

A G R E E M E N T

THIS AGREEMENT is made between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado (the “City”) **CHANDLER ASSET MANAGEMENT**, whose address is 6225 Lusk Blvd., Suite B, San Diego, CA 92121 (the “Consultant”), collectively “the parties”.

The parties agree as follows:

1. COORDINATION AND LIAISON: The Consultant shall fully coordinate all study and reporting research services under the Agreement with the Chief Financial Officer (hereafter “Manager” or “CFO”) or, the CFO’s Designee.

2. SERVICES TO BE PERFORMED:

a. As the CFO directs, the Consultant shall diligently undertake, perform, and complete all of the services and produce all the deliverables, including a final study summary, conclusions, and report set forth on **Exhibit A, the Scope of Work**, to the City’s satisfaction.

b. The Consultant is ready, willing, and able to provide the services required by this Agreement.

c. The Consultant shall faithfully perform the services in accordance with the standards of care, skill, training, diligence, and judgment provided by highly competent individuals performing services of a similar nature to those described in the Agreement and in accordance with the terms of the Agreement. As the Manager generally directs, the Consultant shall diligently undertake, perform, and complete all of the services set forth on attached **Exhibit A** (the “Scope of Work” or “SOW”), to the City’s satisfaction.

d. By executing this Agreement, Consultant acknowledges that the City has provided and the Consultant has read and is familiar with the City’s Investment Policy, and shall comply with the requirements of the City’s Investment Policy, as may be amended from time to time, which amendments shall be timely provided to Consultant. Consultant also agrees that when performing investment services for the City, Consultant shall only invest in securities compliant with the City’s Investment Policy, which is attached hereto as **Exhibit C**.

e. The City hereby grants authority to Consultant to invest and reinvest the City funds and securities assets having an initial market value of Four Hundred Million Dollars (\$400,000,000.00) under Consultant’s management in securities permitted by the Authorized

Investment List for the sole benefit of the City (the “Managed Portfolio.”) From time to time the Manager may authorize an amendment to the Authorized Investment List and such amendment shall be signed by the Manager or the Manager’s Representative and provided to Consultant’s Designated Personnel.

f. The City recognizes that the opinions, recommendations and actions of Consultant will be based on information deemed by Consultant to be reliable, but it is not guaranteed by Consultant.

g. It is further understood that Consultant may be acting in a similar capacity for other institutional and individual clients, and that investments and reinvestments for the Managed Portfolio and the City’s internally managed portfolio (collectively, “the City Portfolio”) may differ from those made or recommended with respect to other accounts and clients even though the investment objectives may be the same or similar. Accordingly, it is agreed that Consultant will have no obligation to purchase or sell for the Managed Portfolio any securities which it may purchase or sell for other clients.

h. By execution of this Agreement the City confirms that it has received the disclosure statement or "brochure" required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). By execution of this Agreement the City confirms that it has received a copy of Consultant's Privacy Policy. City understands that it has the right to terminate this Agreement without penalty within five (5) days after entering into this Agreement.

3. TERM:

a. **Initial Term.** The Master Agreement will commence on January 1, 2020 and will expire on December 31, 2020 (the “Initial Term.”)

b. **Renewal Terms.** The City shall automatically renew the Initial Term for up to four (4) additional one-year terms by appropriation of sufficient amounts for the subsequent year by City Council. The first Renewal Term shall be from January 1, 2021 to December 31, 2021; the second Renewal Term shall be from January 1, 2022 to December 31, 2022; the third Renewal Term shall be from January 1, 2023 to December 31, 2023 and the fourth Renewal Term shall be from January 1, 2024 to December 31, 2024 (each an “Annual Renewal.”)

c. **Work to be completed.** The Consultant shall complete the corresponding annual study and any work in progress by the end of each Annual Term as of the expiration date unless the work is earlier terminated by the CFO.

4. COMPENSATION AND PAYMENT:

a. Fee: The City shall pay and the Consultant shall accept as the sole compensation for services rendered and costs incurred under the Agreement Two Hundred Forty Thousand Dollars (\$240,000.00) for the Initial Term and Two Hundred Forty Thousand Dollars (\$240,000.00) for each Renewal Term.

b. Reimbursable Expenses: There are no reimbursable expenses allowed under the Agreement.

c. Invoicing: Consultant shall provide the City with a monthly invoice in a format and with a level of detail acceptable to the City including all supporting documentation required by the City. The City's Prompt Payment Ordinance, §§ 20-107 to 20-118, D.R.M.C., applies to invoicing and payment under this Agreement.

d. Maximum Contract Amount:

(i) Notwithstanding any other provision of the Agreement, the City's maximum payment obligation, in the event all Renewal Terms are effected, will not exceed One Million Two Hundred Thousand Dollars (\$1,200,000.00) (the "Maximum Contract Amount"). The City is not obligated to execute an Agreement or any amendments for any further services, including any services performed by Consultant beyond that specifically described in **Exhibit A**. Any services performed beyond those in Exhibit A are performed at Consultant's risk and without authorization under the Agreement.

(ii) The City's payment obligation, whether direct or contingent, extends only to funds appropriated annually by the Denver City Council, paid into the Treasury of the City, and encumbered for the purpose of the Agreement. The City does not by the Agreement irrevocably pledge present cash reserves for payment or performance in future fiscal years. The Agreement does not and is not intended to create a multiple-fiscal year direct or indirect debt or financial obligation of the City.

5. STATUS OF CONSULTANT: The Consultant is an independent contractor retained to perform professional or technical services for limited periods of time. Neither the Consultant nor any of its employees are employees or officers of the City under Chapter 18 of the Denver Revised Municipal Code, or for any purpose whatsoever.

6. TERMINATION:

a. The City has the right to terminate the Agreement with cause upon written notice effective immediately, and without cause upon twenty (20) days prior written notice to the Consultant. However, nothing gives the Consultant the right to perform services under the Agreement beyond the time when its services become unsatisfactory to the CFO.

b. Notwithstanding the preceding paragraph, the City may terminate the Agreement if the Consultant or any of its officers or employees are convicted, plead *nolo contendere*, enter into a formal agreement in which they admit guilt, enter a plea of guilty or otherwise admit culpability to criminal offenses of bribery, kick backs, collusive bidding, bid-rigging, antitrust, fraud, undue influence, theft, racketeering, extortion or any offense of a similar nature in connection with Consultant's business. Termination for the reasons stated in this paragraph is effective upon receipt of notice.

c. Upon termination of the Agreement, with or without cause, the Consultant shall have no claim against the City by reason of, or arising out of, incidental or relating to termination, except for compensation for work duly requested and satisfactorily performed as described in the Agreement.

d. If the Agreement is terminated, the City is entitled to and will take possession of all materials, equipment, tools and facilities it owns that are in the Consultant's possession, custody, or control by whatever method the City deems expedient. The Consultant shall deliver all documents in any form that were prepared under the Agreement and all other items, materials and documents that have been paid for by the City to the City. These documents and materials are the property of the City. The Consultant shall mark all copies of work product that are incomplete at the time of termination "DRAFT-INCOMPLETE".

7. EXAMINATION OF RECORDS: Any authorized agent of the City, including the City Auditor or his or her representative, has the right to access and the right to examine any pertinent books, documents, papers and records of the Consultant, involving transactions related to the Agreement until the latter of three (3) years after the final payment under the Agreement or expiration of the applicable statute of limitations.

8. WHEN RIGHTS AND REMEDIES NOT WAIVED: In no event will any payment or other action by the City constitute or be construed to be a waiver by the City of any breach of covenant or default that may then exist on the part of the Consultant. No payment, other action, or inaction by the City when any breach or default exists will impair or prejudice any right or remedy

available to it with respect to any breach or default. No assent, expressed or implied, to any breach of any term of the Agreement constitutes a waiver of any other breach.

9. INSURANCE:

a. General Conditions: Consultant agrees to secure, at or before the time of execution of this Agreement, the following insurance covering all operations, goods or services provided pursuant to this Agreement. Consultant shall keep the required insurance coverage in force at all times during the term of the Agreement, or any extension thereof, during any warranty period, and for three (3) years after termination of the Agreement. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-"VIII or better. Each policy shall contain a valid provision or endorsement requiring notification to the City in the event any of the required policies be canceled or non-renewed before the expiration date thereof. Such written notice shall be sent to the parties identified in the Notices section of this Agreement. Such notice shall reference the City contract number listed on the signature page of this Agreement. Said notice shall be sent thirty (30) days prior to such cancellation or non-renewal unless due to non-payment of premiums for which notice shall be sent ten (10) days prior. If such written notice is unavailable from the insurer, contractor shall provide written notice of cancellation, non-renewal and any reduction in coverage to the parties identified in the Notices section by certified mail, return receipt requested within three (3) business days of such notice by its insurer(s) and referencing the City's contract number. If any policy is in excess of a deductible or self-insured retention, the City must be notified by the Contractor. Contractor shall be responsible for the payment of any deductible or self-insured retention. The insurance coverages specified in this Agreement are the minimum requirements, and these requirements do not lessen or limit the liability of the Consultant. The Consultant shall maintain, at its own expense, any additional kinds or amounts of insurance that it may deem necessary to cover its obligations and liabilities under this Agreement.

b. Proof of Insurance: Consultant shall provide a copy of this Agreement to its insurance agent or broker. Consultant may not commence services or work relating to the Agreement prior to placement of coverage. Consultant certifies that the certificate of insurance attached as **Exhibit B**, preferably an ACORD certificate, complies with all insurance requirements of this Agreement. The City requests that the City's contract number be referenced on the Certificate. The City's acceptance of a certificate of insurance or other proof of insurance that

does not comply with all insurance requirements set forth in this Agreement shall not act as a waiver of Consultant's breach of this Agreement or of any of the City's rights or remedies under this Agreement. The City's Risk Management Office may require additional proof of insurance, including but not limited to policies and endorsements.

c. Additional Insureds: For Commercial General Liability, Auto Liability and Excess Liability/Umbrella, Consultant and subcontractor's insurer(s) shall name the City and County of Denver, its elected and appointed officials, employees and volunteers as additional insured.

