

**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 like it. If the list is in the Policy, then it has to be amended every time there is a change. Having it in the Procedures Manual does away with that.

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:**

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

**Comments / Suggested Improvements:**

Changing the word entity to city would make the statement clearer. The last sentence needs to be expanded. Who has the right to substitute and with what?

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:**

Other than the State Pool, do you really want 50% of your investments in any one type of investment, or in any one institution?

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

**Comments / Suggested Improvements:**

Even though this is a relatively short portfolio, you should consider mentioning a "maximum average maturity." Some day you might do some direct investing rather than using the State Pool.

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:**

What are you going to do, compare the CDs to the 6-mo Treasury Bills and the State Pool to the Average Fed Funds rate?

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:**

Somebody finally got "bid and offer" right.