Investment Policy

~~July 14, 2011~~October~~—~~ 11, 2018

ROARING FORK TRANSPORTATION AUTHORITY
INVESTMENT POLICY

I. Entity Background

The Roaring Fork Transportation Authority ("RFTA") was formed by an intergovernmental agreement between the City of Aspen and Pitkin County in 1983. In November 2000 the electorate of the Roaring Fork Valley, subject to an intergovernmental agreement authorized by participating entities, approved the establishment of the RFTA. The function of the RFTA is to create, operate, and maintain a public transportation system and a multi-purpose, non-motorized trail network that serves the residents and visitors of the Roaring Fork and Colorado River Valley with environmentally friendly, convenient, safe, efficient and economical transportation. The RFTA's service area encompasses six towns and two counties that include the City of Glenwood Springs, Town of Carbondale, Town of Basalt, Town of Snowmass Village, City of Aspen, Town of New Castle, Pitkin County and Eagle County. The RFTA is supported by contributions, fares, and dedicated sales tax collections by governments within the service area.

II. Governing Authority

The investment program shall be operated in conformance with federal, state, and other legal requirements, including authorized investments as defined in Colorado Revised Statutes Title 24, Article 75, Part 6.

III. Purpose

The purpose of this investment policy is to provide a guideline by which the funds that are not otherwise needed to meet the cash flow demands of the RFTA can best be invested. This Policy is intended to identify objectives, assign responsibility and address the problems of risk inherent in the investment of public funds. Formal policies can result in superior performance and improved communications.

IV. Scope

This policy applies to all funds for which the CEO has been designated as custodian except the Roaring Fork Transportation Employees' Retirement Fund.

Pooling of Funds

Except for cash in certain restricted and special funds, the RFTA will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

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V. General Objectives

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The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

a. *Safety*

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

1. Credit Risk

The RFTA will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- limiting investments to the safest types of securities;
- pre-qualifying the financial institutions, brokers/ dealers, intermediaries, and advisers with which the RFTA will do business;
- diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

2. Interest Rate Risk

The RFTA will work to minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates:

- to the extent possible by attempting to match its investments with anticipated cash flow requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity;
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

b. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A prudent reserve shall be maintained to meet unanticipated cash requirements as defined in Section IX(b). A portion of the portfolio may be placed in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds.

c. *Yield*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Yield, return on investment, is of secondary importance compared to the safety and liquidity objectives described above. Securities shall not be sold prior to maturity with the following exceptions:

1. a security with declining credit may be sold early to minimize loss of principal;
2. a security swap would improve the quality, yield, or target duration in the portfolio;
3. liquidity needs of the portfolio require that the security be sold.

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VI. Standards of Care

a. *Prudence*
The standard of prudence to be used by RFTA officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. RFTA officers acting in accordance with this 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 the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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

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

c. *Delegation of Authority*
Management responsibility for the investment program is delegated to the RFTA Chief Executive Officer ("CEO"), who is the custodian for all RFTA funds. The CEO shall have procedures developed and maintained for the operation of the investment program consistent with this policy. These procedures shall include explicit delegation of authority to other persons responsible for investment transactions and shall establish a system of internal controls to insure compliance with this policy.

d. Authorized Financial Dealers and Institutions
The CEO, or other designated staff member, shall maintain a list of financial institutions and depositories authorized to provide investment services that have been approved by the RFTA Board of Directors. In addition, the CEO shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the RFTA to purchase securities only from those authorized firms. To be eligible, a firm must meet at least one of the following criteria:

1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a Primary Dealer within its holding company structure,
2. ~~Report voluntarily to the Federal Reserve Bank of New York,~~
3. ~~3.~~2. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Commented [CB1]: This is dated language. It is not possible to document the "voluntary reporting". This will not impact the available broker dealer to RFTA

Commented [BM2]: Mike, I agree with Chris' comment above. You don't see this in IP's as much as you used too.

The CEO will select broker/dealers on the basis of their expertise in public cash management and their ability to provide service to the RFTA's account. Each authorized broker/dealer shall be required to submit and annually update a RFTA approved Broker/Dealer Information Request form that includes the firm's most recent financial statements, proof of Financial Industry Regulatory Authority (FINRA) licenses, and proof of state registration.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in the RFTA's portfolio, authorized broker/dealers shall attest in writing that they have read, understood, and agree to comply with this Policy.