d. Waiver of Subrogation: For all coverages, Consultant's insurer shall waive subrogation rights against the City.

e. Subcontractors and Sub-consultants: All subcontractors and sub-consultants (including independent contractors, suppliers or other entities providing goods or services required by this Agreement) shall be subject to all of the requirements herein and shall procure and maintain the same coverages required of the Consultant. Consultant shall include all such subcontractors as additional insured under its policies (with the exception of Workers' Compensation) or shall ensure that all such subcontractors and sub-consultants maintain the required coverages. Consultant agrees to provide proof of insurance for all such subcontractors and sub-consultants upon request by the City.

f. Workers' Compensation/Employer's Liability Insurance: Consultant shall maintain the coverage as required by statute for each work location and shall maintain Employer's Liability insurance with limits of \$100,000 per occurrence for each bodily injury claim, \$100,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims. Consultant expressly represents to the City, as a material representation upon which the City is relying in entering into this Agreement, that none of the Consultant's officers or employees who may be eligible under any statute or law to reject Workers' Compensation Insurance shall effect such rejection during any part of the term of this Agreement, and that any such rejections previously effected, have been revoked as of the date Consultant executes this Agreement.

g. Commercial General Liability: Consultant shall maintain a Commercial General Liability insurance policy with limits of \$1,000,000 for each occurrence, \$1,000,000 for each

personal and advertising injury claim, \$2,000,000 products and completed operations aggregate, and \$2,000,000 policy aggregate.

h. Business Automobile Liability: Consultant shall maintain Business Automobile Liability with limits of \$1,000,000 combined single limit applicable to all owned, hired and non-owned vehicles used in performing services under this Agreement.

i. Professional Liability: Consultant shall maintain limits of \$10,000,000 for each claim, and \$10,000,000 aggregate limit for all claims.

j. Additional Provisions:

(1) For Commercial General Liability and Excess Liability, the policies must provide the following:

- (i) That this Agreement is an Insured Contract under the policy;
- (ii) Defense costs are in excess of policy limits;
- (iii) A severability of interests or separation of insureds provision (no insured vs. insured exclusion); and
- (iv) A provision that coverage is primary and non-contributory with other coverage or self-insurance maintained by the City.

(2) For claims-made coverage, the retroactive date must be on or before the contract date or the first date when any goods or services were provided to the City, whichever is earlier.

(3) Consultant shall advise the City in the event any general aggregate or other aggregate limits are reduced below the required per occurrence limits. At their own expense, and where such general aggregate or other aggregate limits have been reduced below the required per occurrence limit, the Consultant will procure such per occurrence limits and furnish a new certificate of insurance showing such coverage is in force.

10. DEFENSE AND INDEMNIFICATION

a. Consultant hereby agrees to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to the work performed under this Agreement (“Claims”), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for

any acts or omissions of Consultant or its subcontractors either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.

b. Consultant's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. Consultant's duty to defend and indemnify City shall arise even if City is the only party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.

c. Consultant will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.

d. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Consultant under the terms of this indemnification obligation. The Consultant shall obtain, at its own expense, any additional insurance that it deems necessary for the City's protection.

e. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

11. TAXES, CHARGES AND PENALTIES: The City is not liable for the payment of taxes, late charges or penalties of any nature, except for any additional amounts that the City may be required to pay under the City's prompt payment ordinance D.R.M.C. § 20-107, *et seq.* The Consultant shall promptly pay when due, all taxes, bills, debts and obligations it incurs performing the services under the Agreement and shall not allow any lien, mortgage, judgment or execution to be filed against City property.

12. ASSIGNMENT; SUBCONTRACTING: The Consultant shall not voluntarily or involuntarily assign any of its rights or obligations, or subcontract performance obligations, under this Agreement without obtaining the CFO's prior written consent. Any assignment or subcontracting without such consent will be ineffective and void, and shall be cause for termination of this Agreement by the City. The CFO has sole and absolute discretion whether to consent to

any assignment or subcontracting, or to terminate the Agreement because of unauthorized assignment or subcontracting. In the event of any subcontracting or unauthorized assignment: (i) the Consultant shall remain responsible to the City; and (ii) no contractual relationship shall be created between the City and any sub-consultant, subcontractor or assign.

13. INUREMENT: The rights and obligations of the parties to the Agreement inure to the benefit of and shall be binding upon the parties and their respective successors and assigns, provided assignments are consented to in accordance with the terms of the Agreement.

14. NO THIRD PARTY BENEFICIARY: Enforcement of the terms of the Agreement and all rights of action relating to enforcement are strictly reserved to the parties. Nothing contained in the Agreement gives or allows any claim or right of action to any third person or entity. Any person or entity other than the City or the Consultant receiving services or benefits pursuant to the Agreement is an incidental beneficiary only.

15. NO AUTHORITY TO BIND CITY TO CONTRACTS: The Consultant lacks any authority to bind the City on any contractual matters. Final approval of all contractual matters that purport to obligate the City must be executed by the City in accordance with the City's Charter and the Denver Revised Municipal Code.

16. SEVERABILITY: Except for the provisions of the Agreement requiring appropriation of funds and limiting the total amount payable by the City, if a court of competent jurisdiction finds any provision of the Agreement or any portion of it to be invalid, illegal, or unenforceable, the validity of the remaining portions or provisions will not be affected, if the intent of the parties can be fulfilled.

17. COLORADO GOVERNMENTAL IMMUNITY ACT: In relation to the Agreement, the City is relying upon and has not waived the monetary limitations and all other rights, immunities and protection provided by the Colorado Governmental Act, C.R.S. § 24-10-101, *et seq.*

18. CONFIDENTIAL INFORMATION:

A. City Information: Consultant acknowledges and accepts that, in performance of all work under the terms of this Agreement, Consultant may have access to Proprietary Data or confidential information that may be owned or controlled by the City, and that the disclosure of such Proprietary Data or information may be damaging to the City or third parties. Consultant agrees that all Proprietary Data or confidential information provided or otherwise disclosed by the

City to Consultant shall be held in confidence and used only in the performance of its obligations under this Agreement. Consultant shall exercise the same standard of care to protect such Proprietary Data and information as a reasonably prudent Consultant would to protect its own proprietary or confidential data. "Proprietary Data" shall mean any materials or information which may be designated or marked "Proprietary" or "Confidential", or which would not be documents subject to disclosure pursuant to the Colorado Open Records Act or City ordinance, and provided or made available to Consultant by the City. Such Proprietary Data may be in hardcopy, printed, digital or electronic format.

B. Use of Proprietary Data or Confidential Information:

(i) Except as expressly provided by the terms of this Agreement, Consultant agrees that it shall not disseminate, transmit, license, sublicense, assign, lease, release, publish, post on the internet, transfer, sell, permit access to, distribute, allow interactive rights to, or otherwise make available the Proprietary Data or confidential information or any part thereof to any other person, party or entity in any form of media for any purpose other than performing its obligations under this Agreement. Consultant further acknowledges that by providing this Proprietary Data of confidential information, the City is not granting to Consultant any right or license to use such data except as provided in this Agreement. Consultant further agrees not to disclose or distribute to any other party, in whole or in part, the Proprietary Data or confidential information without written authorization from the Manager.

(ii) Consultant agrees, with respect to the Proprietary Data and confidential information, that: (1) Consultant shall not copy, recreate, reverse engineer or decompile such data, in whole or in part, unless authorized in writing by the Manager; (2) Consultant shall retain no copies, recreations, compilations, or decompilations, in whole or in part, of such data; and (3) Consultant shall, upon the expiration or earlier termination of the Agreement, destroy (and, in writing, certify destruction) or return all such data or work products incorporating such data or information to the City.

C. Employees and Sub-contractors: Consultant will inform its employees and officers of the obligations under this Agreement, and all requirements and obligations of Consultant under this Agreement shall survive the expiration or earlier termination of this Agreement. Consultant shall not disclose Proprietary Data or confidential information to

subcontractors unless such subcontractors are bound by non-disclosure and confidentiality provisions at least as strict as those contained in this Agreement.

19. CONFLICT OF INTEREST:

a. No employee of the City shall have any personal or beneficial interest in the services or property described in the Agreement; and the Consultant shall not hire, or contract for services with, any employee or officer of the City that would be in violation of the City's Code of Ethics, D.R.M.C. §2-51, et seq. or the Charter §§ 1.2.8, 1.2.9, and 1.2.12.

b. The Consultant shall not engage in any transaction, activity or conduct that would result in a conflict of interest under the Agreement. The Consultant represents that it has disclosed any and all current or potential conflicts of interest, including transactions, activities or conduct that would affect the judgment, actions or work of the Consultant by placing the Consultant's own interests, or the interests of any party with whom the Consultant has a contractual arrangement, in conflict with those of the City. The City, in its sole discretion, will determine the existence of a conflict of interest and may terminate the Agreement in the event it determines a conflict exists, after it has given the Consultant written notice describing the conflict.

20. NOTICES: All notices required by the terms of the Agreement must be hand delivered, sent by overnight courier service, mailed by certified mail, return receipt requested, or mailed via United States mail, postage prepaid, if to Consultant at the address first above written, and if to the City at:

CFO, Manager of Finance
201 West Colfax Avenue, 1010
Denver, Colorado 80202

With a copy of any such notice to:

Denver City Attorney's Office
1437 Bannock St., Room 353
Denver, Colorado 80202

And

Notices hand delivered or sent by overnight courier are effective upon delivery. Notices sent by certified mail are effective upon receipt. Notices sent by mail are effective upon deposit with the U.S. Postal Service. The parties may designate substitute addresses where or persons to whom

notices are to be mailed or delivered. However, these substitutions will not become effective until actual receipt of written notification.

21. NO EMPLOYMENT OF ILLEGAL ALIENS TO PERFORM WORK UNDER THE AGREEMENT:

a. This Agreement is subject to Division 5 of Article IV of Chapter 20 of the Denver Revised Municipal Code, and any amendments (the “Certification Ordinance”).

b. The Consultant certifies that:

(i) At the time of its execution of this Agreement, it does not knowingly employ or contract with an illegal alien who will perform work under this Agreement.

