RESOLUTION NO. 2020-09-018

A RESOLUTION OF THE CITY OF WHITE SETTLEMENT, TEXAS, ACKNOWLEDGING THE ANNUAL REVIEW AND APPROVAL OF THE OFFICIAL INVESTMENT STRATEGY AND INVESTMENT POLICY IN ACCORDANCE WITH PUBLIC FUNDS INVESTMENT ACT (CHAPTER 2256 OF THE TEXAS GOVERNMENT CODE).

WHEREAS, the City Council of the City of White Settlement recognizes that effective cash management is essential to good fiscal management; and

WHEREAS, the City Council shall review and adopt an Investment Strategies and Policy annually; and

WHEREAS, the attachment to this resolution otherwise known as "Attachment A" serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code) by setting forth specific investment policy and strategy guidelines for the City of White Settlement in order to achieve the goals of safety, liquidity, public trust, and yield for all investment activity; and

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF WHITE SETTLEMENT, THAT:

Section 1

The Investment Policy, more fully described in Attachment "A" attached hereto and made a part hereof, is hereby adopted as the official Investment Policy of the City of White Settlement.

Section 2

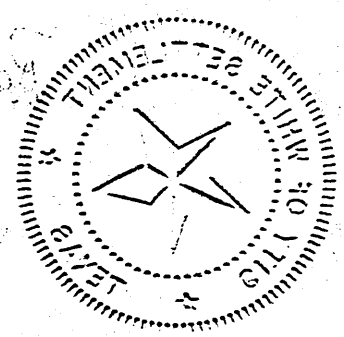
This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED THIS THE 1st DAY OF September, 2020.

Ronald A. White
Ronald White, Mayor

ATTEST:

Amy Arnold
Amy Arnold, TRMC, CMC
City Secretary



CITY OF WHITE SETTLEMENT

INVESTMENT POLICY

Approved September 1, 2020

INTRODUCTION

The purpose of this document is to set forth specific policy and strategy guidelines for the City of White Settlement (the "City") in order to achieve the goals of safety, liquidity, public trust, and yield. This Policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code, the "Act"), to define, adopt and review a formal investment strategy policy.

INVESTMENT STRATEGY

The City maintains portfolios which utilize four investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios:

A. **Operating Funds and Comingled Pooled Cash**

Suitability - Any investment eligible in the Investment Policy is suitable for Operating Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations may occur. However, by managing the weighted average days to maturity for the Operating Fund's portfolio to less than 365 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than ten basis points will define an efficient secondary market.

Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the Fund types. Cash equivalent investments will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

B. **Debt Service Funds.**

Suitability - Any investment eligible in the Investment Policy is suitable for the Debt Service Fund.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations may occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity - Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Cash equivalent investments may provide a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification - Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

C. **Debt Service Reserve Funds**

Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations may occur. However, managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing reduces the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or three years. Annual mark-to-market requirements or specific maturity and average life limitations

within the borrowing's documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

Marketability - Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall at all times operate within the limits of the Investment Policy's risk constraints.

D. **Capital Projects or Special Purpose Funds**

Suitability - Any investment eligible in the Investment Policy is suitable for Capital Projects or Special Purpose Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market fluctuations may occur. However, by restricting the maximum maturity to three years and by managing Capital Projects or Special Purpose Funds to balance the short term and long term anticipated cash flow requirements, the market risk of the portfolio will be minimized.

Marketability - The balancing of short-term and long-term cash flow needs requires the short-term portion of the Capital Projects or Special Purpose Funds portfolio to have securities with active and efficient secondary markets. Historical market "spreads" between the bid and offer prices of a particular security-type of less than ten basis points will define an efficient secondary market. Securities with less active and efficient secondary markets are acceptable for the long-term portion of the portfolio.

Liquidity - Capital Projects or Special Purpose Funds used as part of a CIP plan or scheduled repair and replacement program are reasonably predictable.

However unanticipated needs or emergencies may arise. Selecting investment maturities that provide greater cash flow than the anticipated needs will reduce the liquidity risk of unanticipated expenditures.

Diversification - Investment maturities should blend the short-term and long-term cash flow needs to provide adequate liquidity and yield enhancement and stability. A "barbell" maturity ladder may be appropriate.