VII. Safekeeping and Custody

a. Safekeeping

All investments shall be made in the name of the Roaring Fork Transportation Authority. Institutions issuing non-negotiable certificates of deposit ("CD's") shall keep the CD in safekeeping and send the RFTA a copy of the CD and a safekeeping receipt. Book entry is an acceptable method of holding CD's.

~~Marketable securities shall be held either (1) by a third-party custodian as evidenced by safekeeping receipts or (2) by a broker-dealer in a customer account that is insured by the Securities Investor Protection Corporation and supplemental insurance for the maximum held in such account. U.S. Treasury obligations may also be held directly by the Federal Reserve Bank in the RFTA's name.~~

Investment securities purchased for RFTA will be delivered by book entry and held in third party safekeeping by a Federal Reserve member financial institution designated as RFTA's custodian bank. RFTA shall execute a written agreement with each custodian bank, prior to utilizing that bank's safekeeping or custodial services.

Custodian banks will be selected on the basis of their ability to provide services for the RFTA's account and the competitive pricing of their safekeeping related services.

It is the intent of RFTA that all purchased securities be perfected in the name of RFTA. Sufficient evidence to title shall be consistent with modern investment, banking, and commercial practices.

All investment securities purchased by RFTA will be delivered by book entry and will be held in third-party safekeeping by a District approved custodian bank, its correspondent bank or the Depository Trust Company (DTC).

All fed wireable book entry securities owned by RFTA shall be evidenced by a safekeeping receipt, issued to RFTA by the custodian bank stating that the securities are held in the Federal Reserve system in a "customer account" for the custodian bank which names RFTA as "customer."

All non-fed wireable securities shall be held by the custodian bank's correspondent bank or the bank's participant account with the Depository Trust Company (DTC) and the custodian bank shall issue a safekeeping receipt to RFTA evidencing that the securities are held by the correspondent bank or the DTC for RFTA.

Commented [CB3]: This section is updated to provide more complete information on custody accounts

Commented [BM4]: Mike – this is also a nice change to the policy. Having a clear description of custodial duties is important. No recommended changes here.

b. Internal Controls
The CEO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the RFTA are protected from loss, theft or misuse. Details of the internal controls system shall be documented and shall be reviewed and updated annually.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points:

1. Control of collusion
2. Separation of transaction authority from accounting and recordkeeping
3. Custodial safekeeping
4. Avoidance of physical delivery securities
5. Clear delegation of authority to subordinate staff members
6. Written confirmation of transactions for investments and wire transfers
7. Dual authorizations of wire transfers
8. Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the CEO shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the RFTA annual independent audit.

c. Delivery vs. Payment
All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

VIII. Suitable and Authorized Investments

a. *Investment Types*
All investments will be made in accordance with the Colorado Revised Statutes as follows: C.R.S. 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. 24-75-601, et. seq. Funds - Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-702, Local governments – authority to pool surplus funds. Any revisions or extensions of these sections of the statutes will be assumed to be part of this Policy immediately upon being enacted.

The ratings requirements outlined in this section are those as published by Standard & Poor's ("S&P"), a Nationally Recognized Statistical Rating Organization ("NRSRO"). Securities purchased may be rated by Standard & Poor's, Moody's Investors Service, or Fitch Ratings, therefore, the ratings equivalents of those referenced by S&P are listed below:

Commented [CB5]: This is useful information for the public on the rating equivalents

LONG-TERM RATINGS		
Standard & Poor's	**Moody's Investors Service**	**Fitch Ratings**
AAA	Aaa	AAA
AA+	Aa1	AA+

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LONG-TERM RATINGS		
Standard & Poor's	**Moody's Investors Service**	**Fitch Ratings**
AA	Aa2	AA
AA−	Aa3	AA−
A+	A1	A+
A	A2	A
A−	A3	A−

SHORT-TERM RATINGS		
Standard & Poor's	**Moody's Investors Service**	**Fitch Ratings**
A-1+	P-1	F1+
A-1	P-1	F1

POOL RATINGS		
Standard & Poor's	**Moody's Investors Service**	**Fitch Ratings**
AAAm	Aaa	AAAmmf
AAAf	Aaa-bf	AAAf

This Policy further restricts the investment of the RFTA funds to the following types of securities and transactions:

1. U.S. Treasury Obligations: Treasury bills, Treasury notes, Treasury bonds, and Treasury STRIPS and those securities for which the full faith and credit of the United States are pledged for the payment of principal and interest with maturities not exceeding five years from the date of trade settlement.