(ii) It will participate in the E-Verify Program, as defined in § 8-17.5-101(3.7), C.R.S., to confirm the employment eligibility of all employees who are newly hired for employment to perform work under this Agreement.

c. The Consultant also agrees and represents that:

(i) It shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

(ii) It shall not enter into a contract with a sub-consultant or subcontractor that fails to certify to the Consultant that it shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

(iii) It has confirmed the employment eligibility of all employees who are newly hired for employment to perform work under this Agreement, through participation in the E-Verify Program.

(iv) It is prohibited from using the E-Verify Program procedures to undertake pre-employment screening of job applicants while performing its obligations under the Agreement, and that otherwise requires the Consultant to comply with any and all federal requirements related to use of the E-Verify Program including, by way of example, all program requirements related to employee notification and preservation of employee rights.

(v) If it obtains actual knowledge that a sub-consultant or subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, it will notify such sub-consultant or subcontractor and the City within three (3) days. The Consultant will also then terminate such sub-consultant or subcontractor if within three (3) days after such notice the sub-consultant or subcontractor does not stop employing or contracting with the illegal alien,

unless during such three-day period the sub-consultant or subcontractor provides information to establish that the sub-consultant or subcontractor has not knowingly employed or contracted with an illegal alien.

(vi) It will comply with any reasonable request made in the course of an investigation by the Colorado Department of Labor and Employment under authority of § 8-17.5-102(5), C.R.S., or the City Auditor, under authority of D.R.M.C. 20-90.3.

d. The Consultant is liable for any violations as provided in the Certification Ordinance. If Consultant violates any provision of this section or the Certification Ordinance, the City may terminate this Agreement for a breach of the Agreement. If the Agreement is so terminated, the Consultant shall be liable for actual and consequential damages to the City. Any such termination of a contract due to a violation of this section or the Certification Ordinance may also, at the discretion of the City, constitute grounds for disqualifying Consultant from submitting bids or proposals for future contracts with the City.

22. DISPUTES: All disputes between the City and Consultant arising out of or regarding the Agreement will be resolved by administrative hearing pursuant to the procedure established by D.R.M.C. § 56-106(b)-(f). For the purposes of that administrative procedure, the City official rendering a final determination shall be the CFO as defined in this Agreement.

23. GOVERNING LAW; VENUE: The Agreement will be construed and enforced in accordance with applicable federal law, the laws of the State of Colorado, and the Charter, Revised Municipal Code, ordinances, regulations and Executive Orders of the City and County of Denver, which are expressly incorporated into the Agreement. Unless otherwise specified, any reference to statutes, laws, regulations, charter or code provisions, ordinances, executive orders, or related memoranda, includes amendments or supplements to same. Venue for any legal action relating to the Agreement will be in the District Court of the State of Colorado, Second Judicial District.

24. NO DISCRIMINATION IN EMPLOYMENT: In connection with the performance of work under the Agreement, the Consultant may not refuse to hire, discharge, promote or demote, or discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability. The Consultant shall insert the foregoing provision in all subcontracts.

25. COMPLIANCE WITH ALL LAWS: Consultant shall perform or cause to be performed all services in full compliance with all applicable laws, rules, regulations and codes of the United States, the State of Colorado; and with the Charter, ordinances, rules, regulations and Executive Orders of the City and County of Denver.

26. LEGAL AUTHORITY: Consultant represents and warrants that it possesses the legal authority, pursuant to any proper, appropriate and official motion, resolution or action passed or taken, to enter into the Agreement. Each person signing and executing the Agreement on behalf of Consultant represents and warrants that he has been fully authorized by Consultant to execute the Agreement on behalf of Consultant and to validly and legally bind Consultant to all the terms, performances and provisions of the Agreement. The City shall have the right, in its sole discretion, to either temporarily suspend or permanently terminate the Agreement if there is a dispute as to the legal authority of either Consultant or the person signing the Agreement to enter into the Agreement.

27. NO CONSTRUCTION AGAINST DRAFTING PARTY: The parties and their respective counsel have had the opportunity to review the Agreement, and the Agreement will not be construed against any party merely because any provisions of the Agreement were prepared by a particular party.

28. ORDER OF PRECEDENCE: In the event of any conflicts between the language of the Agreement and the exhibits, the language of the Agreement controls.

29. INTELLECTUAL PROPERTY RIGHTS: The City and Consultant intend that all property rights to any and all materials, text, logos, documents, booklets, manuals, references, guides, brochures, advertisements, music, sketches, plans, drawings, prints, photographs, specifications, software, data, products, ideas, inventions, and any other work or recorded information created by the Consultant and paid for by the City pursuant to this Agreement, in preliminary or final form and on any media whatsoever (collectively, "Materials"), shall belong to the City. The Consultant shall disclose all such items to the City and shall provide a copy of all data to the City. To the extent permitted by the U.S. Copyright Act, 17 USC § 101, *et seq.*, the Materials are a "work made for hire" and all ownership of copyright in the Materials shall vest in the City at the time the Materials are created. To the extent that the Materials are not a "work made for hire," the Consultant (by this Agreement) sells, assigns and transfers all right, title and interest in and to the Materials to the City, including the right to secure copyright, patent, trademark, and

other intellectual property rights throughout the world and to have and to hold such rights in perpetuity.

30. SURVIVAL OF CERTAIN PROVISIONS: The terms of the Agreement and any exhibits and attachments that by reasonable implication contemplate continued performance, rights, or compliance beyond expiration or termination of the Agreement survive the Agreement and will continue to be enforceable. Without limiting the generality of this provision, the Consultant's obligations to provide insurance and to indemnify the City will survive for a period equal to any and all relevant statutes of limitation, plus the time necessary to fully resolve any claims, matters, or actions begun within that period.

31. ADVERTISING AND PUBLIC DISCLOSURE: The Consultant shall not include any reference to the Agreement or to services performed pursuant to the Agreement in any of the Consultant's advertising or public relations materials without first obtaining the written approval of the CFO. Any oral presentation or written materials related to services performed under the Agreement will be limited to services that have been accepted by the City. The Consultant shall notify the CFO in advance of the date and time of any presentation. Nothing in this provision precludes the transmittal of any information to City officials.

32. CITY EXECUTION OF AGREEMENT: The Agreement will not be effective or binding on the City until it has been fully executed by all required signatories of the City and County of Denver, and if required by Charter, approved by the City Council.

33. AGREEMENT AS COMPLETE INTEGRATION-AMENDMENTS: The Agreement is the complete integration of all understandings between the parties as to the subject matter of the Agreement. No prior, contemporaneous or subsequent addition, deletion, or other modification has any force or effect, unless embodied in the Agreement in writing. No oral representation by any officer or employee of the City at variance with the terms of the Agreement or any written amendment to the Agreement will have any force or effect or bind the City.

34. USE, POSSESSION OR SALE OF ALCOHOL OR DRUGS: The Consultant shall cooperate and comply with the provisions of Executive Order 94 and its Attachment A concerning the use, possession or sale of alcohol or drugs. Violation of these provisions or refusal to cooperate with implementation of the policy can result in contract personnel being barred from City facilities and from participating in City operations.

35. ELECTRONIC SIGNATURES AND ELECTRONIC RECORDS: Consultant consents to the use of electronic signatures by the City. The Agreement, and any other documents requiring a signature hereunder, may be signed electronically by the City in the manner specified by the City. The Parties agree not to deny the legal effect or enforceability of the Agreement solely because it is in electronic form or because an electronic record was used in its formation. The Parties agree not to object to the admissibility of the Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

Remainder of page left intentionally blank.

Signature pages to follow.

Contract Control Number: FINAN-201952298-00
Contractor Name: CHANDLER ASSET MANAGEMENT

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at
Denver, Colorado as of:

SEAL **CITY AND COUNTY OF DENVER:**

ATTEST: By: _____

APPROVED AS TO FORM: **REGISTERED AND COUNTERSIGNED:**
Attorney for the City and County of Denver
By: _____ By: _____

By: _____

Contract Control Number:
Contractor Name:

FINAN-201952298-00
CHANDLER ASSET MANAGEMENT

By:  8C7E5DACDC274F6...

Name: Nicole Dragoo
(please print)

Title: COO/Chief Compliance Officer
(please print)

ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)

EXHIBIT A
CHANDLER ASSET MANAGEMENT

SCOPE OF SERVICES
FOR
THE CITY AND COUNTY OF DENVER

1) Investment Management –

- a) Segmenting the portfolio – Chandler will work with Denver Investment Team to maintain the selected segmentation of the portfolio and to periodically review the appropriateness of the segmentation.
- b) Benchmark – Chandler will work with the Denver Investment Team to periodically review and make recommendations related to the appropriateness of the selected benchmarks.
- c) Discretionary portfolio management – Chandler will continue to manage a portion of the portfolio (currently \$400 million) on a discretionary basis to the investment styles selected by Denver, maintaining the risk characteristics defined by those styles. All portfolio transactions made by Chandler on behalf of the City shall be on a delivery versus payment basis (“DVP”), and securities will be held by a third party custodian authorized by the City. Chandler shall not have custody of City’s funds or securities in the Managed Portfolio
- d) Portfolio advisory services – Chandler will advise Denver’s Investment Team on the implementation of comprehensive portfolio strategies that ensure safety of invested assets; provide sufficient liquidity to meet the City and County’s cash flow needs; with the goal of achieving returns on invested assets that exceed the returns on selected market benchmarks for the investment program.
- e) Risk Management – Chandler will provide additional, expert oversight of Denver’s operational procedures and infrastructure for effectively managing and monitoring investment risk and operational risk.