Yield - Attaining a competitive market yield for comparable investment-types and portfolio structures is the desired objective. The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective.

INVESTMENT POLICY

I. SCOPE OF POLICY

This Investment Policy shall govern the investment activities of all funds of the City. This Policy serves to satisfy the State statute requirement to define and adopt a formal investment policy.

Funds Included

All financial assets of all current funds of the City, and any new funds created in the future, unless specifically exempted, will be administered in accordance with the objectives and restrictions set forth in this Policy. These funds are accounted for in the City's Comprehensive Annual Financial Report (CAFR) and include, but are not limited to: General Fund, Enterprise Funds, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds.

The City will consolidate cash balances from all applicable funds, with the exception of certain restricted funds, to optimize investment earnings. Investment earnings will be allocated to the various funds based upon their respective participation and in accordance with generally acceptable accounting principles.

Funds Excluded

This Policy shall not govern funds managed under separate investment programs. Such funds include: funds established by the City for deferred employee compensation plans, the City's participation in the Texas Municipal Retirement System and defeased bonds that are held in trust escrow accounts. The City will maintain responsibility for these funds as required by Federal and State law and the City Charter and Code.

II. OBJECTIVES OF POLICY

The City shall manage and invest its cash with four objectives, listed in order of priority: Safety, Liquidity, Public Trust, and Yield. The foremost and primary objective of the City's investment program is the preservation and safety of the principal. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Federal law.

The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, vendor payments in accordance with invoice terms, and prudent investment of all available cash. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and maximum interest income on short-term investment of pooled idle cash.

Safety

The foremost and primary objective of the City's investment program is the preservation and safety of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from issuer defaults or erosion of market value.

Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. This shall be achieved by matching investment maturities with forecasted cash flow requirements, by investing in securities with active secondary markets, and by diversification of maturities and call dates. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio also may be placed in cash equivalent investments.

Public Trust

All employees involved in the City's investment program shall seek to act responsibly as custodians of the public trust. All employees involved in the investment process shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

Yield

The City's investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on three-month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein, cash flow characteristics of the portfolio and prudent investment policies. This Policy establishes "weighted average yield to maturity" as the standard portfolio performance measurement.

III. RESPONSIBILITY AND CONTROL

Delegation of Authority and Training

Authority to manage the City's investment program is derived from the City Council. The City Manager and Finance Director are designated as the Investment Officers of the City and are responsible for investment decisions and activities, and have the explicit authorization of the City Council to withdraw, transfer, deposit, and invest City funds. Oversight management responsibility for the investment program has been delegated to the Finance Director to establish written procedures and controls for the operation of the investment program, consistent with this Policy. Such procedures shall include explicit authorization to designate persons responsible for the daily cash management operation, the execution of investment transactions, overall portfolio management and investment reporting. In the absence of the City Manager or the Finance Director, the Assistant City Manager is authorized to act on behalf of the City Manager and the Assistant Finance

Director is authorized to act on behalf of the Finance Director. In the case that the City does not have an Assistant City Manager or Assistant Finance Director, the Parks & Recreation Director shall act on behalf of the City Manager or Finance Director.

No person shall engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Finance Director. The Investment Officers shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of any subordinates.

All Investment Officers shall be required to receive investment training to ensure the quality and capability of investment management. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act. Training will be provided through courses and seminars offered by independent professional organizations and associations, including the Government Treasurers' Organization of Texas (GTOT), the University of North Texas Center for Public Management, the Government Finance Officers Association of Texas (GFOAT), and the Texas Municipal League (TML). Training shall consist of 10 hours accumulated within 12 months of assuming office and 8 hours accumulated every 2 years thereafter as required by the Act.

Ethics and Conflicts of Interest

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. City staff shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City and they shall further disclose positions that could be related to the performance of the City's portfolio. City staff involved in the investment process shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

An Investment Officer of the City who has a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within a second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure. The controls shall be designed to ensure that the assets of the City are protected from loss due to employee error, fraud, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

A. Control of collusion,

B. Separation of duties,

C. Custodial safekeeping,

D. Avoidance of physical delivery of securities,

E. Clear delegation of authority to subordinate staff members, and

F. Written confirmation for telephone transactions for investments and wire transfers.

Compliance Audit

In conjunction with the annual financial audit, an independent auditor shall perform an annual compliance audit of management controls on investments and adherence to the City's established investment policies.