2. ~~Federal Agency mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement.~~

3. ~~Federal Instrumentality Securities: Debentures, discount notes, callable securities, step-up securities, and stripped principal or coupons with maturities not exceeding five years from the date of trade settlement. Federal Instrumentality Securities shall be rated in the highest rating category by at least two Nationally Recognized Statistical Rating Organizations (NRSROs), and shall be rated not less by any NRSRO that rates the debt.~~

2. Federal Agency and Instrumentality Securities: Any security issued by, fully guaranteed by, or for which the full credit of the following is pledged for payment: The federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, the export-import bank, the Tennessee Valley Authority, the government national mortgage association, the world bank, or an entity or organization that is not listed in this paragraph but that is created by, or the creation of which is authorized by, legislation enacted by the United States congress and that is subject to control by the federal government that is at least as extensive as that which governs an entity or organization listed in this paragraph. Such securities must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and have a final maturity not exceeding five years from the date of trade settlement.

Commented [CB6]: Sometimes the US treasury backs other securities. This conforms with state statutes

Commented [CB7]: I would delete this language to conform with state statutes. Moreover, S&P downgraded the federal government to AA+ in 2011 so this rating language is outdated.

Commented [BM8]: Also a needed change to the language. This more closely reflects state statute. Although this is more wordy than the previous language, it is a recommended change.

Commented [CB9]: This language mirrors state statutes but provides more updated rating requirements. In addition, it opens the door to purchasing supra national agencies (rated Aaa/AAA)

3. Corporate Debt with a maturity not exceeding three years from the date of trade settlement, issued by any corporation or bank organized and operating within the United States. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs, and rated not less by any NRSRO that rates it. The aggregate investment in corporate debt, commercial paper, and banker's acceptances shall not exceed 50% of the RFTA's investment portfolio, and no more than 5% of the RFTA's investment portfolio may be invested in the obligations of any one issuer. ~~In addition, AAA rated FDIC guaranteed corporate bonds are herein authorized, within the aforementioned diversification and maturity requirements.~~

4. Non-negotiable Certificates of Deposit with a maturity not exceeding one year from the date of trade settlement in any FDIC insured state or national bank located in Colorado that is an eligible public depository as defined in C.R.S. 11-10.5-103. Certificates of deposit that exceed FDIC insurance limits shall be collateralized as required by the Public Deposit Protection Act. ~~In addition, at the time of purchase, issuing banks shall meet the credit criteria set forth in the section of this investment policy, "Selection Of Banks."~~

~~4.~~5. Commercial Paper issued by domestic corporations with an original maturity of 270 days or ~~less~~ less from the date of trade settlement that is rated at least A-1 or the equivalent at the time of purchase by at least two NRSROs ~~and rated not less by all NRSROs that rate the commercial paper. If the commercial paper issuer has senior debt outstanding, it must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the issuer~~. The aggregate investment in commercial paper, banker's acceptances, and corporate debt shall not exceed 50% of the RFTA's investment portfolio, and no more than 5% of the RFTA's investment portfolio may be invested in the obligations of any one issuer.

~~5.~~6. Eligible Banker's Acceptances with maturities not exceeding 180 days from the date of trade settlement, issued by FDIC insured state or national banks. Banker's Acceptances shall be rated at least A-1or the equivalent -at the time of purchase by at least two NRSROs ~~and rated not less by all NRSROs that rate the instrument. If the issuing bank has senior debt outstanding, it must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the bank~~. The aggregate investment in banker's acceptances, commercial paper, and corporate debt shall not exceed 50% of the RFTA's investment portfolio, and no more than 5% of the RFTA's investment portfolio may be invested in the obligations of any one issuer.

~~6.~~7. Repurchase Agreements with a termination date of 180 days or less collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed in 1. through ~~3.~~ 2. above with a final maturity not exceeding ten years. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the transaction. Collateral shall be held by the RFTA's third-party custodian bank, and the market value of the collateral securities shall be marked-to-the market daily.

Repurchase Agreements shall be entered into only with broker/dealers recognized as Primary Dealers by the Federal Reserve Bank of New York, or with firms that have a Primary Dealer within their holding company structure. Approved Repurchase Agreement counterparties if rated, shall have a short-term credit rating of at least A-1 or the equivalent and a long-term credit rating of at least A or the equivalent by each (NRSRO) that rates them.

