RESOLUTION 2023-014

RESOLUTION ADOPTING UPDATED STATEMENT OF INVESTMENT POLICY FOR ALBANY COUNTY

WHEREAS, Wyoming Statute § 9-4-831(h) provides the requirements for a "Statement of Investment Policy" ("Policy") which must be on file within the County.

WHEREAS Albany County Treasurer, Tracy Fletcher, has updated said Policy to reflect statutory changes since the prior adoption of the Policy.

WHEREAS, the updated Policy for Albany County is attached hereto and incorporated herein by reference.

NOW THEREFORE THE BOARD OF COUNTY COMMISSIONERS OF ALBANY COUNTY, WYOMING, RESOLVE:

<u>Section 1.</u> That the foregoing recitals are incorporated in and made a part of this resolution by this reference.

<u>Section 2.</u> That the attached Statement of Investment Policy, Albany County is hereby adopted and shall be kept on file pursuant to Wyoming Statute § 9-4-831(h).

PASSED, APPROVED, AND ADOPTED this 15 day of August 2023.

THE BOARD OF COUNTY COMMISSIONERS OF ALBANY COUNTY, WYOMING

Pete Gosar, Chairperson

ATTEST:

Kayla White, Albany County Clerk

STATEMENT OF INVESTMENT POLICY

ALBANY COUNTY

Adopted August 15, 2023

1. **Policy.** This Statement of Investment Policy is adopted pursuant to the requirements of W.S. § 9-4-831(h). It is the policy of Albany County to invest public funds in a manner which will provide a reasonable investment rate of return while assuring the maximum security of principal, meeting the daily cash flow demands of Albany County, and conforming to all Federal, State and, local laws and regulations governing the investment of public funds. This statement of investment objectives and policies is set forth in order to:

   1.1. Establish a clear understanding of the Treasurer's investment policies and objectives;

   1.2. Develop specific guidelines and limitations for the Treasurer to ensure that funds are being managed in accordance with the investment policies and objectives, while maintaining the authority and autonomy of the Treasurer to make investment decisions; and

   1.3. Provide a basis for the evaluation of the investment performance of the plan.

2. **Scope.** This investment policy applies to all financial assets of Albany County. These funds are accounted for in the County's financial statements and include:

General Fund	Agency Funds
Special Revenue Funds	Capital Project Funds
Debt Service Funds	Fiduciary Funds

   2.1. In addition, the Albany County Treasurer provides investment services for all the County governmental agencies, including new funds created by the Albany County Commissioners or otherwise established by the State Legislation; excluding cities, school districts, fire districts, EMT districts, cemetery districts, fairboard, library districts, park and recreation districts, road improvement districts, water and sewer districts.

3. **Prudence.**

   3.1. 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.

3.2. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

4. **Investment Objectives.** The primary objectives, in priority order, of Albany County investment activities shall be:

4.1. *Safety*: Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2. *Liquidity:* Albany County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that might be reasonably anticipated.

4.3. *Return on Investment:* The County's investment portfolio shall be designed with the objective of attaining a market-average rate of return throughout budgetary and economic cycles, considering the County's investment risk constraints and the cash flow characteristics of the portfolio.

4.4. *Community Investment:* Albany County investments will be managed with a commitment toward the benefit of the community. To this end, investing in local institutions, domestic instruments, or through local brokers will be the preferred investment strategy. This strategy will be tempered with the County's fiduciary responsibility and policy of attaining a market–average rate of return.

5. **Delegation of Authority.** Authority to manage Albany County's investment program is derived from the Wyoming State Statutes (W.S. § 9-4-831). Management responsibility for the investment program resides with the Treasurer and the Treasurer's designee, who may establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

6. **Ethics and Conflicts of Interest.** In compliance with W.S. § 6-5-118, effective July 1, 1997, no public servant who invests public funds for a unit of government, or who has authority to decide how public funds are invested, shall transact any personal business with, receive any pecuniary benefit from or have any financial interest in any entity, other than a governmental entity, unless that person has disclosed the benefit or interest in writing to the body of which he is a member or entity for which he is working. Disclosures shall be made annually in a public meeting and shall be made part of the record of proceedings. The public officer or public servant shall make the written disclosure prior to investing any public funds in any entity, other than a governmental entity, which:

   6.1. Provides any services related to investment of funds by that same unit of government; or

   6.2. Has a financial interest in any security or other investment made by that unit of government.

7. **Authorized Financial Dealers and Institutions.**

   7.1. To the extent they are not otherwise invested, the monies collected and held by the Treasurer of the County shall always be deposited and kept on deposit in:

   7.1.1. Banks incorporated under the law of the State of Wyoming;

   7.1.2. National banks;

   7.1.3. Savings and loan associations incorporated under the laws of the State of Wyoming; or

   7.1.4. Federal savings and loan associations.

   7.2. The Treasurer shall use the following criteria to select a depository:

   7.2.1. Designated as a depository by the County Commissioners, and shown as such in the minutes of the Albany County Commission;

   7.2.2. The deposits shall be made to the extent that they are:

   7.2.2.1. Fully insured by the Federal Deposit Insurance Corporation; or

   7.2.2.2. Secured by a pledge of assets of a type authorized by (W.S. § 9-4-820-821). Collateral will be held by an acceptable custodian who, if other than the County, will hold the collateral under joint custody receipt in proper form (W.S. § 9-4-825-828).

7.3. Any bank or savings and loan association, located in Albany County, may apply to keep the monies upon the following conditions:

7.3.1. All Deposits are subject to payment upon demand by the County Treasurer, except that all funds deposited on time deposit, open account shall be withdrawn under (W.S. § 9-4-809);

7.3.2. All funds deposited in a savings and loan association may at any time require giving notice in writing of an intended withdrawal of thirty days before a withdrawal is made;

7.3.3. Interest shall be paid upon the amount deposited as a time deposit, open account.

7.4. The Albany County Treasurer will maintain a list of financial institutions authorized to provide investment and banking services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who maintain an office in Albany County or the State of Wyoming.

7.4.1. No public deposit shall be made except in a qualified public depository as established by State law;

7.4.2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the County Treasurer with the following:

7.4.2.1. Trading resolution. Any institution designated as a depository for funds of Albany County will within thirty days following the designation by the Commission, provide a certified copy of the resolution adopted by its board of directors to serve as depository. The resolution must be in the form authorized by statute (W.S. § 9-4-806);

7.4.2.2. Certification of having read the Albany County investment policy (W.S. § 9-4-831(h)). This does not include financial institutions where only deposits are made, but does include those where certificates of deposit are purchased;

7.4.2.3. Current audited financial statements; and

7.4.2.4. In the case of a broker/dealer, a completed broker/dealer questionnaire and proof of State registration.

7.5. The Treasurer shall conduct an annual evaluation of the financial conditions, and receipt of required documents to determine whether a financial institution should be on the "Approved Financial Institution" listing.

8. Authorized and Suitable Investments. The Albany County Treasurer is authorized and limited in those types of securities as allowed by Wyoming State law (W.S. § 9-4-831).

8.1. In accordance with statutes, the Treasurer of Albany County may invest in:

8.1.1. United States treasury bills, notes or bonds, including stripped principal or interest obligations of such issuances, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

8.1.2. Bonds, notes, debentures, or any other obligations or securities issued by or guaranteed by any federal government agency or instrumentality, including but not limited to the following to the extent that they remain federal government agencies or instrumentalities, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation and government national mortgage association. All federal agency securities shall be direct issuances of federal agencies or instrumentalities;

8.1.3. Repurchase agreements involving securities which are authorized investments under paragraphs 1 and 2 of this subsection. The securities may be held in a custodial arrangement with a member bank of the Federal Reserve System or in a segregated account at a Federal Reserve System bank. The repurchase agreement must provide for daily valuation and have a minimum excess market price reserve of one hundred two percent (102%) of the investment. If the County so chooses to invest in repurchase agreements, a Master Repurchase Agreement will be created to guide those investments;

8.1.4. In accordance with W.S. § 9-4-817 with respect to local governments, deposits in financial institutions located within the State of Wyoming;

8.1.5. Mortgage backed securities that are obligations of or guaranteed or insured issues of the United States, its agencies, instrumentalities or organizations created by an act of congress excluding those defined as high risk. High risk mortgage backed securities are defined as any security which meets either of the following criteria:

8.1.5.1. Is rated V-6 or higher by Fitch Investors Service or at an equivalent rating by another nationally recognized rating service; or

8.1.5.2. Is defined as a high-risk mortgage security under Section III of the Supervisory Policy Concerning Selection of Securities Dealers and Unsuitable investment Practices, as amended by the Federal Financial Institutions Examination Council as created under 12 U.S.C. 3301, et seq., or its successor;

8.1.5.3. In banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.

8.1.6. In a guaranteed investment contract if issued and guaranteed by a United States commercial bank or a United States insurance company. The credit quality of the issuer and guarantor shall be the highest category of A.M. Best, Moody's or Standard and Poor's rating service. The contract shall provide the government entity a non-penalized right of withdrawal of the investment if the credit quality of the investment is downgraded;

8.1.7. A co-mingled fund of eligible securities listed in this section if the securities are held through a trust department of a bank authorized to do business in this State or through a trust company authorized to do business in this State with total capital of at least ten million dollars ($10,000,000.00) or which has an unconditional guarantee with respect to those securities from an entity with total capital of at least one hundred million dollars ($100,000,000.00);

8.1.8. Certificates of deposit of a savings and loan association or a federal savings bank authorized to do business in this State to the extent that they are fully insured by the federal deposit insurance corporation, or secured by a pledge of assets and are otherwise authorized as a depository as prescribed by law;

8.1.9. Certificates of deposit of a bank authorized to do business in this State to the extent that they are fully insured by the federal deposit insurance corporation or secured by a pledge of assets and are otherwise authorized as a depository as prescribed by law;

8.1.10. As authorized by W.S. § 37-5-206, bonds of the Wyoming natural gas pipeline authority;

8.1.11. Shares of a money market fund as specified in subsection D of this section.

8.2. No investment of public funds under this section shall be made by any of the officials above designated, until the Board of County Commissioners has first authorized the same (W.S. § 9-4-831(b)).

8.3. No law of this State requiring security upon which loans or investment be made, or prescribing the nature, amount or form of such security, or prescribing or limiting the period for which loans or investment may be made, applies to loans or investment made pursuant to this section.

8.4. Investments in share of diversified money market funds are authorized except that no entity of Wyoming government shall at any time own more than ten percent (10%) of the fund's net assets or shares outstanding. Investments under this subsection are limited to a diversified money market fund which seeks to maintain a stable share value of one dollar ($1.00), is registered under the Securities Act of 1933 and Investment Company Act of 1940, as amended, and has qualified under State registration requirements, if any, to sell shares in the State and which:

8.4.1. Invests its assets:

8.4.1.1. Solely in securities or instruments that have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase of shares;

8.4.1.2. Solely in securities issued by the United States treasury, obligations or securities issued by or guaranteed by a federal government agency or instrumentality, and repurchase agreements collateralized by such instruments at not less than the repurchase price including interest;

8.4.1.3. So that an average dollar weighted maturity of ninety (90) days or less is maintained at all times; and

8.4.1.4. Under limitations such that the fund may borrow funds for temporary purposes only by entering into repurchase agreements and only to the extent permitted by federal law.

8.4.2. Does not impose a sales charge;

8.4.3. Maintains the highest quality rating from at least one (1) of the nationally recognized rating organizations, such as Standard & Poor's Corporation or Moody's Investor Services;

8.4.4. Has an operating history of not less than five (5) consecutive years;

8.4.5. Requires submission of sixty (60) days advance notice of any investment policy change, in the case where such policy changes may be approved without approval of the fund's shareholders or requires approval by shareholders entitled to vote a majority, as the term is defined under the Investment Company Act of 1940, as amended, of the fund's shares;

8.4.6. Is purchased from a person licensed to sell securities in Wyoming through or for an account with an entity which, at the time the investment is made by the State or local government:

8.4.7. Has been continuously engaged in the business of selling securities in Wyoming for the preceding two (2) two years or a financial institution authorized to do business in Wyoming and qualified by law to act as a depository of public funds in this State; and

8.4.8. Currently, and during the preceding two (2) years, continuously had at least one (1) established place of business (means a place in this State which is actually occupied either continuously or at regular periods by employees or agents of the entity who are licensed to sell securities in this State and where a large share of the entity's business in this State is actually conducted).

8.5. Exceptions and further stipulations applied to this investment policy are:

8.5.1. Investment Pools. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer questions as set forth in Albany County's Investment Procedures.

8.5.2. Repurchase Agreements. Albany County will not invest in repurchase or reverse repurchase agreements at this time. Any change in this policy is covered in the Albany County Investment Procedures.

9. Collateralization.

9.1. As specified in W.S. § 9-4-807, deposits must be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of assets. It is essential that the Treasurer have a written guarantee of the security of County funds. An oral guarantee is not sufficient.

9.2. In order to anticipate market changes, amount of funds on deposit, and provide an adequate level of security for all deposited funds, the collateralization level of deposited County funds will be 100% or higher as required by law, of the higher of the par or market value of the collateral.