2) Reporting and Compliance Oversight –

- a) Monthly reports - Chandler will provide the City and County portfolio accounting and reporting on all of Denver’s portfolios as well as a consolidated report on a monthly basis by the sixth business day of the month.
- b) Quarterly reports - We will also provide the City and County quarterly reports designed in a format that facilitates discussion between Chandler’s Investment Team, Denver’s financial management team and Denver’s Investment Advisory Committee.
- c) Performance calculations – Chandler will provide performance calculations for each portfolio relative to their benchmark that is calculated and reported in compliance with industry standard methodologies.
- d) Web access – All of Denver’s reports will be available through a secure website that provides daily updates of transactions and holdings.
- d) Compliance oversight - Chandler will provide the City and County continual policy compliance review at a detailed level using the *Bloomberg AIM Portfolio Management System*. Chandler will prepare and send a policy compliance report with each monthly report as well as a quarterly compliance certification.

3) Meetings – Chandler will meet with Denver’s Investment Team, Investment Advisory Committee, credit committee and other City personnel on a regular basis to discuss investment strategies, market conditions and other relevant investment management issues.

- 4) **Staff Development** – Chandler will share our knowledge and expertise with Denver’s Investment Team through bi-weekly scheduled telephone meetings, ad hoc discussions, on-site training, and meetings with the Investment Committee, Credit Committee and Investment Advisory Committee. Topics for discussion will include, but not be limited to, market conditions, interest rate levels, portfolio strategies, security analysis.
- 5) **Infrastructure** – Denver may leverage Chandler’s investment technology that includes:
 - a) Bloomberg
 - b) MarketAxess
 - c) Chandler’s *Horizon Analysis Model*
- 6) **Best practices** –
 - a) Investment Policy and Procedures - Chandler will work with Denver to review and update the investment policy and procedures as needed.
 - b) Cash flow forecasting – Chandler will work with Denver to identify the best way to calculate cash flows by agency and develop a model to capture the City’s most significant cash flows to aid the City in portfolio management.
 - c) Investment earnings forecasting – Chandler will work with Denver to maintain an earnings forecast model aimed at improving forecasting accuracy and the flexibility to adapt to changes in the market environment to assist Denver’s budget office requests.
 - d) Internal Credit Process – Chandler will work with the Denver to maintain the internal credit process to mitigate default risk, provide transparency to management and to maintain the approved buy list.
- 7) **General resource** – Chandler will serve as a general resource to the City and County of Denver for information, advice and training regarding risk management; fixed income securities; market and yield curve analysis; portfolio composition; investment accounting, reporting and compliance; investment infrastructure; and best practices that can enhance Denver’s overall investment program. These resources are available from both our corporate headquarters in San Diego, CA and from our office in Denver, CO.



SECTION C: PRICING

C.1 PRICING INFORMATION:

This section shall include a description of the proposed costs and prices. All pricing information shall be limited solely to this section of your proposal. This section should address all requirements set forth in Section B as well as any other items pertinent to your proposal pricing. The requirements have been developed to allow the City to uniformly evaluate prices submitted for the work. Accordingly, you should follow these instructions carefully and provide all data requested in the formats specified herein and in any referenced attachments.

Any omissions in this proposal shall be identified by each Supplier and incorporated into their proposal. The City will not increase the contract or any purchase order (either dollar amount or time) for items not included in the submitted proposal documents. The City reserves the right to purchase part or the entire proposal.

C.2 PRICING:

All prices quoted shall be firm and fixed for the specified contract period.

C.3 PROPOSAL ITEMS:

Supply all cost schedules that would apply to services you are proposing in this RFP. Discuss compensation structure (fee based, % of portfolio, model based, etc.)

Chandler is pleased to provide comprehensive investment management services to the City and County of Denver in accordance with the following fee schedule:

**Proposed Fee Schedule for
The City and County of Denver**

Assets Under Management	Annual Asset Management Fee
First \$400 million	0.06 of 1% (6 basis points)
Assets over \$400 million	0.04 of 1% (4 basis points)

Chandler will apply a minimum fee of \$8,000 per month (\$96,000/annum).

Based on a **\$400 million managed account**, the annual fee would be 6 basis points (0.06 of 1%), for an effective dollar fee of **\$240,000 per annum**. The fee has been reduced from our earlier engagement and reflects the increase in efficiencies in the investment advisory processes for the City’s portfolios, as well as our desire to continue to work with the City as a valued, top-tier relationship.

Our proposed fee schedule is all-inclusive for the services that Chandler provides, including full time investment management, technological resources, online access to the *Chandler Client Portal*, comprehensive reporting, meetings, personal visits, and educational offerings for your staff, as well as the additional services described herein in Chandler’s proposal and in the City’s *Scope of Work*. If Chandler provides consulting services only (providing all services outlined in the RFP excluding assets under our direct management) the monthly fee of \$8,000 will apply.

We charge fees only on assets under our direct management. Since the firm calculates fees based on the



CITY AND COUNTY OF DENVER

average balance of assets under our direct management (market value including accrued interest), they will fluctuate based on portfolio value. Fees are charged monthly in arrears and can be debited directly from your third-party custody account.

Our fee schedule does not include charges that the City would incur for third party custodial services.

Role Description (or equivalent)	Title of your proposed employee/ team member in this role	Fully loaded hourly rate for this role	Name of proposed team member(s) in this role
Principal	CEO, Chief Investment Officer	\$0	Martin Cassell, CFA
Project Lead	EVP, Portfolio Manager	\$0	Jayson Schmitt, CFA
Associate	SVP, Portfolio Strategist	\$0	Julie Hughes
Administrative Support	VP, Client Service Manager	\$0	Stacey Alderson

The cost of providing services to the City & County of Denver by all Chandler employees is included in the tiered fee schedule outlined above.

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EXHIBIT B

(exhibit follows)

ACORDTM**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

11/20/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Starkweather & Shepley PO Box 549 Providence, RI 02901-0549 401 435-3600	CONTACT NAME: Connie Roussel PHONE (A/C, No, Ext): 401 435-3600 FAX (A/C, No): 401 431-9657 E-MAIL ADDRESS: croussel@starshep.com														
INSURED Chandler Asset Management Inc 6225 Lusk Boulevard San Diego, CA 92121	<table border="1"> <thead> <tr> <th data-bbox="803 420 1437 451">INSURER(S) AFFORDING COVERAGE</th> <th data-bbox="1437 420 1575 451">NAIC #</th> </tr> </thead> <tbody> <tr> <td data-bbox="803 451 1437 483">INSURER A : Travelers Insurance Company</td> <td data-bbox="1437 451 1575 483">25674</td> </tr> <tr> <td data-bbox="803 483 1437 514">INSURER B : Hartford Fire Insurance Company</td> <td data-bbox="1437 483 1575 514">19682</td> </tr> <tr> <td data-bbox="803 514 1437 546">INSURER C : Pacific Insurance Company, Limited</td> <td data-bbox="1437 514 1575 546">10046</td> </tr> <tr> <td data-bbox="803 546 1437 577">INSURER D :</td> <td data-bbox="1437 546 1575 577"></td> </tr> <tr> <td data-bbox="803 577 1437 609">INSURER E :</td> <td data-bbox="1437 577 1575 609"></td> </tr> <tr> <td data-bbox="803 609 1437 638">INSURER F :</td> <td data-bbox="1437 609 1575 638"></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Travelers Insurance Company	25674	INSURER B : Hartford Fire Insurance Company	19682	INSURER C : Pacific Insurance Company, Limited	10046	INSURER D :		INSURER E :		INSURER F :	
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INSURER E :															
INSURER F :															

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Per Written Contract or Agreement GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	Y	6802C07960542	09/01/2019	09/01/2020	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> Drive Oth Car <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY	Y	Y	BA2C081883SEL	09/01/2019	09/01/2020	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB DED RETENTION \$	Y	Y	CUP2C08502242	09/01/2019	09/01/2020	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y	N/A	02WECCR2756	09/01/2019	09/01/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	Professional			08DC021984519	08/02/2019	08/02/2020	10,000,000
B	Crime			08FA024546719	08/02/2019	08/02/2020	10,000,000
C	Cyber Liab			08MB028799019	08/02/2019	08/02/2020	4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: The Agreement between City and County of Denver and Chandler Asset Management Inc.

As required by written contract, The City and County of Denver, its elected and appointed officials, employees and volunteers are included as additional insured with regard to the policies as noted above.

CERTIFICATE HOLDER**CANCELLATION**

City and County of Denver
201 W. Colfax Ave. Dept 1004
Denver, CO 80202

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



EXHIBIT C

(exhibit follows)

CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE – CASH, RISK & CAPITAL FUNDING

INVESTMENT POLICY



Adopted January 1, 2014
Amended July 31, 2017



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APPENDIX I GLOSSARY OF TERMS I



A. POLICY

It is the policy of the City & County of Denver to invest its funds with the goal of obtaining the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. All such investment activity shall conform to Section 2.5.3(c) of the Charter of the City and County of Denver, and Section 20-21 of the Denver Revised Municipal Code, attached as the A exhibits. It is also the policy of the City and County of Denver to ensure that proceeds of tax exempt bond issues are invested in accordance with Internal Revenue Service (IRS) requirements, including federal arbitrage rebate requirements as specified in the Internal Revenue Code.

B. SCOPE

This Investment Policy applies to all investment activity of the City and County of Denver under the control of the Manager of Finance, including investments of certain monies held in the following fund types:

General Fund,
Special Revenue Funds,
Debt Service Funds,
Capital Projects Funds,
Enterprise Funds, and
Trust and Agency Funds

as presented and accounted for in the City and County of Denver's Comprehensive Annual Financial Report (CAFR). Other monies that may from time to time be delegated to the Manager of Finance for investment shall also be administered in accordance with this Investment Policy. Investment activities of the Denver Water Board and the Denver Employee's Retirement Plan exist separately and are not governed by this Policy.

C. PRUDENCE

Investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion and intelligence exercises in the management of their own affairs, not for speculation, but for investment, considering the safety of principal as well as the income to be derived.

The standard of prudence to be used by City and County of Denver investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with this Investment Policy, its companion Investment Guidelines and Procedures, and exercising due diligence shall

be relieved of personal responsibility for an individual security's credit risk or market price changes.

