

**WMTA Review Committee
Investment Policy Checklist
"Summary of Comments"**

Name of Entity Reviewed:

Date:

Name of Reviewer:

Overall Rating: Approved Not Approved

Below is a summary of the three reviewers' comments on the investment policy for the entity listed above. All comments are transcribed exactly as the reviewers wrote them on their review checklist.

1. Policy Statement: The investment policy should be concise and should concern itself only with policy matters. Procedural matters should be contained in desk manuals.

Comments / Suggested Improvements:

2. Scope: Identify all funds covered by the Investment Policy. (Does the policy include pension funds, reserve funds, special funds, etc)?

Comments / Suggested Improvements:

3. Prudent Person Standard: The "prudent person" rule should be incorporated into the investment policy.

Comments / Suggested Improvements:

4. Investment Objectives: The policy must address the entity's objectives regarding safety of capital, liquidity, and yield.

Comments / Suggested Improvements:

5. Delegation of Authority: A list of who is authorized to initiate investment transactions should be included. Identify types of transactions that require special authorization.

Comments / Suggested Improvements:

I assume that the list of persons eligible to invest funds for the county and its agencies is included in the "Investment Procedures Manual".

6. Ethics and Conflicts of Interest: The policy may discuss the issue of officers and employees partaking in personal activities that may impair their ability to make impartial investment decisions.

Comments / Suggested Improvements:

7. Authorized Financial Dealers and Institutions: The policy should address the method of selection of a primary bank, eligible depositories, brokers, and dealers. Does the entity maintain an approved dealer list?

Comments / Suggested Improvements:

8. Authorized Investments: The policy statement should specifically identify the types of investments authorized. If repurchase agreements are used, the policy must indicate that a master repurchase agreement is required.

Comments / Suggested Improvements:

VERY IMPORTANT. You are correct to stay in compliance with the policies of the State Investment Board (SIB) (RCW 43.84.080(7)); however, you are authorizing the use of commercial paper (CP) out to 210 days. Per RCW 43.84.080(7) (i.e. the policies of SIB), CP is only permissible out to 180 days. Furthermore, "any commercial paper purchased with a maturity longer than 100 days, must also have an underlying long-term credit rating at the time of purchase in one of the two highest rating categories of an NRSRO." Though this wasn't a "back breaker" for receiving certification, it MUST be changed immediately.

9. Collateralization: If repurchase agreements are authorized, the policy should discuss safekeeping of collateral and collateralization at 102%.

Comments / Suggested Improvements:

10. Safekeeping and Custody: The policy must address, safekeeping and custody arrangements with banks, brokers, dealers and third party custodians, including delivery versus payment (DVP).

Comments / Suggested Improvements:

11. Diversification: The issue of diversification of investments in various types of securities should be addressed.

Comments / Suggested Improvements:

VERY GOOD!!

12. Maximum Maturity: The maximum and average maturity of investments carried in the portfolio should be defined.

Comments / Suggested Improvements:

I like the part about "Security Exchanges". However, there is no target for the average

maturity. I realize the target is a shifting time-frame, but a reference here and inclusion in the procedures manual would allow for the changes and not have to be approved by the commissioners each time it changes.

13. Internal Controls: Periodic independent review of investment operations should be mandated.

Comments / Suggested Improvements:

14. Performance Standards: It may be advisable to establish benchmark comparisons so that the portfolio can be evaluated.

Comments / Suggested Improvements:

15. Reporting: Reports are a good way for the entity's governing body to monitor investment activity.

Comments / Suggested Improvements:

16. Adoption of Policy: In order to be effective, the investment policy should be formally adopted by the entity.

Comments / Suggested Improvements:

17. Glossary: A glossary of terms used in the investment policy should be part of the policy.

Comments / Suggested Improvements: