

## Investment Policy Compliance As of September 30, 2023

Investment Policy Requirements		Compliance Check / Actual
1	<b>General Investment Guidelines:</b> <ul style="list-style-type: none"> <li>a) The max. stated final maturity of individual securities in the portfolio should be 10 years.</li> <li>b) A max. of <u>30 percent</u> of the par value of the portfolio shall be invested in securities with maturities beyond 5 years.</li> <li>c) The City shall maintain a minimum of one month's cash needs in short term investments.</li> <li>d) At least <u>\$50 million</u> shall be maintained in securities maturing in less than 2 years.  <ul style="list-style-type: none"> <li>Plus two managed pool accounts which provide instant liquidity: <ul style="list-style-type: none"> <li>- Local Agency Investment Fund (LAIF) - maximum investment limit is <u>\$75 million</u></li> <li>- Fidelity Investments</li> </ul> </li> </ul> </li> <li>e) Should market value of the portfolio fall below <u>95 percent</u> of the book value, report this fact within a reasonable time to the City Council and evaluate if there are risk of holding securities to maturity.</li> <li>d) Commitments to purchase securities newly introduced on the market shall be made no more than three (3) working days before pricing.</li> <li>f) Whenever possible, the City will obtain three or more quotations on the purchase or sale of comparable securities (excludes new issues, LAIF, City of Palo Alto bonds, money market accounts, and mutual funds).</li> </ul>	Full Compliance  26.6%  \$152.2 million  \$14.1 million \$9.8 million 90.5%
2	<b>U.S. Government Securities:</b> <ul style="list-style-type: none"> <li>a) There is no limit on purchase of these securities.</li> <li>b) Securities will not exceed 10 years maturity.</li> </ul>	Full Compliance  1.22%
3	<b>U.S. Government Agency Securities:</b> <ul style="list-style-type: none"> <li>a) There is no limit on purchase of these securities except for:  Callable and Multi-step-up securities provided that: <ul style="list-style-type: none"> <li>- The potential call dates are known at the time of purchase;</li> <li>- the interest rates at which they "step-up" are known at the time of purchase; and</li> <li>- the entire face value of the security is redeemed at the call date.</li> <li>- No more than <u>25 percent</u> of the par value of portfolio.</li> </ul> </li> <li>b) Securities will not exceed 10 years maturity.</li> </ul>	Exceeded Limit       26.62%
4	<b>California State, California Local Government Agencies, and other United States State Bonds:</b> <ul style="list-style-type: none"> <li>a) Having at time of investment a minimum Double A (AA/Aa2) rating as provided by a nationally recognized rating service (e.g., Moody's, Fitch, and/or Standard and Poor's).</li> <li>b) May not exceed <u>40 percent</u> of the par value of the portfolio.</li> </ul>	Full Compliance   38.36%
5	<b>Certificates of Deposit (CD):</b> <ul style="list-style-type: none"> <li>a) May not exceed <u>20 percent</u> of the par value of the portfolio;</li> <li>b) No more than <u>10 percent</u> of the par value of the portfolio in collateralized CDs in any institution.</li> <li>c) Purchase collateralized deposits only from federally insured large banks that are rated by a nationally recognized rating agency (e.g. Moody's, Fitch, and/or Standard &amp; Poor's).</li> <li>d) For non-rated banks, deposit should be limited to amounts federally insured (FDIC)</li> <li>e) Rollovers are not permitted without specific instruction from authorized City staff.</li> </ul>	Full Compliance None Held
6	<b>Banker's Acceptance Notes (BA):</b> <ul style="list-style-type: none"> <li>a) No more than <u>30 percent</u> of the par value of the portfolio.</li> <li>b) Not to exceed 180 days maturity.</li> <li>c) No more than \$5 million with any one institution.</li> </ul>	Full Compliance None Held

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7	<b>Commercial Paper:</b> a) No more than <u>15 percent</u> of the par value of the portfolio. b) Having highest letter or numerical rating from a nationally recognized rating service. c) Not to exceed 270 days maturity. d) No more than <u>\$3 million or 10 percent</u> of the outstanding commercial paper of any one institution, whichever is lesser.	Full Compliance None Held
8	<b>Short-Term Repurchase Agreement (REPO):</b> a) Not to exceed 1 year. b) Market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities.	Full Compliance None Held
9	<b>Money Market Deposit Accounts</b> a) Liquid bank accounts which seek to maintain a net asset value of \$1.00.	Full Compliance
10	<b>Mutual Funds:</b> a) No more than <u>20 percent</u> of the par value of the portfolio. b) No more than <u>10 percent</u> of the par value with any one institution.	Full Compliance None Held
11	<b>Negotiable Certificates of Deposit (NCD):</b> a) No more than <u>20 percent</u> of the par value of the portfolio. b) No more than \$5 million in any one institution.	Full Compliance 8.27% Federally Insured
12	<b>Medium-Term Corporate Notes:</b> a) No more than <u>10 percent</u> of the par value of the portfolio. b) Not to exceed 5 years maturity. c) Securities eligible for investment shall have a minimum rating of AA or Aa2 from a nationally recognized rating service. d) No more than \$5 million of the par value may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentality. e) If securities owned by the City are downgraded by either rating agencies to a level below AA it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities.	Full Compliance 5.09%
13	<b>Supranational Organizations Securities:</b> a) Securities will not exceed 5 years maturity b) No more than <u>20 percent</u> of the par value of the portfolio. c) No more than <u>10 percent</u> in any one institution. d) Securities eligible for investment shall have a minimum rating of AA or Aa2 from a nationally recognized rating service.	Full Compliance 7.56% Full Compliance
14	<b>Prohibited Investments:</b> a) Reverse Repurchase Agreements b) Derivatives as defined in Appendix B of the Investment Policy	Full Compliance None Held
15	All securities shall be delivered to the City's safekeeping custodian, and held in the name of the City, with the exception of : - Certificates of Deposit, Mutual Funds, and Local Agency Investment Fund (LAIF)	Full Compliance