D. INVESTMENT OBJECTIVES

The City and County of Denver funds shall be invested in a manner designed to accomplish the following objectives, which are listed in order of priority:

1. SAFETY -- Safety of principal is the foremost objective of this Investment Policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.
2. LIQUIDITY -- Investments will remain sufficiently liquid to enable the City to meet all needs for cash which might reasonably be anticipated. Adequate, but not excessive, liquidity shall be the objective.
3. YIELD -- Investments shall be managed with the objective of attaining the highest total rate of return consistent with the safety of principal and liquidity objectives.

These investment objectives will be applied independently to each investment portfolio of the City and County of Denver.

E. RISKS

Investments shall be managed in accordance with Modern Portfolio Theory management principles to compensate for actual or anticipated changes in market interest rates.

To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment portfolio. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

F. DELEGATION OF AUTHORITY

Authority to manage the City and County of Denver's investments is derived from Section 2.5.3(c) of the Charter of the City and County of Denver, attached as Exhibit A-1, and from Section 20-21 of the Denver Revised Municipal Code, attached as Exhibit A-2. Management responsibility for the investment program resides with the Manager of

Finance, who shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to employees, see Exhibit B, responsible for investment transactions and shall establish a system of controls to regulate the activities of employees who are involved in the execution of investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Manager of Finance.

G. MITIGATING CREDIT RISK IN THE PORTFOLIO

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City and County of Denver will mitigate credit risk by adopting the following strategies:

1. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises, supranationals, local agency government investment pools, money market funds and repurchase agreements;
2. The City and County of Denver may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the credit quality, liquidity or yield of the portfolio in response to market conditions or risk preferences;
3. If securities owned by the City and County of Denver are downgraded by a NRSRO to a level below the credit rating required by this Investment Policy, it will be the policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. The decision will be based on its current maturity, the economic outlook for the issuer, and other relevant factors. The Manager of Finance will be notified of any such downgrades and the decision made by the City's Investment Team.

H. INVESTMENT DIVERSIFICATION

The City and County of Denver's investment portfolios will be adequately diversified to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolios will be managed to be flexible depending upon the outlook for the economy, the securities markets and the City and County of Denver's anticipated cash flow needs.

The City and County of Denver manages two active portfolios with a liquidity component and underlying strategies in each, plus three specialty portfolios. The active portfolios include;

1. **Liquidity Component** – comprised of assets held in the following two portfolios that have a maturity of one day to one year to provide operational funding needs.
2. **Consolidated Portfolio** – pooled securities managed for the General, Special Revenue, Debt Service, Capital Projects, Enterprise, Trust, and Agency Funds. Underlying strategies include a liquidity component referenced in H.1., a 1-5 year component comprised of assets that have final maturities of no more than 5 years, and a 1-10 year component comprised of assets that have final maturities of no more than 10 years.
3. **Airport Reserve Portfolio** – Assets segregated to comply with requirements contained in the Denver International Airport (DIA) Master Bond Ordinance. Underlying strategies include a liquidity component referenced in H.1. and a 1-10 year component comprised of assets that have final maturities of no more than 10 years.

Portfolio and strategy benchmarks are comprised of blended Bank of America Merrill Lynch Indices constructed with duration and asset allocation constraints.

Investments may be made to the following maximum limits within these portfolios:

- 100% in U.S. Treasury Obligations
- 80% in U.S. Federal Agency Securities
- 20% in Supranational Obligations
- 15% in Municipal Obligations
- 20% in Corporate Medium-Term Obligations*
- 15% in Asset-Backed Securities**
- 15% in Mortgage Pass-Through Securities**
- 15% in Collateralized Mortgage Obligations**
- 30% in Bankers' Acceptances and Commercial Paper*
- 15% in Certificates of Deposit*
- 50% in Repurchase Agreements
- 30% in Securities Lending
- 25% in Local Government Investment Pools and Money Market Funds
- 15% in Forward Purchase Agreements
- 15% in Debt Service Fund Put Agreements

*A maximum of 50% on a combined basis may be invested in Corporate related Debt Obligations (Includes Corporate Debt Obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit) in Consolidated and Reserve Portfolios.

**A maximum of 20% on combined basis may be invested in Asset-Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations in the Consolidated and Reserve Portfolios.

The City and County of Denver also manages four portfolios that have been designated as specialty portfolios due to the specific purposes for which they were established. These

portfolios are subject to diversification requirements based upon the portfolios' purposes.

FAA Escrow Portfolio

This portfolio was created to establish an economic defeasance escrow using Federal Aviation Administration grant funds to be applied to the debt service of certain bonds issued on behalf of DIA. The City and County of Denver may invest to the following maximum limits in these two portfolios:

- 100% in U.S. Treasury Obligations
- 100% in U.S. Federal Agency Securities
- 100% in State and Local Government Securities (SLGS)

There is no maximum maturity restriction in this portfolio.

Workers Compensation Portfolio

This portfolio is structured to match the long term liability of the City's Workers Compensation Program claims. The City and County of Denver may invest to the following maximum limits in this portfolio:

- 100% in U.S. Treasury Obligations with a 30 year final maturity
- 80% in U.S. Federal Agency Securities with a 30 year final maturity
- 20% in Supranational Obligations with a 30 year final maturity
- 25% in Municipal Obligations with a 30 year final maturity
- 20% in Corporate Medium Term Obligations with a 5 year final maturity*
- 15% in Asset-Backed Securities with a 10 year final maturity**
- 15% in Mortgage Pass-Through Securities with a 31 year final maturity**
- 15% in Collateralized Mortgage Obligations with a 31 year final maturity**
- 50% in Bankers' Acceptances with a 180 day final maturity and Commercial Paper with a 270 day final maturity*
- 15% in Certificates of Deposit*
- 50% in Repurchase Agreements
- 30% in Securities Lending
- 25% in Local Government Investment Pools and Money Market Funds

* A maximum of 50% on a combined basis may be invested in corporate related debt obligations (Includes Corporate Debt Obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit) in Consolidated and Reserve Portfolios.

**A maximum of 20% on combined basis may be invested in Asset-Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations in the Consolidated and Reserve Portfolios.

Cableland Mayor's Residence Foundation Portfolio

The portfolio was established by an endowment to the City by Bill Daniels to generate income to be applied towards the ongoing maintenance of the Mayor's Residence, which was formerly the Bill Daniels Cableland mansion. The City and County of Denver may invest to the following maximum limits in this portfolio:

- 100% in U.S. Treasury Obligations with a 30 year final maturity
- 80% in U.S. Federal Agency Securities with a 30 year final maturity
- 20% in Supranational Obligations with a 30 year final maturity
- 90% in Municipal Obligations with a 30 year final maturity
- 20% in Corporate Medium Term Obligations with a 5 year final maturity*
- 15% in Asset-Backed Securities with a 10 year final maturity**
- 15% in Mortgage Pass-Through Securities with a 31 year final maturity**
- 15% in Collateralized Mortgage Obligations with a 31 year final maturity**
- 50% in Bankers' Acceptances with a 180 day maturity and Commercial Paper with a 270 day final maturity*
- 15% in Certificates of Deposit*
- 50% in Repurchase Agreements
- 30% in Securities Lending
- 25% in Local Government Investment Pools and Money Market Funds

* A maximum of 50% on a combined basis may be invested in corporate related debt obligations (Includes Corporate Debt Obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit) in Consolidated and Reserve Portfolios.

**A maximum of 20% on combined basis may be invested in Asset-Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations in the Consolidated and Reserve Portfolios.

I. COLLATERALIZATION

Collateralization will be required on three types of investments: uninsured certificates of deposit, repurchase agreements and security lending agreements.

1. Uninsured Certificates of Deposit

Uninsured certificates of deposit (CD) with Denver banks shall be collateralized in accordance with the State's Public Deposit Protection Act (PDPA). The PDPA requires at least 102% collateralization of funds based upon the highest daily amount of public funds on deposit in the prior month. Compliance with the Act is monitored by the State Division of Banking. Additionally, CD's are insured by their respective Federal regulatory agencies up to statutory limits. Under no circumstances shall the City invest in certificates of deposit with local institutions which are not Eligible Public Depositories as defined under Colorado law (and therefore are not required to collateralize public deposits in accordance with PDPA).

2. Repurchase Agreements and Security Lending Agreements

At inception, repurchase agreements and security lending agreements shall be collateralized at no less than 102% of the principal amount of the investment plus accrued interest by obligations of the United States Government, United States Government agencies and United States Government sponsored corporations. All such collateral shall have a maximum maturity of thirty years. Collateral will be marked to market at any time in accordance with the agreement, but no less frequently than weekly. Additional collateral will be required upon market valuations below 101%, as measured by the cumulative market value of all collateral held against all money invested under Repurchase and Security Lending agreements on a dealer by dealer basis.

J. CUSTODY

1. All securities are to be held at the contracted custodial bank selected by the Manager of Finance in the name of the City and County of Denver.
2. All securities are to be settled (purchased/redeemed) on a delivery versus payment (DVP) basis.

K. SECURITY SELECTION AND ELIGIBLE DEALERS

Investments acquired by city investment staff will be selected competitively by any method determined to be in the best interests of the City. These may include processes using available electronic screening or trading resources and may also include analytical evaluations which effectively results in a competitive selection, taking into account current market conditions and the specific products being acquired. Price of execution will be the primary determinant of selection. However, given equal prices, preference will be given to the dealer who added value to the City through the initiation of a trade idea, if applicable, or to any eligible firms who has provided high quality service and aggressive rates on day-to-day investments of the City over the long term. Trades with approved broker-dealers will be restricted to each brokerage firm's net capital for non-U.S. government securities.

Eligible dealers for the City's fixed income transactions shall include primary dealers and other qualified dealers based on a competitive selection and review process. Minimum criteria for consideration shall include a minimum net capital in excess of \$100 million for primary dealers, other qualified dealers must have no less than \$5 million net capital, and both primary and other qualified dealers must have an institutional sales office that has been in place for a minimum of 5 years with adequate staffing to provide backup sales coverage. Firms with a local Denver sales office may receive preference. The City expects to maintain an approved broker-dealer list that includes 3-5 non-primary brokers that encourages individuals with diverse backgrounds in accordance with Executive Order No. 101. Contracted investment managers may qualify brokers using the investment manager's internal selection process that meets the objectives of this section.