Prudence

The standard of prudence to be applied by the Investment Officers shall be the "prudent person" rule which states: "Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking the following into consideration:

A. The investment of all funds, or funds under the City's control, over which the Investment Officer had responsibility rather than a consideration as the prudence of a single investment.

B. Whether the investment decision was consistent with the written Investment Policy of the City.

Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific issuer's credit risk or market price changes, provided these deviations from expectation are reported in a timely manner and that appropriate action is taken to control adverse developments.

IV. REPORTING

Quarterly Reporting

The Finance Director shall prepare a quarterly investment report, signed by all Investment Officers, that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. The report shall summarize investments, maturities, and information as required by the Act.

Annual Review

If the City invests in investments other than money market mutual funds, investment pools, or CDs and money market accounts offered by its depository bank, the City's quarterly reports will be formally reviewed, in conjunction with the annual financial audit, by an independent auditor. The results of the audit shall be reported to the City Council by the independent auditor as a component of the annual audit.

Methods

The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to this Policy. The report will be provided to the City Manager and City Council. The report will include the following:

A. A listing of individual investments held at the end of the reporting period,

B. Unrealized gains and losses resulting from appreciation or depreciation by listing the cost and market value of investments,

C. Average weighted yield to maturity of City investments as compared to an applicable benchmark,

D. Listing of investment maturity dates,

E. The percentage of total portfolio which each type of investment represents, and

F. Statement of compliance of the City's investment portfolio with State law and the investment strategies and policy approved by the City Council.

At least quarterly, the Investment Officers shall monitor market values and issuer ratings (as applicable) obtained from independent news sources, business organizations or portfolio reporting services, and report the market values and ratings in the quarterly investment reports.

V. INVESTMENT PORTFOLIO

Active Portfolio Management

The City shall pursue an active versus a passive portfolio management philosophy. That is, investments may be sold or redeemed before they mature if market conditions present an opportunity for the City to benefit from the trade. The Investment Officers will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will adjust the portfolio accordingly.

Investments

Funds of the City may be invested in the following instruments (investments not specifically listed below are not authorized):

A. Obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks.

B. Direct obligations of the State of Texas or its agencies and instrumentalities.

C. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state, rated as to investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent.

E. Certificates of Deposit and other forms of deposit in a depository institution that has its main office or branch office in Texas; are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or are secured by obligations in any manner and amount provided by law for deposits of the City. Or, deposits placed through a broker or financial institution that has its main office or a branch office in Texas that arranges for deposit of the funds in one or more federally insured depository institutions, wherever located, for an account of the City, and in compliance with the requirements of the Act.

F. Fully collateralized direct repurchase agreements with a defined termination date; secured by cash or obligations of the United States or its agencies and instrumentalities; pledged to the City, held in the City's account, and deposited at the time of purchase with a third party, selected and approved by the Finance Director, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas.

G. SEC registered, no load, government money market mutual funds that comply with the requirements of the Act and seek to maintain a stable $1.0000 net asset value.

H. Local government investment pools which invest in instruments and follow practices allowed by State law and meet the requirements outlined in the Act (Section 2256.016). Local government investment pools must be rated AAA or AAAm or their equivalents by a nationally recognized credit rating agency.

The City shall take prudent measures to liquidate any investment that is down-graded to less than the minimum rating required. Pursuant to the Act, the City is not required to liquidate investments that were authorized investments at the time of purchase.

Not Authorized

The City's authorized investment options are more restrictive than those allowed by State law. State law prohibits investment in the following investments:

A. Obligations whose payment represents the coupon payments on the outstanding principal balance of underlying mortgage-backed security collateral and pay no principal.

B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

C. Collateralized mortgage obligations that have a stated final maturity date greater than 10 years.

D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Holding Period

The City intends to match the holding periods of investment funds with the liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed three years.

Risk and Diversification

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines:

A. Risk of issuer default is controlled by limiting investments to those instruments allowed by the Act, which are described herein.

B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of dollar weighted average maturity of operating investments to one-year, and avoidance of over-concentration of assets by type of investment, where applicable.