9.3. The market value of deposits will include accrued interest.

9.4. Investment of bond proceeds or funds pledged for bond repayment must be fully insured.

9.5. Authorized instruments for collateralization of funds of Albany County are those found in W.S. § 9-4-821 and listed below. Wyoming Statute 9-4-821(b) makes all security pledges to the County subject to approval of the Board of County Commissioners; therefore, the Board can reject the pledge of any security it feels is not adequate for the County's needs as follows:

9.5.1. Surety bonds as provided in W.S. § 9-4-820;

9.5.2. United States treasury bills, notes or bonds, including stripped principal or interest obligations of such issuances, or any other obligation or security issued by the United Sates treasury or any other obligation guaranteed as to principal and interest by the United States;

9.5.3. Bonds, notes, debentures, or any other obligations or securities issued by or guaranteed by any federal government agency or instrumentality including but not limited to the following to the extent that they remain federal government agencies or instrumentalities, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation and government national mortgage association. All federal agency securities shall be direct issuances of federal agencies or instrumentalities;

9.5.4. Conventional first mortgages of Wyoming real estate at a ratio of 1.5 to 1 of the value of public funds secured thereby;

9.5.5. Bonds of this State or of counties, cities, community college districts or school districts or warrants issued by virtue of the laws of this State, or special improvement bonds issued by incorporated cities and towns of the State of Wyoming, at market value.

9.6. In addition to the collateralization requirements found in W.S. § 9-4-821, collateralization will also be required on the following type of investments:

9.6.1. Time deposits; and

9.6.2. Repurchase agreements.

9.7. Funds on deposit with WYOSTAR are not insured by the Federal Deposit Insurance Corporation, and collateralization is not available or required on these funds under this provision.

10. Safekeeping and Custody.

10.1. All securities purchased by and collateral on deposits for Albany County shall be properly designated as an asset of the County and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Wyoming, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Treasurer or the Treasurer's designee, as authorized herein.

10.2. A clearly marked evidence of ownership (safekeeping receipt or JCR) must be supplied to Albany County and retained on file.

10.3. The right of collateral substitution upon prior notification and acceptance by Albany County is granted.

10.4. All security transactions, including collateral for repurchase agreements entered into by Albany County shall be conducted on a delivery-versus-payment (DVP) basis. A financial institution will be required to increase its safekeeping pledge prior to the County depositing any funds at that institution. Failure of a financial institution to adequately increase the safekeeping pledge when requested to do so will be grounds for revocation of authority for it to act as an approved depository and withdrawal of County funds.

11. Diversification. Albany County will diversify its instruments by security type and institution. With the exception of U.S. Treasury securities, certificates of deposits, and authorized pools, no more than 25% of the County's total investment portfolio will be invested in a single security type. To provide assurance that the County will be able to continue financial operations without interruption and dependent upon interest rates, satisfaction with services, and practicality, Albany County will utilize at least two financial institutions as depositories.

12. Maximum Maturities.

12.1. All investments will be purchased with the intent to hold them to maturity. The County Treasurer may withdraw any or all funds the Treasurer has deposited in depositories whenever the Treasurer deems it advisable or in the interest of the public that the Treasurer represents, or to pay out money as by law required. To the extent possible, Albany County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Albany County will not directly invest in securities maturing more than five (5) years from the date of purchase.

12.2. Security exchanges may be executed to upgrade yield while maintaining cash flow requirements and the overall portfolio quality, but it is the intent of the County Treasurer to hold investments to maturity.

12.3. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in *readily available* funds such as WYO-STAR or the Wyoming Government Investment Fund and money market funds at an established bank to ensure that appropriate liquidity is maintained to meet ongoing obligations.

13. Internal Control. The Treasurer shall establish a process of annual independent review of the investment function. This review will provide internal control by assuring compliance with policies and procedures. Controls shall be designed to protect against loss of public funds due to fraud, error, misrepresentation or imprudent actions.

14. Market Yield.

14.1. Albany County will generally purchase instruments with the intent of holding the investments until maturity; however, securities may be sold when market prices exceed original cost plus cost of sale by an amount that would contribute favorably to Albany County's rate of return on investments.

14.2. The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles, considering Albany County's investment risk constraints and cash flow needs.

14.3. The County's investment strategy is passive. The basis used by the Treasurer to determine whether reasonable yields are being achieved shall be the average annual earning rate of the State of Wyoming local investment pool (WYOSTAR), as defined by W.S.9-1-416, 90-day U.S. Treasury Bill, and 1-year CD rate.

15. Reporting. The Treasurer shall provide an executive summary report on investment activity that presents a clear picture of the status of the current investment portfolio to the Board of County Commissioners as requested.

16. Legal Constraints on Investment Decisions.

W.S. § 6-5-118.	Conflict of interest; public investments; disclosure required; penalty; definitions.
W.S. § 9-1-416.	Local Investment Pool (WYOSTAR).
W.S. § 9-4-806.	Deposit of County money in approved depositories; bank resolution.
W.S. § 9-4-807.	Deposit of County money in approved depositories; federal insurance; security for deposits not covered.
W.S. § 9-4-808.	Deposit of County money in approved depositories; responsibility for collateral.
W.S. § 9-4-809.	"Time deposit, open account"; defined.
W.S. § 9-4-816.	Deposits by the County; "proper governing board" defined.
W.S. § 9-4-817.	Deposits by the County; selected institutions; security; withdrawals.
W.S. § 9-4-818.	Deposits by the County; applications by, and approval of, banks; rate of interest; defaults.

W.S. § 9-4-820. Deposits by the County; surety bonds for security; out of county banks.

W.S. § 9-4-821. Deposits by the County, security in lieu of surety bonds.

W.S. § 9-4-824. Liability of Treasurer for money loss; power to withdraw funds.

W.S. § 9-4-825-828. Joint custody agreement for securing County deposits: banks authorized to receive collateral, placement of security with custodian, receipt as evidence of deposit, execution and contents of receipt.

W.S. § 9-4-829. Unauthorized use of monies.

W.S. § 9-4-831. Investment of public funds.

W.S. § 13-1-101. "Financial institution" defined.

W.S. § 18-3-805. Duty to receive funds; payments made on commissioners' warrants.

W.S. § 37-5-206. Bonds as legal investments.

17. Cash Management Term Definitions.

17.1. Accrued Interest: The accumulated interest due on a bond as of the last interest payment made by the issuer.

17.2. Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

17.3. Amortization: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

17.4. Average life: The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

17.5. Bank Wire: A virtually instantaneous electronic transfer of funds between two financial institutions.

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

17.7. Bid: The indicated price at which a buyer is willing to purchase a security or commodity.

17.8. Bond: A long-term debt security, or IOU issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

17.9. Book Value: The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

17.10. Callable Bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

17.11. Certificate of Deposit: Certificates of Deposit, familiarly known as CD'S, are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. CDs bear rates of interest in line with money market rates current at the time of issuance.