L. INVESTMENT ADVISORY COMMITTEE

Pursuant to Section 20-21 D. of the Revised Municipal Code of the City and County of Denver, the Manager of Finance shall appoint an Investment Advisory Committee to advise the Manager regarding departmental investment activities. Members of the Committee must certify that they have no conflict of interest with the City's investment activities, including but not limited to having an interest in: the sales of securities to the City; the structuring and/or acquisition of securities for an escrow for the refunding of outstanding City obligations; or a service which provides ratings related to investments. Members shall serve without compensation for two year terms, subject to reappointment by the Manager of Finance without limitation. The duties and responsibilities of the Investment Advisory Committee include but are not limited to:

1. Review the City's Investment Policy, proposed Policy changes and portfolio performance standards; and
2. Provide an independent third party review of investment results against policy objectives and market conditions; and
3. Provide recommendations during turbulent or unusual market events; and
4. Provide other assistance to the Manager upon request.

M. INVESTMENT ADVISOR OR CONSULTANT (ADVISOR)

The Manager of Finance may appoint an independent Advisor to advise the City and County of Denver on investment activities. The Advisor shall serve at the Manager of Finance's discretion. It is expected that any Advisor is to be selected through a competitive process, unless the Manager determines that the circumstances of such an appointment warrant an alternative method. If such an appointment is made absent a competitive process, it is further expected that such appointment will be for a clear and compelling rationale, e.g. a narrowly defined scope of work on a limited scope engagement and/or a limited duration of not greater than 12 months. The duties and responsibilities of the Advisor may include:

1. Providing advice and analysis on the City and County of Denver's Investment Policy, portfolio management techniques, portfolio structures or new investment securities and products;
2. Management of portfolio assets as assigned by the Manager of Finance;
3. Assistance in developing or improving and implementing cash flow modeling;
4. Providing advice on investment benchmarking and performance reporting;

5. Evaluation of the capabilities and usage of software utilized in management of and accounting for the investments;
6. Assisting in any investment related presentations to City Council; and
7. Providing analysis, advice and assistance on other investment-related matters.

N. ADDITIONS AND CHANGES

This Investment Policy may be changed under the direction of the Manager of Finance as conditions warrant. All additions and changes to this Investment Policy must comply with Section 2.5.3(c) of the Charter and Section 20-21 of the Denver Revised Municipal Code. The IAC shall be advised of any changes either prior to or subsequent to the effective date of the change. The Investment Policy shall be reviewed no less than once a year.

O. ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment process shall not engage in personal business activity that could conflict with the proper management of the portfolio or which could affect their ability to make impartial investment decisions. Employees shall subordinate their personal investment transactions to those of the City and County of Denver, particularly with regard to the timing of purchases and sales. Employees shall disclose to the Manager of Finance any material financial interests in financial institutions that conduct business with the City, and any significant personal financial/investment positions that could be related to the performance of the City and County of Denver's portfolio.

P. SOCIAL RESPONSIBILITY

The City and County of Denver will make its best efforts, with the resources available, to ensure that it does not participate in an ownership or capital-providing capacity with entities that;

1. Directly or indirectly participate in or support activities that do not have respect for human rights around the world; or
2. Are conducting business with a terrorist-sponsoring State.

Q. PERFORMANCE STANDARDS

The portfolio will be managed to obtain a market rate of return or higher compared to indices selected by the Manager of Finance, taking into account the objectives of this Investment Policy.

R. PROCEDURES

Specific securities transaction procedures shall be established by the Department of Finance.

S. AUTHORIZED INVESTMENTS

The following list of authorized securities shall be strictly interpreted and applied at the time of purchase. This list and the constraints therein are applied to the City's Consolidated and Reserve Portfolios. The City operates four specialty portfolios that have different objectives with different diversification requirements. These differences are explained in section H. Any deviation from this list must be pre-approved by the Manager of Finance in writing.

In the event a discrepancy is found within this policy or with the Charter, the more restrictive parameter will take precedence.

The Manager of Finance shall have the authorization to waive the stated portfolio constraints when such action is deemed to be necessary or desirable and in the best interest of the City and County of Denver. Any such waiver shall be proposed by staff responsible for the City's investment administration. A memorandum will be prepared to convey a recommendation to the Manager of Finance. The Investment Advisory Committee (IAC) shall be advised of any waivers either prior to or subsequent to the effective date of the waiver.

For the purpose of this document Nationally Recognized Statistical Rating Organization (NRSRO) are defined as Moody's, Standard & Poor's and Fitch Rating Agencies.

Section 2.5.3(c) of the Charter of the City and County of Denver authorizes the Manager of Finance to invest in the following securities:

U.S. Treasury and other government obligations

For which the full faith and credit of the United States are pledged for the payment of principal and interest

1. The maturity does not exceed 10 years from date of settlement;

2. Up to 100% of a portfolio may be invested in U.S. Treasury securities.

U.S. Federal Agency or U.S. government-sponsored obligations

Enterprise obligations, participations, or other instruments that include those issued by or fully guaranteed as to principal and interest by United States agencies or United States government-sponsored enterprises

1. The maturity does not exceed 10 years from date of settlement;
2. No more than 80% of the total portfolio may be invested in U.S. Federal Agency securities;
3. No more than 25% per Farm Credit Obligations, Federal Home Loan Mortgage Obligations, Federal National Mortgage Association Obligations, Federal Home Loan Bank Obligations, Tennessee Valley Authority Obligations;
4. No more than 10% of the total portfolio may be invested per United States Agency for International Development Obligations;

Supranational obligations

1. The maximum maturity does not exceed 10 years from the date of settlement;
2. No more than 20% of the total portfolio may be invested in supranational bonds;
3. No more than 10% of the total portfolio may be invested per issuer;
4. Are issued by institutions with debt obligations rated AAA, or the equivalent, by at least two NRSROs;
5. The credit rating must not have a negative credit watch by any NRSRO.

Municipal obligations

1. The maximum maturity does not exceed 10 years from the date of settlement;
2. No more than 15% of the total portfolio may be invested in municipal bonds;
3. No more than 5% of the total portfolio may be invested per issuer;
4. Are issued by institutions with debt obligations rated A+ or higher, or the equivalent, by at least two NRSROs;
5. The credit rating must not have a negative credit watch by any NRSRO.

Corporate Debt obligations

1. The maximum maturity does not exceed 5 years from the date of settlement;
2. No more than 20% of the total portfolio may be invested in corporate debt obligations;
3. No more than 5% of the total portfolio may be invested per issuer;
4. Rated A- or higher, or the equivalent, by at least two NRSROs;
5. The credit rating must not have a negative credit watch by any NRSRO;
6. Issued in US dollars;
7. Corporate related debt obligations combined may not exceed 50% of the total portfolio (Includes Corporate medium term obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit).

Asset-Backed Securities

1. The maximum maturity does not exceed 10 years from the date of settlement;
2. Average life does not exceed 10 years using cash flows modeled at zero percent prepayment speed assumption by the Bloomberg mortgage analytics system;
3. No more than 15% of the total portfolio may be invested in asset-backed securities;
4. No more than 5% of the total portfolio may be invested per issuer;
5. Rated AA- or higher, or the equivalent, by at least two NRSROs;
6. Asset-backed securities, mortgage pass-through securities, and collateralized mortgage obligations combined may not exceed 20% of the portfolio.

Mortgage Pass-Through Securities

1. The maximum maturity does not exceed 31 years from the date of settlement;

2. Average life does not exceed 20 years using cash flows modeled at zero percent prepayment speed assumption by the Bloomberg mortgage analytics system;
3. No more than 15% of the total portfolio may be invested in mortgage pass-through securities;
4. No more than 5% of the total portfolio may be invested per issuer;
5. Issued by a United States federal agency or United States government-sponsored enterprise obligations, participations, or other instruments that include those issued by or fully guaranteed as to principal and interest by United States federal agencies or United States government-sponsored enterprises;
6. Mortgage pass-through securities, collateralized mortgage obligations, and asset-backed securities combined may not exceed 20% of the portfolio.

Collateralized Mortgage Obligations (CMO)

1. The maximum maturity does not exceed 31 years from the date of settlement;
2. Average life does not exceed 10 years using cash flows modeled at zero percent prepayment speed assumption by the Bloomberg mortgage analytics system;
3. No more than 15% of the total portfolio may be invested in collateralized mortgage obligations (CMO);
4. No more than 5% of the total portfolio may be invested per issuer;
5. Issued by a United States agency or United States government-sponsored enterprise obligations, participations, or other instruments that include those issued by or fully guaranteed as to principal and interest by United States federal agencies or United States government-sponsored enterprises;
6. The collateral must be issued by a United States agency or United States government-sponsored enterprise obligations, participations, or other instruments that include those issued by or fully guaranteed as to principal and interest by United States agencies or United States government-sponsored enterprises;
7. Collateralized mortgage obligations, mortgage pass-through securities, and asset-backed securities combined may not exceed 20% of the portfolio.

Bankers' Acceptances

1. The maximum maturity does not exceed 180 days from the date of settlement;
2. No more than 30% of the portfolio may be invested in Bankers' Acceptances;
3. No more than 5% of the total portfolio may be invested per issuer;
4. Short term ratings are A-1 or higher, or the equivalent, by at least two NRSROs, and if available, long-term ratings are A or higher, or the equivalent, by at least two NRSROs;
5. Credit rating must not have a negative credit watch by any NRSRO;
6. Corporate related debt obligations may not exceed 50% of the total portfolio (Includes Corporate Debt Obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit).

Commercial Paper

1. The maximum maturity does not exceed 270 days from the date of settlement;
2. No more than 30% of the portfolio may be invested in Commercial Paper;
3. No more than 5% of the total portfolio may be invested per issuer;
4. Short term ratings are A-1 or higher, or the equivalent, by at least two NRSROs, and if available, long-term ratings are A or higher, or the equivalent, by at least two NRSROs;
5. Credit rating must not have a negative program rating by any NRSRO;
6. Corporate related debt obligations may not exceed 50% of the total portfolio (Includes Corporate Debt obligations, Bankers' Acceptances and Commercial Paper, and Certificates of Deposit).