C. Risk of illiquidity due to technical complications shall be controlled by the selection of securities dealers as described herein.

VI. SELECTION OF BANKS AND INVESTMENT PROVIDERS

Primary Depository

In accordance with State law, a primary depository shall be selected through the City's banking services procurement process, which shall include a formal request for application (RFA). In selecting a primary depository, the credit worthiness of institutions shall be considered, and the Finance Director shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

Certificates of Deposits and Other Forms of Deposit

Banks seeking to establish eligibility for the City's competitive deposit placement program shall submit for review annual financial statements, evidence of federal insurance and other information as required by the Finance Director.

Broker/Dealers

For broker/dealers, the City Council shall, at least annually, review, revise, and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City. The City shall select only those broker/dealers reporting to the Markets Reports Division of the Federal Reserve Board of New York, also known as the "Primary Government Security Dealers," unless a credit and capitalization analysis reveals other firms are adequately financed to conduct public business. All broker/dealers shall provide the City with references from public entities which they are currently serving.

Competitive Environment

It is the policy of the City to create a competitive environment for all individual security purchases and sales, financial institution deposits, money market mutual funds, and local government investment pools.

Business Organization Certification

Local government investment pools and discretionary investment management firms shall provide certification of having read the City's Investment Policy signed by a qualified representative of the organization, acknowledging that the organization has implemented

reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the City and the organization in accordance with the Act.

VII. SAFEKEEPING AND CUSTODY

Insurance and Collateral

With the exception of deposits secured with irrevocable letters of credit at 100% of amount, all financial institution deposits and repurchase agreement investments of City funds shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the minimum pledged securities collateralization market value will be 102% of the principal and accrued interest on the deposits or investments less an amount insured by the FDIC. Evidence of pledged collateral shall be maintained by the Finance Director. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Collateral shall be reviewed at least monthly to assure that the market value of the pledged collateral is adequate. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards deposits.

Custodial and Collateralization Agreements

Collateral pledged to secure deposits of the City shall be held by an independent third party custodial institution in accordance with a custodial agreement which clearly defines the procedural steps for gaining access to the collateral should the City determine that the City's funds are in jeopardy. The custodian institution, or trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral.

All financial institutions pledging securities as collateral shall be required to sign a collateralization agreement with the City. The agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement has to be executed by the financial institution and the City contemporaneously with the deposit;
- The agreement must be approved by the Board of Directors or designated committee of the financial institution and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the financial institution's "official record" continuously since its execution.

Collateral Defined

For financial institution deposits, the City shall accept eligible collateral as defined by the Public Funds Collateral Act. For repurchase agreements, the City shall accept eligible collateral as defined by the Act.

Subject to Audit

All collateral shall be subject to inspection and audit by the Finance Director or the City's independent auditors.

Delivery Versus Payment

All investments shall be purchased using the delivery versus payment method (DVP), where applicable. That is, funds shall not be wired or paid until verification has been made that the correct investment was received by the City's safekeeping agent. The investment shall be held in the City's account or on behalf of the City. The safekeeping agent's records shall assure the notation of the City's ownership of or explicit claim on the investment. The original copy of all safekeeping receipts shall be delivered to the City.

VIII. INVESTMENT POLICY ADOPTION

The City Investment Policy shall be adopted by resolution of the City Council, at least annually. The Policy shall be reviewed for effectiveness on an annual basis by the Finance Department and any modifications will be recommended for approval to the City Council.

CITY OF WHITE SETTLEMENT, TEXAS

AUTHORIZED BROKER/DEALERS

Broker/Dealers:

FHN Financial

Multi-Bank Securities

SAMCO Capital

Vining Sparks

Wells Fargo Brokerage, LLC

SAMPLE

CITY OF WHITE SETTLEMENT, TEXAS

CERTIFICATE OF BUSIINESS ORGANIZATION

1. The City of White Settlement has presented a copy of its Investment Policy to the undersigned.

2. The undersigned has reviewed the Investment Policy and thoroughly understands it.

3. The undersigned has implemented reasonable procedures and controls in an effort to preclude imprudent investment transactions that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards, or relates to investment transactions of the City that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

Signed this _____ day of _____, 20 ____.

_____
Organization

By:_____

Title: _____