17.12. Collateral: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

17.13. Commercial Paper: An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

17.14. Coupon Rate: The annual rate of interest received by an investor from the issuer of certain types of fixed income securities. Also known as the interest rate.

17.15. Credit Quality: The measurement of the financial strength of a bond issuer. This measurement helps and investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Credit ratings are provided by nationally recognized rating agencies.

17.16. Credit Risk: The risk that another party to investment transactions will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third-party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

17.17. Custodian: An independent third party, usually a bank or trust company that holds securities in safekeeping as an agent for the county.

17.18. Defease: To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue, and in the process, render inoperative restrictions under which the issuer has been obligated to operate. Ordinarily an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient to fully pay all amounts under a bond contract as they become due.

17.19. 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.

17.20. Depository Bank: A local bank used as a point of deposit for cash receipts.

17.21. 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).

17.22. 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.

17.23. 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.

17.24. Diversification: Dividing investment funds among a variety of securities offering independent returns to minimize market risk.

17.25. Effective Rate: The yield you would receive on a debt security over a period of time taking into account any compounding effect.

17.26. Face Value: The value of a bond stated on the bond certificates; thus, the redemption value at maturity.

17.27. Federal Agency Securities: Several government sponsored agencies, in recent years, have issued short and long term notes. Such notes typically are issued through dealers, mostly investment banking houses. These Federal government-sponsored agencies were established by the U.S. Congress to undertake various types of financing without tapping the public treasury. In order to do so, the agencies have been given the power to borrow money issuing securities, generally under the authority of an act of Congress. These securities are highly acceptable and marketable for several reasons, mainly because they are exempt from state, municipal and local income taxes. Furthermore, agency securities must offer a higher yield than direct Treasury debt of the same maturity to find investors, partly because these securities are not direct obligations of the Treasury.

17.27.1. The main agency borrowing institutions are the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank System (FHLB), and the Federal Farm Credit System (FFCS).

17.28. Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per aggregate total for all Albany County accounts linked with our taxpayer identification number9.

17.29. Federal Funds Rate: The rate of interest at which Fed funds are traded between banks. Fed Funds are excess reserves held by banks that desire to invest or lend them to banks needing reserves. The particular rate is heavily influenced through the open market operations of the Federal Reserve Board. Also referred to as the “Fed Funds Rate”.

17.30. Federal Home Loan Banks (FHLB): The institutions that regulate and lend to savings and loan associations.

17.31. Federal National Mortgage Association (FNMA): FNMA was chartered under the Federal National Mortgage Association Act in l938. 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 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.

17.32. 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 meets eight times per year 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.

17.33. Federal Reserve System: The central bank of the United States was created by an act of Congress on December 23, 1913. The System consists of a seven member Board of Governors with headquarters in Washington, D.C., and twelve Reserve Banks located in major cities throughout the United States.

17.34. Government Security: Any debt obligation issued by the U.S. government, its agencies or instrumentalities. Certain securities, such as Treasury bonds and Ginnie Maes, are backed by the government as to both principal and interest payments. Other securities such as those issued by Federal Home Loan Mortgage Corporation, or Freddie Mae, are backed by the issuing agency.

17.35. Joint Custody Receipt (JCR): Custodial agreement between County and depository regarding collateral held to secure County funds.

17.36. 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.

17.37. Liquidity Risk: Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value.

17.38. 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 (WYOSTAR).

17.39. Mark to Market: An adjustment in the valuation of a securities portfolio to reflect current market values of the respective securities in the portfolio. This process is also used to ensure that margin accounts are in compliance with maintenance.

17.40. **Marketability:** Ability to sell large blocks of money market instruments quickly and at competitive prices.

17.41. **Market Risk:** Risk associated with the possibility of a loss of value in an investment due to changes in interest rates.

17.42. **Market Value:** The price at which a security is trading and could presumably be purchased or sold.

17.43. **Master Repurchase Agreement**: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that established 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.

17.44. **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

17.45. **Money Market:** The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

17.46. **Offer:** The indicated price at which a seller is willing to sell a security or commodity. When buying a security an offer is obtained.

17.47. **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 effects. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

17.48. **Par Value:** The nominal or face value of a debt security; that is the value at maturity.

17.49. **Portfolio:** Collection of securities held by an investor.

17.50. **Premium:** The amount by which a bond sells above its par value.

17.51. **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.

17.52. Prime Rate: The interest rate a bank charges on loans to its most creditworthy customers. Frequently cited as a standard for general interest rate levels in the economy.

17.53. Principal: An invested amount on which interest is charged or earned.

17.54. 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.

17.55. 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 County Commissioners to hold public deposits.

17.56. 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 or on a bond the current income return.

17.57. 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, which is increasing bank reserves.

17.58. 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, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

17.59. Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

17.60. Securities: Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

17.61. Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

17.62. Sec Rule 15C3-1: See Uniform Net Capital Rule.

17.63. Settlement Dates: The day on which payment is due for a securities purchase. For stocks and mutual funds bought through an investment dealer, settlement is normally five business days after the trade date. Bonds and options normally settle one business day after the trade date. Mutual funds shares purchased directly by mail or wire on the day payment is received.

17.64. Spread: (a) Difference between the best buying price and best selling price for any given security. (b) Difference between yields on or prices of two securities of differing quality or differing maturities. (c) In underwriting, difference between price realized by the issuer and price paid by the investor.

17.65. 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, and 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.

17.66. Time Deposit: Interest-bearing deposit at a savings institution that has a specific maturity.

17.67. Treasury Bills: Treasury bills are short-term debt obligations of the U.S. Government. They offer maximum safety of principal since they are backed by the full faith and credit of the United State Government. Treasury bills, commonly called "T-Bills", account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered "risk-free," these instruments generally offer a lower yield to the investor than do other securities of comparable maturities.

17.68. Treasury Notes and Bonds: While T-Bills are sold at a discount rate that establishes the yield to maturity, all other marketable treasury obligations are coupon issued. These include Treasury Notes with maturities from one to ten years and Treasury Bonds with maturities of 10-30 years. The instruments are typically held by banks and savings and loan associations. Since Bills, Notes and Bonds are general obligations of the U.S. Government, and since the Federal Government has the lowest credit risk of all participants in the money market, its obligations generally offer a lower yield to the investor than do other securities of comparable maturities.

17.69. 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.

17.70. 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 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.

17.71. Yield Basis: Stated in terms of yield as opposed to price. As yield increases for a traded issue, price decreases and vice versa. Charts prepared on a yield basis appear exactly opposite of those prepared on a price basis.

17.72. Yield Spread: The variation between yields on different types of debt securities; generally, a function of supply and demand, credit quality and expected interest rate fluctuations. Treasury bonds, for example, because they are so safe, will normally yield less than corporate bonds. Yields may also differ on similar securities with different maturities. Long-term debt, for example, carries more risk of market changes and issuer defaults than short-term debt and thus usually yields more.

