been certified by the Association, you are eligible to apply to become a reviewer for the Investment Policy Certification Committee. Please contact the Association's headquarters at (202) 737-0660 if you are interested.

The City of Bountiful is to be commended for enhancing its fiscal responsibility in the management of public funds.

Sincerely,


Stacey L. Crane
Executive Director

Enclosures

1029 Vermont Avenue, NW, Suite 710, Washington, DC 20005 Phone 202-737-0660 Fax 202-737-0662 www.mtausc.org

Example H



ASSOCIATION OF PUBLIC TREASURERS

UNITED STATES & CANADA

November 20, 2002

Mr. Mark O. McRae, Treasurer
Bountiful Municipal Corporation
790 South 100 East, P.O. Box 369
Bountiful UT 84011-0369

REF: Investment Policy Certification

Dear Mr. McRae,

Congratulations on your successful application for a Certified Investment Policy. We recognize the hard work you put into developing this policy. During the course of reviewing your policy, the following comments were received from the reviewers. Because all comments are meant to be constructive in nature, I want to pass them along to you for possible consolidation into a future investment policy.

Investment Pools: City conducts a modified version of due diligence but there was no discussion in policy regarding a due diligence questionnaire or other issues like: how is interest paid? How is it figured? etc.

Internal Control and Review: Policy did not discuss internal controls, but spent more time reviewing procedures. Did require review by an external third party.

The committee strongly suggests that you review your policy yearly and make changes where required. Remember that the written investment policy should be able to guide a successor who may not necessarily share the market experience and expertise as the current investment officer/treasurer. If you have any questions about the comments or suggestions, please contact me at 310-318-0652.

I hope to see you in Washington DC next August for the APT US&C Annual Conference where you will be awarded your plaque.

Sincerely,

A handwritten signature in black ink, appearing to read "Ernie O'Dell".

Ernie O'Dell, CMFA, Chairperson
Investment Policy Certification Committee

CC: Stacy Crane, Executive Director, APT US&C

1029 Vermont Avenue, NW, Suite 710, Washington, DC 20005 Phone 202-737-0660 Fax 202-737-0662 www.mtausc.org

Example J

Investment Fund
03/31/11

	Account	Fund Master 03/31/11	Interest Income 03/31/11	Accrued Interest Prior Year	Accrued Premium (Discount) Prior Year	Accrued Interest To-Date	Accrued (Premium) Discount To-Date	Total Interest 06/30/11
Cash in Bank	76-1111-0000	6,813,092.28	(11,612.46)		0.00	0.00	0.00	(11,612.46)
Investments - Short Term	76-1161-0000	1,500,000.00	259,773.78	(111,418.11)	147,250.29	48,640.07	(296,668.13)	47,577.90
Investments - Bank M M	76-1161-1000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments - T Bill	76-1161-2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments - PTIF	76-1161-3000	55,027,739.06	194,553.04		0.00	24,227.39	0.00	218,780.43
Investments - Commercial Paper	76-1161-4000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments - Banker's Accept.	76-1161-5000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments - Medium Term	76-1162-0000	10,991,000.00	11,039.90	(748.60)	(1,243.37)	7,497.94	20,035.21	36,581.08
Investments - Cert. of Deposit	76-1163-0000	2,943,693.14	23,955.32	(2,151.90)	0.00	1,149.83	0.00	22,953.25
Premium on Investment	76-1185-0000	100,015.50	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Investment	76-1186-0000	(67,706.31)	0.00	0.00	0.00	0.00	0.00	0.00
Interest Receivable	76-1331-0000	2,329.05	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balance	76-2951-0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		77,310,162.72	477,709.58	(114,318.61)	146,006.92	81,515.23	(276,632.92)	314,280.20

Example K

PROCEDURES

Investment Procedures

1. Purpose

The purpose of this manual is to establish guidelines to assist Treasury staff with the day-to-day investment operations. These procedures are governed by the Bountiful City Investment Policy and the regulations established by the Utah Money Management Council and Act.

Numerical references and subjects at the beginning of each Section refer to elements in the City's Investment Policy.

2. Cash Review

1.0 Policy

5.0 Delegation of Authority

2.0 Scope

The City Treasurer or his/her delegate (hereafter referred to as Investment Officer) must review the cash balances and investment portfolio daily, or as needed. Items to be reviewed should include:

- a) Balances of accounts at the City's primary bank. These accounts include the City checking and sweep accounts, and the RDA checking and sweep accounts.
The balance of the City's account should generally be around \$ 1,000,00.00 and the RDA account around \$ 50,000.00
- b) Balances at other banks, if accounts exists.
- c) Maturing investments
- d) A/P week check run anticipated balance for current cash needs
- e) UAMPS monthly invoice amount and payment date.

City departments are required to notify the Investment Officer of anticipated expenditures of a significant nature. Generally this will be amounts of \$100,000.00 and greater. The purpose is to insure adequate funds are in the checking account and to allow time to transfer additional funds if necessary. This is also the reason for checking with A/P each week on the total amount of the checks to be issued.

Example K

5.1 The investment officer will prepare for review by the City Recorder, or Deputy City Recorder, the following documents, if applicable:

- a) Investment Summary Sheet (Exhibit A)
- b) Copies of all documentation received from broker/agent
- c) Copy of notification to Safekeeping Agent
- d) Copy of wire transfer documentation
- e) Journal entry to record transaction (Exhibit B)

Upon receiving the above documents, the City Recorder or Deputy City Recorder will contact the broker/dealer and confirm the transaction details. He/she will then process the journal entry, and return the other documents to the Investment Officer for follow-up and filing.

5.2 The Investment Officer should forward to the safekeeping agent a report of the investment transaction. The report may be verbal, but a written form should be sent and acknowledged. When applicable, the following should be verified:

- a) Provision of receipt or disbursement of funds
- b) Internal transfer or wiring of funds
- c) Validation of written “safekeeping receipt”
- d) Notification of discrepancy prior to acceptance or rejection of the transaction
- e) Immediate notification if a fail has occurred: by the provider is they are responsible, by the safekeeping agent is they are responsible.