Commented [CB10]: These bonds were issued in 2008 during the financial crisis under the Temporary Liquidity Guarantee Program. All of these bonds maturing by the end of 2012. Thus this language should be deleted

Commented [CB11]: This section does not exist

Commented [CB12]: There are 10 NRSROs. It would difficult to track this. Moreover, the state statutes only require two ratings at the time of purchase. Long term rating requirement will restrict the supply of available issues. This is not requirement under state statutes

Commented [CB13]: See Commercial Paper comment above

Commented [BM14]: Mike – I agree with the changes above. This provides a more detailed mandate regarding CP and Corporates.

~~7.~~8. Local Government Investment Pools ("LGIPs") ~~authorized under C.R.S. 24-75-702 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of $1.00 per share; 3) limit assets of the pool to those authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.~~ organized pursuant to the provisions of Article 75, Title 24, Part 7 of C.R.S. and have a credit rating of AAAm, AAAf or the equivalent by one or more NRSRO. 100 percent of the Portfolio may be invested in LGIPs.

9. Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a policy seeking a constant net asset value of $1.00 per share; ~~3) limit assets of the fund to those authorized by state statute;~~ 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAAm or the equivalent by one or more NRSROs.

~~8.~~10. General Obligations and Revenue Obligations of state or local governments with a final maturity not exceeding five years from the date of trade settlement. Such obligations of Colorado (or any political subdivision, institution, department, agency, instrumentality, or authority of the state) shall be rated at least "A" or the equivalent at the time of purchase by at least two NRSROs. Such obligations of any other governmental entity shall be rated at least "AA" or the equivalent at the time of purchase by at least two NRSROs. RFTA shall limit investments in General and Revenue Obligations to no more than 50 percent of the total portfolio and 5 percent per issuer.

The foregoing list of authorized securities and transactions shall be strictly interpreted. Any deviation from this list must be pre-approved by the Board of Directors. Rating requirements are applicable to securities at the time of purchase.
Securities held by RFTA that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the RFTA's discretion. The CEO shall notify the Board of Directors of any such downgrade and the recommended course of action. The Portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

The RFTA may, from time to time issue bonds, the proceeds of which must be invested to meet specific cash flow requirements. In such circumstances and notwithstanding the paragraph immediately above, the reinvestment of debt issuance or related reserve funds may, upon the advice of Bond Counsel or financial advisors, deviate from the provisions of this Policy with the written approval of the CEO.

b. Collateralization
Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

c. Repurchase Agreements
Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. (See GFOA Recommended Practices in Appendix.)

Commented [BM15]: Mike, Chris is correct in his description above. This new language reflects CRS.

Commented [CB16]: The Colorado Division of Securities published new rules for LGIPs in February 2017. This updates the language to allow for investment in all the LGIPs

Commented [CB17]: Money market fund are regulated by the SEC and thus are not required to the state to conform to state statutes. Also, following SEC money market reform in 2016 Colorado local governments can only invest in "government money market funds" – those that hold only treasuries, agencies or repurchase agreements (collateralized with treasuries and agencies)

Commented [BM18]: I agree with Chris' comments above.

Commented [BM19]: This is an important change to CRS. We have been updating language to reflect Chirs' description above. No further action needed in language.

Commented [CB20]: The law was changed in 2014 with respect to investing in Municipal bonds.

Commented [CB21]: The state rating guidelines are "at the time of purchase" RFTA should have the flexibility to decide how to mage downgraded securities and not be forced to sell.

IX. Investment Parameters

a. Diversification

The investments shall be diversified by:

- limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- limiting investment in securities that have higher credit risks,
- investing in securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds such as local government~~ surplus funds trust funds~~ investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

b. Maturity

To the extent possible, the RFTA shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the RFTA will not directly invest in securities maturing more than five years from the date of trade settlement or in accordance with state and local statutes and ordinances. The RFTA shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be~~ disclosed in writing to the legislative body~~ approved by the Board of Directors. (See the GFOA Recommended Practice on "Managing Market Risk in a Portfolio"~~ (formerly "Maturities of Investments in a Portfolio" in Appendix.)~~).

Commented [CB22]: This conforms to state law

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

c. Competitive Bids

The CEO, or designee, shall obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchased on the secondary market.

X. Reporting

a. Methods

The CEO or designee shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared

in a manner which will allow the RFTA to ascertain whether investment activities during the reporting period have conformed to the investment policy.