17.73. Zero-Coupon Bonds: Securities that do not pay interest but are instead sold at a deep discount from face value. They rise in price as the maturity date nears and are redeemed at face value upon maturity.

18. Investment Policy Adoption. Albany County's *Statement of Investment Policy* shall be adopted by resolution of the Albany County Commissioners. The investment policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto shall be approved by the Albany County Commissioners.

Adopted by Resolution 2023-014 on August 15, 2023.

STATEMENT OF INVESTMENT POLICY

ALBANY COUNTY

Adopted August 15, 2023

1. **Policy.** This Statement of Investment Policy is adopted pursuant to the requirements of W.S. § 9-4-831(h). It is the policy of Albany County to invest public funds in a manner which will provide a reasonable investment rate of return while assuring the maximum security of principal, meeting the daily cash flow demands of Albany County, and conforming to all Federal, State and, local laws and regulations governing the investment of public funds. This statement of investment objectives and policies is set forth in order to:

    1.1. Establish a clear understanding of the Treasurer's investment policies and objectives;

    1.2. Develop specific guidelines and limitations for the Treasurer to ensure that funds are being managed in accordance with the investment policies and objectives, while maintaining the authority and autonomy of the Treasurer to make investment decisions; and

    1.3. Provide a basis for the evaluation of the investment performance of the plan.

2. **Scope.** This investment policy applies to all financial assets of Albany County. These funds are accounted for in the County's financial statements and include:

General Fund	Agency Funds
Special Revenue Funds	Capital Project Funds
Debt Service Funds	Fiduciary Funds

    2.1. In addition, the Albany County Treasurer provides investment services for all the County governmental agencies, including new funds created by the Albany County Commissioners or otherwise established by the State Legislation; excluding cities, school districts, fire districts, EMT districts, cemetery districts, fairboard, library districts, park and recreation districts, road improvement districts, water and sewer districts.

3. **Prudence.**

    3.1. 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.

3.2. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

4. **Investment Objectives.** The primary objectives, in priority order, of Albany County investment activities shall be:

   4.1. *Safety*: Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   4.2. *Liquidity:* Albany County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that might be reasonably anticipated.

   4.3. *Return on Investment:* The County's investment portfolio shall be designed with the objective of attaining a market-average rate of return throughout budgetary and economic cycles, considering the County's investment risk constraints and the cash flow characteristics of the portfolio.

   4.4. *Community Investment:* Albany County investments will be managed with a commitment toward the benefit of the community. To this end, investing in local institutions, domestic instruments, or through local brokers will be the preferred investment strategy. This strategy will be tempered with the County's fiduciary responsibility and policy of attaining a market–average rate of return.

5. **Delegation of Authority.** Authority to manage Albany County's investment program is derived from the Wyoming State Statutes (W.S. § 9-4-831). Management responsibility for the investment program resides with the Treasurer and the Treasurer's designee, who may establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

6. **Ethics and Conflicts of Interest.** In compliance with W.S. § 6-5-118, effective July 1, 1997, no public servant who invests public funds for a unit of government, or who has authority to decide how public funds are invested, shall transact any personal business with, receive any pecuniary benefit from or have any financial interest in any entity, other than a governmental entity, unless that person has disclosed the benefit or interest in writing to the body of which he is a member or entity for which he is working. Disclosures shall be made annually in a public meeting and shall be made part of the record of proceedings. The public officer or public servant shall make the written disclosure prior to investing any public funds in any entity, other than a governmental entity, which:

   6.1. Provides any services related to investment of funds by that same unit of government; or

   6.2. Has a financial interest in any security or other investment made by that unit of government.

7. **Authorized Financial Dealers and Institutions.**

   7.1. To the extent they are not otherwise invested, the monies collected and held by the Treasurer of the County shall always be deposited and kept on deposit in:

      7.1.1. Banks incorporated under the law of the State of Wyoming;

      7.1.2. National banks;

      7.1.3. Savings and loan associations incorporated under the laws of the State of Wyoming; or

      7.1.4. Federal savings and loan associations.

   7.2. The Treasurer shall use the following criteria to select a depository:

      7.2.1. Designated as a depository by the County Commissioners, and shown as such in the minutes of the Albany County Commission;

      7.2.2. The deposits shall be made to the extent that they are:

         7.2.2.1. Fully insured by the Federal Deposit Insurance Corporation; or

         7.2.2.2. Secured by a pledge of assets of a type authorized by (W.S. § 9-4-820-821). Collateral will be held by an acceptable custodian who, if other than the County, will hold the collateral under joint custody receipt in proper form (W.S. § 9-4-825-828).

7.3. Any bank or savings and loan association, located in Albany County, may apply to keep the monies upon the following conditions:

7.3.1. All Deposits are subject to payment upon demand by the County Treasurer, except that all funds deposited on time deposit, open account shall be withdrawn under (W.S. § 9-4-809);

7.3.2. All funds deposited in a savings and loan association may at any time require giving notice in writing of an intended withdrawal of thirty days before a withdrawal is made;

7.3.3. Interest shall be paid upon the amount deposited as a time deposit, open account.

7.4. The Albany County Treasurer will maintain a list of financial institutions authorized to provide investment and banking services. In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who maintain an office in Albany County or the State of Wyoming.

7.4.1. No public deposit shall be made except in a qualified public depository as established by State law;

7.4.2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the County Treasurer with the following:

7.4.2.1. Trading resolution. Any institution designated as a depository for funds of Albany County will within thirty days following the designation by the Commission, provide a certified copy of the resolution adopted by its board of directors to serve as depository. The resolution must be in the form authorized by statute (W.S. § 9-4-806);

7.4.2.2. Certification of having read the Albany County investment policy (W.S. § 9-4-831(h)). This does not include financial institutions where only deposits are made, but does include those where certificates of deposit are purchased;

7.4.2.3. Current audited financial statements; and

7.4.2.4. In the case of a broker/dealer, a completed broker/dealer questionnaire and proof of State registration.

7.5. The Treasurer shall conduct an annual evaluation of the financial conditions, and receipt of required documents to determine whether a financial institution should be on the "Approved Financial Institution" listing.

8. Authorized and Suitable Investments. The Albany County Treasurer is authorized and limited in those types of securities as allowed by Wyoming State law (W.S. § 9-4-831).