Certificates of Deposit issued by state or federally chartered banks

1. The maximum maturity does not exceed 2 years from the date of settlement;
2. No more than 15% of the total portfolio may be invested in certificates of deposit;

3. No more than 5% of the total portfolio may be invested per issuer;
4. Institution maintains a branch office located in Denver, CO;
5. Colorado Designated Public Depository Protection Act (PDPA) Bank certified by the appropriate State regulatory agency;
6. Must be collateralized under PDPA guidelines under State Statute 11-10.5-101/112;
7. Institutions must maintain a minimum equity of \$100,000,000;
8. Institution must maintain a minimum Tier 1 capital ratio of 5%;
9. Any institution that records a negative return on equity for two consecutive quarters will be disqualified from bidding for deposits;
10. Corporate related debt obligations may not exceed 50% of the total portfolio (Includes Corporate Debt Obligations, Bankers' Acceptances, Commercial Paper, and Certificates of Deposit).

Repurchase Agreements

1. The maturity does not exceed 1 year from the date of settlement;
2. No more than 50% of the total portfolio may be invested in Repurchase Agreements;
3. No more than 25% of the total portfolio may be invested per issuer;
4. May be executed only with primary dealers and national banks with a minimum long-term rating of Aa3, or AA- as assigned by Moody's Investors Services, Inc. Fitch Ratings Service, or Standard & Poor's Corporation, respectively;
5. Must comply with the collateralized provisions stated in Section I.2 of the Investment Policy.

Securities Lending

1. The maturity does not exceed 1 year from the date of settlement;

2. No more than 30% of the total portfolio may be invested in securities lending agreements;
3. May be executed only with primary dealers and national banks with a minimum long-term rating of Aa3 or AA- as assigned by Moody's Investors Services, Inc., Fitch Ratings Service, or Standard and Poor's Corporation, respectively;
4. Must comply with the collateralized provisions stated in Section 1.2 of the Investment Policy.

Local Government Investment Pools

1. No more than 25% of the total portfolio may be invested in local government investment pools;
2. No more than 10% of the total portfolio may be invested per local government investment pool;
3. The Funds are in conformity with the Local Government Pooling Act (Part 7, Article 75, Title 24, Colorado Revised Statutes) with an office located within Colorado.

Money Market Mutual Funds

1. No more than 25% of the total portfolio may be invested in money market funds;
2. No more than 10% of the total portfolio may be invested per money market mutual fund family;
3. The fund shall either have over \$1 billion in assets or be rated AAA, or the equivalent, by at least two NRSROs and must consist of securities that are eligible investments for the city;
4. May be executed only with primary dealers and national banks with a minimum long-term rating of Aa3 or AA- as assigned by Moody's Investors Services, Inc. Fitch Rating Service or Standard and Poor's Corporation;
5. Registered with the Securities and Exchange Commission under the Investment Company Act of 1940;
6. The fund does not charge a sales or load fee;
7. The prospectus of the fund must include a statement that they will seek to maintain a constant share price;

8. Must be offered by eligible Primary Dealers, a depository bank of the City, a Local Government Investment Pool Trust Fund organized in conformity with the Investment Funds – Local Government Pooling Act (Part 7, Article 75, Title 24, Colorado Revised Statutes) with an office located within Colorado, or a fund with at least one billion in assets.

Forward Purchase Agreements

1. Maximum maturity of the City's municipal bond issue to which the investment corresponds;
2. No more than 15% of the total portfolio may be invested in forward purchase agreements;
3. No more than 10% of the total portfolio may be invested per issuer;
4. Primary dealers having minimum ratings of A, A2 or A as assigned by Standard & Poor's Corporation ("S&P"), Moody's Investors Service ("Moody's") or Fitch ("Fitch"), respectively;
5. Non primary dealers having minimum ratings of AA, Aa2 or AA as assigned by S&P, Moody's or Fitch, respectively;
6. Agreement shall be structured with downgrade language which will allow the City to terminate the agreement in the event that the Provider's long-term credit rating(s) falls to a level which would cause an adverse impact on the ratings of the City bonds to which the FPA agreement relates.

Debt Service Reserve Fund Put Agreements

1. Maximum maturity of the City's municipal bond issue to which the investment corresponds;
2. No more than 15% of the total portfolio may be invested in debt service reserve fund put agreements;
3. No more than 10% of the total portfolio may be invested per issuer;
4. Must be offered by eligible Primary Dealers having minimum ratings of A, A2 or A as assigned by Standard & Poor's Corporation ("S&P"), Moody's Investors Service ("Moody's") or Fitch ("Fitch"), respectively or eligible non-Primary Dealers having minimum ratings of AA, Aa2 or AA as assigned by S&P, Moody's or Fitch, respectively.

Reverse Repurchase Agreements, Covered Bonds, and Sovereign Debt

1. Although these securities are allowable investments for the State Treasurer the City has not designated them permissible investments.

I approve the City and County of Denver's Investment Policy as written.

Brendan J. Hanlon
Manager of Finance

_____ Date _____

EXHIBIT A-1 SECTION 2.5.3(c) OF THE CHARTER OF THE CITY AND COUNTY OF DENVER

§ 2.5.3 Powers and duties of the Manager of Finance.

(C) *Bank Depository; Investment of funds.* The Manager of Finance shall, with the approval of the Mayor, select one or more banking or savings and loan institutions for deposit of public funds. Before any deposit shall be made, the bank or savings and loan institution shall pledge sufficient collateral as required by law. The Manager is authorized to invest the funds in his or her custody or possession in the following securities: obligations of the United States Government, obligations of the United States Government agencies and United States Government sponsored corporations, prime bankers acceptances, prime commercial paper, certificates of deposit issued by banks and savings and loan institutions, repurchase agreements, security lending agreements, highly rated municipal securities, money market funds that purchase only the types of securities specified herein, any investment type in which the Colorado state treasurer is allowed to invest state moneys if otherwise compliant with the Department's investment policy, and other similar securities as may be authorized by ordinance.

EXHIBIT A-2 SECTION 20-21 OF THE DENVER REVISED MUNICIPAL CODE

INVESTMENT OF FUNDS

- A. Subject to the restrictions of the Charter and as authorized additionally by this section of the Code, the Manager of Finance is hereby empowered to invest the moneys credited to any fund without appropriation, buying and selling at the Manager of Finance's discretion, provided that the return from the investments be credited to the fund in proportion to the amount from such fund so invested, subject, however, to paragraph (b) below.
- B. The Manager of Finance, in order to account for services rendered and expenses incurred in the administration, management and investment of the nonsubsidized enterprise funds shall transfer, and is authorized hereby to transfer, as an investment fee from earnings for each such fund to Fund No. 0100, the General Fund, an amount in the Manager of Finance's discretion which shall be no higher than the fee commonly charged by private investment advisers, but based upon the same factor for each fund or account, of not greater than the amount obtained by multiplying the average monthly balance available for investment in 1984 and subsequent years in each such fund from all sources by the factor 0.00375; and said amounts thus transferred upon the directive of the Manager of Finance as applicable to each fund shall be so noted upon the books of account and appropriate fiscal records of the City by the Manager of Finance.
- C. Subject to the restrictions of paragraphs (a) and (b) above, investments by the Manager of Finance may, in addition to those specifically listed in the Charter, include investments in Debt Service Reserve Fund PUT Agreements (PUT) and Forward Purchase Agreements.
- D. The Manager of Finance shall appoint an investment committee to advise the manager regarding departmental investment activities.

EXHIBIT A-3: SUMMARY OF AUTHORIZED INVESTMENTS

The table below summarizes the authorized investments. The table is meant for summary purposes only. All investments are to be evaluated for inclusion into the investment portfolio using all elements contained in the investment policy pertaining to investments.

Security	Maximum % of Portfolio	Maximum Maturity	Maximum per Issuer as % of Portfolio
US Treasury Securities	100%	10 Years	n/a
US Federal Agency Securities ***	80%	10 Years	25%
Supranational Obligations	20%	10 Years	10%
Municipals Obligations	15%	10 Years	5%
Corporate Debt Obligations*	20%	5 Years	5%
Asset-Backed Securities**	15%	10 Years	5%
Mortgage Pass-Through Securities**	15%	31 Years	5%
Collateralized Mortgage Obligations**	15%	31 Years	10%
Bankers' Acceptances*	30%	180 Days	5%
Commercial Paper*	30%	270 Days	5%
Certificates of Deposit*	15%	2 Years	5%
Repurchase Agreements	50%	1 Year	25%
Securities Lending	30%	1 Year	30%
Local Government Investment Pools	25%	n/a	10%
Money Market Funds	25%	n/a	10%
Forward Purchase Agreements	15%	n/a	10%
Debt Service Fund Put Agreements	15%	n/a	10%

* Combination of asset classes cannot exceed 50%

** Combination of asset classes cannot exceed 20%

*** US Agency for International Development maximum per portfolio is 10%

EXHIBIT A-4: PERMISSIBLE INVESTMENTS UNDER THE COLORADO PUBLIC FUNDS STATUTES

Applicable sections of CO Rev Stat § 24-36-113 (2016)

(2) Such moneys may be invested, without limitation, in debt obligations of the United States treasury, any agency of the United States government, or United States government-sponsored corporations.

(2.5) The state treasurer may, in the state treasurer's discretion, invest such moneys in municipal bonds rated in one of the two highest rating categories by a nationally recognized rating organization.

(3) The state treasurer may, in the state treasurer's discretion, invest such moneys in repurchase agreements, in banker's acceptances or bank notes issued by banks rated at least investment grade by a nationally recognized rating organization, in commercial paper of prime quality as so classed by a nationally recognized rating organization, and in money market funds that are registered as an investment company under the federal "Investment Company Act of 1940", as amended.

(3.5) The state treasurer may, in the state treasurer's discretion, invest such moneys in corporate debt obligations rated at least investment grade by a nationally recognized rating organization.