The report should be provided to the Board. The report will include the following:

1. Listing of individual securities held at the end of the reporting period;
2. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements);
3. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks;
4. Listing of investment by maturity date;
5. Percentage of the total portfolio which each type of investment represents.

b. Performance Standards

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

c. Marking to Market

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." In defining market value, considerations should be given to the applicable GASB statements.~~Statement 31 pronouncement.~~

Commented [BM23]: I agree with this as well.

XI. Policy Considerations

a. Exemption

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

b. Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the Board, as well as the individuals charged with maintaining internal controls.

XII. List of Attachments

Commented [CB24]: Because many of these items change, they should be documented separately from the Investment Policy. That way the entire Investment Policy will not have to be amended due to changes in staff, processes or procedures.

ROARING FORK TRANSPORTATION AUTHORITY
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The following documents, as applicable, are attached to this policy:

1. List of Authorized Personnel
2. ~~Relevant Investment Statutes and Ordinances~~
3. ~~Schedule of Authorized Broker/Dealers and Investment Advisors~~
4. ~~Internal Controls~~
5. ~~Schedule of Master Repurchase Agreements~~
6. ~~Summary of Broker/Dealer Qualifications~~
7. ~~Safekeeping Agreement~~

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Attachment 1: List of Authorized Personnel

Investment Committee

Primary	Alternate
Chief Executive Officer	~~Director of Facilities and Trails~~Chief Operating Officer
~~Finance Director~~Chief Financial & Administrative Officer	~~Assistant~~ Finance Director
Primary Portfolio Manager	Back-up Portfolio Manager

~~Attachment 2: Relevant Investment Statutes and Ordinances~~

Commented [CB25]: These are document in the Investment Policy in Section VII.

~~Note: the statutes, ordinances and other guidance are incorporated by reference.~~

~~1. C.R.S. Sections 24-75-601, 11-10.5-101, 24-75-603, and 24-75-702~~

~~2. State of Colorado Financial Management Manual – A Guide for Colorado Local Governments – Cash Management and Investments~~

~~Attachment 3: Schedule of Authorized Broker/Dealers and Investment Advisors~~

Commented [CB26]: RFTA do not utilize brokers nor does it have the resources to monitor brokers

~~Broker/Dealers:~~

- ~~J.P. Morgan Securities~~
- ~~Jefferies & Company~~
- ~~Merrill Lynch, Pierce, Fenner & Smith~~
- ~~Mizuho Securities USA~~
- ~~Morgan Keegan & Company~~
- ~~Morgan Stanley Smith Barney (Citigroup Global Markets platform)~~
- ~~Morgan Stanley Smith Barney (Morgan Stanley platform)~~
- ~~RBC Capital Markets~~
- ~~UBS Financial Services~~
- ~~Wunderlich Securities~~

~~Investment Advisor: Cutwater Investor Services Corp.~~

~~Attachment 4: Internal Controls Memo~~

~~The CEO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the RFTA are protected from loss, theft or misuse. Details of the internal controls system shall be documented and shall be reviewed and updated annually. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.~~

~~The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.~~

~~1. Control of collusion~~

~~All normal and customary segregation of duties, Authorization, Recording and Custody, for accounting systems will be used to provide reasonable assurance to minimize fraud, embezzlement and collusion.~~

~~2. Separation of transaction authority from accounting and recordkeeping~~

~~No accounting personnel that has authorized a transaction will perform record keeping (recording the transaction in the accounting system) or custody functions (performing wire transfer per bank website) for the transaction.~~

~~Proper segregation of duties will be documented using the Investment Committee Authorization form.~~

~~3. Custodial safekeeping~~

~~All investment vehicles will be held by a custodian. Funds will be transferred from the Custodian account to the general fund only; all disbursement of funds will be processed through normal distribution procedures.~~

~~4. Avoidance of physical delivery securities~~

~~Physical delivery securities are prohibited per policy.~~

~~5. Clear delegation of authority to subordinate staff members~~

~~Strict segregation of duties will be maintained by accounting (Finance) personnel and will be documented through the Investment Committee Authorization form.~~

~~6. Written confirmation of transactions for investments and wire transfers~~

~~Will be implemented in instruction memo for wire transfers, authorization form.~~

~~7. Dual authorizations of wire transfers~~

~~This control will be implemented in instruction memo for wire transfers, and documented on the Investment Committee Authorization form.~~