8.1. In accordance with statutes, the Treasurer of Albany County may invest in:

8.1.1. United States treasury bills, notes or bonds, including stripped principal or interest obligations of such issuances, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

8.1.2. Bonds, notes, debentures, or any other obligations or securities issued by or guaranteed by any federal government agency or instrumentality, including but not limited to the following to the extent that they remain federal government agencies or instrumentalities, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation and government national mortgage association. All federal agency securities shall be direct issuances of federal agencies or instrumentalities;

8.1.3. Repurchase agreements involving securities which are authorized investments under paragraphs 1 and 2 of this subsection. The securities may be held in a custodial arrangement with a member bank of the Federal Reserve System or in a segregated account at a Federal Reserve System bank. The repurchase agreement must provide for daily valuation and have a minimum excess market price reserve of one hundred two percent (102%) of the investment. If the County so chooses to invest in repurchase agreements, a Master Repurchase Agreement will be created to guide those investments;

8.1.4. In accordance with W.S. § 9-4-817 with respect to local governments, deposits in financial institutions located within the State of Wyoming;

8.1.5. Mortgage backed securities that are obligations of or guaranteed or insured issues of the United States, its agencies, instrumentalities or organizations created by an act of congress excluding those defined as high risk. High risk mortgage backed securities are defined as any security which meets either of the following criteria:

8.1.5.1. Is rated V-6 or higher by Fitch Investors Service or at an equivalent rating by another nationally recognized rating service; or

8.1.5.2. Is defined as a high-risk mortgage security under Section III of the Supervisory Policy Concerning Selection of Securities Dealers and Unsuitable investment Practices, as amended by the Federal Financial Institutions Examination Council as created under 12 U.S.C. 3301, et seq., or its successor;

8.1.5.3. In banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.

8.1.6. In a guaranteed investment contract if issued and guaranteed by a United States commercial bank or a United States insurance company. The credit quality of the issuer and guarantor shall be the highest category of A.M. Best, Moody's or Standard and Poor's rating service. The contract shall provide the government entity a non-penalized right of withdrawal of the investment if the credit quality of the investment is downgraded;

8.1.7. A co-mingled fund of eligible securities listed in this section if the securities are held through a trust department of a bank authorized to do business in this State or through a trust company authorized to do business in this State with total capital of at least ten million dollars ($10,000,000.00) or which has an unconditional guarantee with respect to those securities from an entity with total capital of at least one hundred million dollars ($100,000,000.00);

8.1.8. Certificates of deposit of a savings and loan association or a federal savings bank authorized to do business in this State to the extent that they are fully insured by the federal deposit insurance corporation, or secured by a pledge of assets and are otherwise authorized as a depository as prescribed by law;

8.1.9. Certificates of deposit of a bank authorized to do business in this State to the extent that they are fully insured by the federal deposit insurance corporation or secured by a pledge of assets and are otherwise authorized as a depository as prescribed by law;

8.1.10. As authorized by W.S. § 37-5-206, bonds of the Wyoming natural gas pipeline authority;

8.1.11. Shares of a money market fund as specified in subsection D of this section.

8.2. No investment of public funds under this section shall be made by any of the officials above designated, until the Board of County Commissioners has first authorized the same (W.S. § 9-4-831(b)).

8.3. No law of this State requiring security upon which loans or investment be made, or prescribing the nature, amount or form of such security, or prescribing or limiting the period for which loans or investment may be made, applies to loans or investment made pursuant to this section.

8.4. Investments in share of diversified money market funds are authorized except that no entity of Wyoming government shall at any time own more than ten percent (10%) of the fund's net assets or shares outstanding. Investments under this subsection are limited to a diversified money market fund which seeks to maintain a stable share value of one dollar ($1.00), is registered under the Securities Act of 1933 and Investment Company Act of 1940, as amended, and has qualified under State registration requirements, if any, to sell shares in the State and which:

8.4.1. Invests its assets:

8.4.1.1. Solely in securities or instruments that have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase of shares;

8.4.1.2. Solely in securities issued by the United States treasury, obligations or securities issued by or guaranteed by a federal government agency or instrumentality, and repurchase agreements collateralized by such instruments at not less than the repurchase price including interest;

8.4.1.3. So that an average dollar weighted maturity of ninety (90) days or less is maintained at all times; and

8.4.1.4. Under limitations such that the fund may borrow funds for temporary purposes only by entering into repurchase agreements and only to the extent permitted by federal law.

8.4.2. Does not impose a sales charge;

8.4.3. Maintains the highest quality rating from at least one (1) of the nationally recognized rating organizations, such as Standard & Poor's Corporation or Moody's Investor Services;

8.4.4. Has an operating history of not less than five (5) consecutive years;

8.4.5. Requires submission of sixty (60) days advance notice of any investment policy change, in the case where such policy changes may be approved without approval of the fund's shareholders or requires approval by shareholders entitled to vote a majority, as the term is defined under the Investment Company Act of 1940, as amended, of the fund's shares;

8.4.6. Is purchased from a person licensed to sell securities in Wyoming through or for an account with an entity which, at the time the investment is made by the State or local government:

8.4.7. Has been continuously engaged in the business of selling securities in Wyoming for the preceding two (2) two years or a financial institution authorized to do business in Wyoming and qualified by law to act as a depository of public funds in this State; and

8.4.8. Currently, and during the preceding two (2) years, continuously had at least one (1) established place of business (means a place in this State which is actually occupied either continuously or at regular periods by employees or agents of the entity who are licensed to sell securities in this State and where a large share of the entity's business in this State is actually conducted).

8.5. Exceptions and further stipulations applied to this investment policy are:

8.5.1. Investment Pools. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer questions as set forth in Albany County's Investment Procedures.

8.5.2. Repurchase Agreements. Albany County will not invest in repurchase or reverse repurchase agreements at this time. Any change in this policy is covered in the Albany County Investment Procedures.

9. Collateralization.

9.1. As specified in W.S. § 9-4-807, deposits must be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of assets. It is essential that the Treasurer have a written guarantee of the security of County funds. An oral guarantee is not sufficient.

9.2. In order to anticipate market changes, amount of funds on deposit, and provide an adequate level of security for all deposited funds, the collateralization level of deposited County funds will be 100% or higher as required by law, of the higher of the par or market value of the collateral.

9.3. The market value of deposits will include accrued interest.

9.4. Investment of bond proceeds or funds pledged for bond repayment must be fully insured.

9.5. Authorized instruments for collateralization of funds of Albany County are those found in W.S. § 9-4-821 and listed below. Wyoming Statute 9-4-821(b) makes all security pledges to the County subject to approval of the Board of County Commissioners; therefore, the Board can reject the pledge of any security it feels is not adequate for the County's needs as follows:

9.5.1. Surety bonds as provided in W.S. § 9-4-820;

9.5.2. United States treasury bills, notes or bonds, including stripped principal or interest obligations of such issuances, or any other obligation or security issued by the United Sates treasury or any other obligation guaranteed as to principal and interest by the United States;

9.5.3. Bonds, notes, debentures, or any other obligations or securities issued by or guaranteed by any federal government agency or instrumentality including but not limited to the following to the extent that they remain federal government agencies or instrumentalities, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation and government national mortgage association. All federal agency securities shall be direct issuances of federal agencies or instrumentalities;

9.5.4. Conventional first mortgages of Wyoming real estate at a ratio of 1.5 to 1 of the value of public funds secured thereby;

9.5.5. Bonds of this State or of counties, cities, community college districts or school districts or warrants issued by virtue of the laws of this State, or special improvement bonds issued by incorporated cities and towns of the State of Wyoming, at market value.

9.6. In addition to the collateralization requirements found in W.S. § 9-4-821, collateralization will also be required on the following type of investments:

9.6.1. Time deposits; and

9.6.2. Repurchase agreements.

9.7. Funds on deposit with WYOSTAR are not insured by the Federal Deposit Insurance Corporation, and collateralization is not available or required on these funds under this provision.

10. Safekeeping and Custody.

10.1. All securities purchased by and collateral on deposits for Albany County shall be properly designated as an asset of the County and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Wyoming, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Treasurer or the Treasurer's designee, as authorized herein.

10.2. A clearly marked evidence of ownership (safekeeping receipt or JCR) must be supplied to Albany County and retained on file.

10.3. The right of collateral substitution upon prior notification and acceptance by Albany County is granted.

10.4. All security transactions, including collateral for repurchase agreements entered into by Albany County shall be conducted on a delivery-versus-payment (DVP) basis. A financial institution will be required to increase its safekeeping pledge prior to the County depositing any funds at that institution. Failure of a financial institution to adequately increase the safekeeping pledge when requested to do so will be grounds for revocation of authority for it to act as an approved depository and withdrawal of County funds.

11. Diversification. Albany County will diversify its instruments by security type and institution. With the exception of U.S. Treasury securities, certificates of deposits, and authorized pools, no more than 25% of the County's total investment portfolio will be invested in a single security type. To provide assurance that the County will be able to continue financial operations without interruption and dependent upon interest rates, satisfaction with services, and practicality, Albany County will utilize at least two financial institutions as depositories.

12. Maximum Maturities.

12.1. All investments will be purchased with the intent to hold them to maturity. The County Treasurer may withdraw any or all funds the Treasurer has deposited in depositories whenever the Treasurer deems it advisable or in the interest of the public that the Treasurer represents, or to pay out money as by law required. To the extent possible, Albany County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Albany County will not directly invest in securities maturing more than five (5) years from the date of purchase.

12.2. Security exchanges may be executed to upgrade yield while maintaining cash flow requirements and the overall portfolio quality, but it is the intent of the County Treasurer to hold investments to maturity.

12.3. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in *readily available* funds such as WYO-STAR or the Wyoming Government Investment Fund and money market funds at an established bank to ensure that appropriate liquidity is maintained to meet ongoing obligations.

13. Internal Control. The Treasurer shall establish a process of annual independent review of the investment function. This review will provide internal control by assuring compliance with policies and procedures. Controls shall be designed to protect against loss of public funds due to fraud, error, misrepresentation or imprudent actions.

14. Market Yield.

14.1. Albany County will generally purchase instruments with the intent of holding the investments until maturity; however, securities may be sold when market prices exceed original cost plus cost of sale by an amount that would contribute favorably to Albany County's rate of return on investments.

14.2. The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles, considering Albany County's investment risk constraints and cash flow needs.

14.3. The County's investment strategy is passive. The basis used by the Treasurer to determine whether reasonable yields are being achieved shall be the average annual earning rate of the State of Wyoming local investment pool (WYOSTAR), as defined by W.S.9-1-416, 90-day U.S. Treasury Bill, and 1-year CD rate.

15. Reporting. The Treasurer shall provide an executive summary report on investment activity that presents a clear picture of the status of the current investment portfolio to the Board of County Commissioners as requested.

16. Legal Constraints on Investment Decisions.

W.S. § 6-5-118.	Conflict of interest; public investments; disclosure required; penalty; definitions.
W.S. § 9-1-416.	Local Investment Pool (WYOSTAR).
W.S. § 9-4-806.	Deposit of County money in approved depositories; bank resolution.
W.S. § 9-4-807.	Deposit of County money in approved depositories; federal insurance; security for deposits not covered.
W.S. § 9-4-808.	Deposit of County money in approved depositories; responsibility for collateral.
W.S. § 9-4-809.	"Time deposit, open account"; defined.
W.S. § 9-4-816.	Deposits by the County; "proper governing board" defined.
W.S. § 9-4-817.	Deposits by the County; selected institutions; security; withdrawals.
W.S. § 9-4-818.	Deposits by the County; applications by, and approval of, banks; rate of interest; defaults.

W.S. § 9-4-820. Deposits by the County; surety bonds for security; out of county banks.

W.S. § 9-4-821. Deposits by the County, security in lieu of surety bonds.

W.S. § 9-4-824. Liability of Treasurer for money loss; power to withdraw funds.

W.S. § 9-4-825-828. Joint custody agreement for securing County deposits: banks authorized to receive collateral, placement of security with custodian, receipt as evidence of deposit, execution and contents of receipt.

W.S. § 9-4-829. Unauthorized use of monies.

W.S. § 9-4-831. Investment of public funds.

W.S. § 13-1-101. "Financial institution" defined.

W.S. § 18-3-805. Duty to receive funds; payments made on commissioners' warrants.

W.S. § 37-5-206. Bonds as legal investments.

17. Cash Management Term Definitions.

17.1. Accrued Interest: The accumulated interest due on a bond as of the last interest payment made by the issuer.

17.2. Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

17.3. Amortization: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

17.4. Average life: The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

17.5. Bank Wire: A virtually instantaneous electronic transfer of funds between two financial institutions.

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

17.7. Bid: The indicated price at which a buyer is willing to purchase a security or commodity.

17.8. Bond: A long-term debt security, or IOU issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

17.9. Book Value: The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

17.10. Callable Bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

17.11. Certificate of Deposit: Certificates of Deposit, familiarly known as CD'S, are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. CDs bear rates of interest in line with money market rates current at the time of issuance.

17.12. Collateral: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

17.13. Commercial Paper: An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

17.14. Coupon Rate: The annual rate of interest received by an investor from the issuer of certain types of fixed income securities. Also known as the interest rate.

17.15. Credit Quality: The measurement of the financial strength of a bond issuer. This measurement helps and investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Credit ratings are provided by nationally recognized rating agencies.

17.16. Credit Risk: The risk that another party to investment transactions will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third-party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

17.17. Custodian: An independent third party, usually a bank or trust company that holds securities in safekeeping as an agent for the county.