~~8. Development of a wire transfer agreement with the lead bank and third-party custodian~~

~~This agreement will be executed.~~

~~Accordingly, the CEO shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the RFTA annual independent audit.~~

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~~Segregation of Duties – Authorization, Recording and Custody (ARC)~~

~~(A)uthorization~~	~~(R)ecording~~	~~(C)ustody~~	~~Documentation~~
~~Investment Committee 1) RFTA CEO 2) RFTA Treasurer. 3) MBIA Rep. 4) Alternate~~	~~GL Specialist/ AP Clerk~~	~~Assistant Finance Director/ Accounting Manager~~	
~~Investment Committee makes an investment strategy decision~~			~~Investment Committee member will document decision and committee vote in meeting minutes~~
~~Step #1 The investment committee will make the decision to invest funds or return the funds to the General fund for disbursement~~			~~Step #1 Authorization form Decision will be documented on the Authorization Form signed by two investment committee representatives~~
		~~Step #2 Upon receipt of the authorization form, the bank transfer transaction will be executed.~~	~~Step #2 Bank transfer confirmation – website print out – form; attach the bank confirmation form to the authorization form, Transferor will sign the authorization form as transferor~~
	~~Step #3 record transaction upon receipt of forms #1 and #2~~		
~~CEO & Treasurer~~			~~Written confirmation obtained, transaction report~~
~~Treasurer~~			~~Treasurer's Binder Completed authorization form, bank website confirmation, transaction report and safekeeping receipt will be placed together in a designated place.~~
	~~Monthly reconciliation of investment account to Treasurer's binder~~		

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Roaring Fork Transportation Authority
Investment Committee

Attachment 4: Internal Controls

~~**Meeting minutes**~~
~~**Date/ time**~~

~~**Location**~~

~~**Committee members present**~~

~~Narrative documentation of investment decision made and vote of members of the committee~~

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ROARING FORK TRANSPORTATION AUTHORITY
INVESTMENT POLICY

Attachment 4: Internal Controls

Investment Committee Authorization form

Section 1) Authorization form

The RFTA Investment Committee has authorized transfer of $_____

From: General Fund / Alpine Bank MMF / other _____

To: General Fund / Alpine Bank MMF / other _____

_____

Investment Committee Member signature date

_____

Investment Committee Member signature date

Section 2: Wire transfer documentation form

I certify that I have executed the wire transfer as noted above and have attached a hard copy of the banking web site confirmation for the transfer; additionally, I certify that I have not authorized or recorded this transaction in the accounting records.

_____

Signature/ accounting position date

Section 3: Wire confirmation received

I certify that I have received the written wire transfer confirmation for the above authorized transfer and have attached a hard copy of the transfer confirmation.

_____

Signature date

Commented [CB27]: Does this account still exist?

Commented [CB28]: Same here. Maybe make generic as in "Bank MMF"

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ROARING FORK TRANSPORTATION AUTHORITY
INVESTMENT POLICY

~~Attachment 5: Schedule of Master Repurchase Agreements~~

~~None at this time.~~

~~Attachment 6: Summary of Broker/Dealer Qualifications~~

~~Brokerage Firm~~	~~#1)Met Policy credit-worthiness test~~	~~#2) Audited financial statements~~	~~#3) Proof of FINRA certification~~	~~#4) Proof of State registration~~	~~#5) Completed questionnaire~~
~~#1 J.P. Morgan Securities~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#2 Deutsche Bank Securities Inc.~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#3) Jefferies & Company~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#4) Merrill Lynch, Pierce, Fenner & Smith~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#5) Mizhuo Securities USA Inc.~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#6) Morgan Keegan & CO.~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#7) Morgan Stanley Smith Barney - Citigroup~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#8) Morgan Stanley Smith Barney – Morgan Stanley platform~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#9) RBC Capital Markets~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#10) UBS Financial Services~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~
~~#11) Wunderlich Securities~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~	~~Yes*~~

~~* Michael Yang verified this information with Cutwater on 7/6/11.~~

Commented [CB29]: This information in not applicable to

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ROARING FORK TRANSPORTATION AUTHORITY
INVESTMENT POLICY

~~Attachment 7: Safekeeping Agreement~~

~~Wells Fargo Brokerage Services, LLC~~
~~Wells Fargo Institutional Retirement and Trust~~

Commented [CB30]: This information is documented in a separate agreement