17.18. Defease: To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue, and in the process, render inoperative restrictions under which the issuer has been obligated to operate. Ordinarily an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient to fully pay all amounts under a bond contract as they become due.

17.19. 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.

17.20. Depository Bank: A local bank used as a point of deposit for cash receipts.

17.21. 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).

17.22. 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.

17.23. 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.

17.24. Diversification: Dividing investment funds among a variety of securities offering independent returns to minimize market risk.

17.25. Effective Rate: The yield you would receive on a debt security over a period of time taking into account any compounding effect.

17.26. Face Value: The value of a bond stated on the bond certificates; thus, the redemption value at maturity.

17.27. Federal Agency Securities: Several government sponsored agencies, in recent years, have issued short and long term notes. Such notes typically are issued through dealers, mostly investment banking houses. These Federal government-sponsored agencies were established by the U.S. Congress to undertake various types of financing without tapping the public treasury. In order to do so, the agencies have been given the power to borrow money issuing securities, generally under the authority of an act of Congress. These securities are highly acceptable and marketable for several reasons, mainly because they are exempt from state, municipal and local income taxes. Furthermore, agency securities must offer a higher yield than direct Treasury debt of the same maturity to find investors, partly because these securities are not direct obligations of the Treasury.

17.27.1. The main agency borrowing institutions are the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank System (FHLB), and the Federal Farm Credit System (FFCS).

17.28. Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per aggregate total for all Albany County accounts linked with our taxpayer identification number9.

17.29. Federal Funds Rate: The rate of interest at which Fed funds are traded between banks. Fed Funds are excess reserves held by banks that desire to invest or lend them to banks needing reserves. The particular rate is heavily influenced through the open market operations of the Federal Reserve Board. Also referred to as the “Fed Funds Rate”.

17.30. Federal Home Loan Banks (FHLB): The institutions that regulate and lend to savings and loan associations.

17.31. Federal National Mortgage Association (FNMA): FNMA was chartered under the Federal National Mortgage Association Act in l938. 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 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.

17.32. 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 meets eight times per year 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.

17.33. Federal Reserve System: The central bank of the United States was created by an act of Congress on December 23, 1913. The System consists of a seven member Board of Governors with headquarters in Washington, D.C., and twelve Reserve Banks located in major cities throughout the United States.

17.34. Government Security: Any debt obligation issued by the U.S. government, its agencies or instrumentalities. Certain securities, such as Treasury bonds and Ginnie Maes, are backed by the government as to both principal and interest payments. Other securities such as those issued by Federal Home Loan Mortgage Corporation, or Freddie Mae, are backed by the issuing agency.

17.35. Joint Custody Receipt (JCR): Custodial agreement between County and depository regarding collateral held to secure County funds.

17.36. 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.

17.37. Liquidity Risk: Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value.

17.38. 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 (WYOSTAR).

17.39. Mark to Market: An adjustment in the valuation of a securities portfolio to reflect current market values of the respective securities in the portfolio. This process is also used to ensure that margin accounts are in compliance with maintenance.

17.40. Marketability: Ability to sell large blocks of money market instruments quickly and at competitive prices.

17.41. Market Risk: Risk associated with the possibility of a loss of value in an investment due to changes in interest rates.

17.42. Market Value: The price at which a security is trading and could presumably be purchased or sold.

17.43. Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that established 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.

17.44. Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

17.45. Money Market: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

17.46. Offer: The indicated price at which a seller is willing to sell a security or commodity. When buying a security an offer is obtained.

17.47. 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 effects. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

17.48. Par Value: The nominal or face value of a debt security; that is the value at maturity.

17.49. Portfolio: Collection of securities held by an investor.

17.50. Premium: The amount by which a bond sells above its par value.

17.51. 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.

17.52. Prime Rate: The interest rate a bank charges on loans to its most creditworthy customers. Frequently cited as a standard for general interest rate levels in the economy.

17.53. Principal: An invested amount on which interest is charged or earned.

17.54. 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.

17.55. 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 County Commissioners to hold public deposits.

17.56. 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 or on a bond the current income return.

17.57. 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, which is increasing bank reserves.

17.58. 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, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

17.59. Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

17.60. Securities: Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

17.61. Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

17.62. Sec Rule 15C3-1: See Uniform Net Capital Rule.

17.63. Settlement Dates: The day on which payment is due for a securities purchase. For stocks and mutual funds bought through an investment dealer, settlement is normally five business days after the trade date. Bonds and options normally settle one business day after the trade date. Mutual funds shares purchased directly by mail or wire on the day payment is received.

17.64. Spread: (a) Difference between the best buying price and best selling price for any given security. (b) Difference between yields on or prices of two securities of differing quality or differing maturities. (c) In underwriting, difference between price realized by the issuer and price paid by the investor.

17.65. 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, and 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.

17.66. Time Deposit: Interest-bearing deposit at a savings institution that has a specific maturity.

17.67. Treasury Bills: Treasury bills are short-term debt obligations of the U.S. Government. They offer maximum safety of principal since they are backed by the full faith and credit of the United State Government. Treasury bills, commonly called "T-Bills", account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered "risk-free," these instruments generally offer a lower yield to the investor than do other securities of comparable maturities.

17.68. Treasury Notes and Bonds: While T-Bills are sold at a discount rate that establishes the yield to maturity, all other marketable treasury obligations are coupon issued. These include Treasury Notes with maturities from one to ten years and Treasury Bonds with maturities of 10-30 years. The instruments are typically held by banks and savings and loan associations. Since Bills, Notes and Bonds are general obligations of the U.S. Government, and since the Federal Government has the lowest credit risk of all participants in the money market, its obligations generally offer a lower yield to the investor than do other securities of comparable maturities.

17.69. 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.

17.70. 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 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.

17.71. Yield Basis: Stated in terms of yield as opposed to price. As yield increases for a traded issue, price decreases and vice versa. Charts prepared on a yield basis appear exactly opposite of those prepared on a price basis.

17.72. Yield Spread: The variation between yields on different types of debt securities; generally, a function of supply and demand, credit quality and expected interest rate fluctuations. Treasury bonds, for example, because they are so safe, will normally yield less than corporate bonds. Yields may also differ on similar securities with different maturities. Long-term debt, for example, carries more risk of market changes and issuer defaults than short-term debt and thus usually yields more.

17.73. Zero-Coupon Bonds: Securities that do not pay interest but are instead sold at a deep discount from face value. They rise in price as the maturity date nears and are redeemed at face value upon maturity.

18. Investment Policy Adoption. Albany County's *Statement of Investment Policy* shall be adopted by resolution of the Albany County Commissioners. The investment policy shall be reviewed on an annual basis by the Treasurer and any modifications made thereto shall be approved by the Albany County Commissioners.

Adopted by Resolution 2023-014 on August 15, 2023.