(3.6) The state treasurer may, in the state treasurer's discretion, invest such moneys in asset-backed securities and covered bonds rated in one of the two highest rating categories by a nationally recognized rating organization.

(3.7) The state treasurer may, in the state treasurer's discretion, invest such moneys in securities that are issued or guaranteed by the world bank, the inter-American development bank, the Asian development bank, or the African development bank or for which the credit of the world bank, the inter-American development bank, the Asian development bank, or the African development bank is pledged for payment and that are rated in one of the two highest rating categories by a nationally recognized rating organization.

(3.8) The state treasurer may, in the state treasurer's discretion, invest such moneys in mortgage pass-through securities and collateralized mortgage obligations that are issued by any agency of the United States government or a United States government-sponsored corporation or that are rated in one of the two highest rating categories by a nationally recognized rating organization.

(3.9) The state treasurer may, in the state treasurer's discretion, invest such moneys in debt obligations backed by the full faith and credit of the state of Israel that are rated in one of the two highest rating categories by a nationally recognized rating organization.

(4) The state treasurer may make such arrangements for the custody, safekeeping, and registration of all investment securities as will enable the state treasurer to make prompt delivery thereof upon maturity or in the event of sale.

(5) The state treasurer may engage in reverse repurchase agreements and securities lending programs for any securities in the state treasurer's custody and may purchase loans if, in the state treasurer's discretion, the purchase of loans will yield a fair and equitable return to the state.

EXHIBIT B List of Authorized Investment Officials

<u>Name/Title</u>	<u>Signature</u>
R. O. Gibson Manager Cash, Risk & Capital Funding	
Caroline C. Hendrickson Director of Cash & Investments	
Gregory T. King Portfolio Administrator	
Mario Dominguez Sr. Investment Portfolio Analyst	
Alyssa Garrity Cash Administrator	

I hereby certify that the individuals listed above are authorized to invest funds for the City and County of Denver as specified in this Investment Policy:

Brendan J. Hanlon
Manager of Finance

Date

APPENDIX I GLOSSARY OF TERMS

ASSET-BACKED SECURITIES: Securities supported by pools of installment loans, leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCE: A draft or bill of exchange created as a result of an international trade transaction accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. A Bankers' Acceptance is an irrevocable primary obligation of the accepting bank and a contingent obligation of the drawer and of any endorser whose names appear upon it.

BENCHMARK: A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID: The price at which a buyer offers to buy a security.

BOOK VALUE: The price paid for a particular asset, adjusted for amortization of any premium or accretion of any discount over the term of the investment. The book value is the amount included on the balance sheet.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. The broker does not own the security position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate issued by a bank.

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

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO): Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER: A short-term, unsecured promissory note issued by corporations for a maturity specified by the purchaser, from 1 to 366 days and sold primarily on a discount basis. Issues are marketed either through dealers or directly by the issuer. Direct issuers and dealers will generally provide a bid to repurchase these securities on the secondary market.

CORPORATE MEDIUM TERM NOTES: Debt securities of corporations with maturities between 1 and 5 years.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay bondholders on the bond's par value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT RETURN: Considers coupon income earned, trading gains and losses actually realized, expenses paid, and miscellaneous income received.

DEALER: A dealer, as opposed to a broker, acts as a principal in the transaction, buying and selling for their own account.

DEBT SERVICE RESERVE FUND PUT AGREEMENT: A Debt Service Reserve Fund Put Agreement is a contract written between the Issuer, the Issuer's trustee, and the Put Agreement provider (a highly rated financial institution or a primary dealer), whereby the Issuer purchases U.S. Government securities (the "Reserve Securities") with debt service reserve fund moneys and has the option to "Put" all or a portion of the reserve Securities to the Provider for the original price paid in the event of a deficiency to make the scheduled debt service payments. Puts allow for investment in high yielding long-term securities while retaining the ability to liquidate the investment without risk of principal loss in the event of a default on the Bonds. In the event the Reserve Securities are liquidated, most DSRF PUT Agreements allow for the fund to be replenished at the Original Price within a specified period of time. Should the Agreement terminate for reasons other than a deficiency, a fee may be assessed by the Provider which would represent a "market" penalty. The Agreement provides that the Issuer pay a semiannual fee to the Provider on the dates that the Reserve Securities pay interest.

DELIVERY VERSUS PAYMENT/RECEIPT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with a simultaneous exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than par value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DERIVATIVE: Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full par value, i.e., U.S. Treasury bills.

DIVERSIFICATION: Dividing investments among a variety of securities which offer independent returns.

DURATION: The measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows. Duration is measured in years.

ELIGIBLE PUBLIC DEPOSITORY: An association which has been designated an eligible public depository by the State of Colorado and is therefore qualified to hold deposits of the City and County of Denver.

EMPLOYEE: As used in this document, the term employee means a person directly supervised and compensated by the Department of Finance of the City and County of Denver. Individuals who advise or consult with the Department of Finance or who are employees of firms which advise or consult with the Department of Finance are not employees.

EXPORT-IMPORT BANK OF THE UNITED STATES - (Eximbank): U.S. Government Agency, founded in 1934, wholly owned by the U.S Treasury. The obligations issued directly by Export-Import Bank carry the full faith and credit guarantee of the United States. The purpose of the Eximbank is to aid in financing U.S. exports, which it fulfills by directly financing exports, and by guaranteeing export loans made by the private sector. Eximbank is empowered to borrow and lend; to guarantee and insure loans; and to purchase or guarantee negotiable instruments, evidences of indebtedness and other securities. Although Eximbank has the authority to issue debt, the agency has financed itself internally for the past several years. However, several special-purpose corporations securitize loans that are supported by guarantees from Eximbank. It is through this securitization process that Eximbank guaranteed loans reach the fixed income market. Eximbank fully supports the repayment of loans. As with any other fully supported transaction, there are structural and legal risks to be considered, particularly the risk of a single late payment to investors, which is attributable to the claim filing requirements of an Eximbank guarantee. No issues are currently outstanding.

FACE VALUE: The dollar value of a security. For bonds, it is the amount paid to the holder at maturity. Also known as "par value".

FARM CREDIT OBLIGATIONS: Securities of the Farm Credit system, which was established under the authority of an act of Congress. The system's obligations are not guaranteed by the U.S. Treasury. However, in 1985 a line of credit to the Treasury was authorized by Congress. There are various maturities ranging from a few days to thirty years.

FEDERAL AGENCY SECURITIES: A security issued by a federal agency or federally sponsored corporation. Most obligations of Government Sponsored Entities (GSEs) are not guaranteed by the full faith and credit of the US government. The market recognizes an implied guarantee that impacts the pricing. Examples are:

FDIC: The Federal Deposit Insurance Corporation provides insurance backed by the full faith and credit of the US government to certain bank deposits and debt obligations.

FFCB: The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB: The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC: Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA: Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA: The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO: The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA: The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

FEDERAL FUNDS RATE: The interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight.

FEDERAL FINANCING BANK (FFB): The FFB was established by the Federal Financing Bank Act of 1973 to consolidate and reduce the government's cost of financing a variety of federal agencies or other borrowers whose obligations are guaranteed by the U.S. Government. FFB obligations are general obligations of the U.S. Government, identical in this respect to Treasury obligations. The FFB has no issues outstanding. To date, the Bank has chosen to finance its operations directly through the Treasury. The FFB does have the authority to issue debt in the future.

FEDERAL HOME LOAN BANKS (FHLB): Institutions of the FHLB system as established by Congress that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks to member commercial banks. The obligations of the System are not guaranteed by the U.S. Treasury. The banks operate under federal charter and are supervised by the Federal Home Loan Bank Board, as an independent federal agency. At all times, the District Banks must maintain collateral in an amount equal to the quantity of issued outstanding debt. There are various maturities ranging from a few days to thirty years.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): The Federal Home Loan Mortgage Corporation was created by Congress in 1970 to encourage the availability of mortgage credit for residential housing by maintaining an active secondary market in conventional mortgages. As the result of the subprime mortgage crisis, in 2008 the Federal Housing Finance Authority was appointed conservator of FHLMC which was reconstituted to and continues to operate. To some extent, the FHLMC (Freddie Mac) duplicates the activities of Fannie Mae. However, as a special feature, it can only purchase mortgages from financial institutions that have their deposits insured by agencies of the federal government. This requirement that it deal only with regulated institutions permits the FHLMC to reduce documentation requirements on mortgage purchases and therefore operate at lower cost. The Corporation's obligations are not guaranteed by the U.S. Treasury. However, they are obligations of the FHLB system since the FHLMC is owned by the FHLB system. There are various maturities ranging from a few days to thirty years.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (Fannie Mae, formerly FNMA): Fannie Mae is the nation's largest supplier of funds for home mortgages. The corporation was originally created in 1938 and wholly owned by the U.S. government. Subsequently, it evolved into a private stockholder-owned corporation in 1970. As a result of the subprime crisis, in 2008 the Federal Housing Finance Authority was appointed conservator and reconstituted FNMA to Fannie Mae. The corporation provides a secondary market for mortgages of primary lending institutions, similar to the FHLMC except that Fannie Mae can purchase mortgages from mortgage banks in addition to federally insured financial institutions. Additionally, Fannie Mae finances a large percentage of the mortgage portfolio it purchases and generates income from this portfolio in the manner of a bank. The corporation's obligations are not guaranteed by the U.S. Treasury. There are various maturities ranging from a few days to thirty years. Fannie Mae's securities are also highly liquid and are widely accepted

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C. and 12 Regional Banks.

FIXED INCOME SECURITY: An investment that provides a return in the form of fixed periodic payments and eventual return of principal at maturity. The payments of a fixed-income security are known in advance.

FORWARD PURCHASE AGREEMENTS (FPA): A Forward Purchase Agreement, in general, represents a forward sale investment vehicle for moneys deposited during the term of the FPA. FPAs have a variety of applications, and may be used for a variety of funds such as:

- Investment of money during lag periods in open market refunding escrows.
- Funding of an entire refunding escrow.
- Investment of debt service reserve funds (rolling T-Bill FPA).

The two principal advantages of FPA's are 1) they are always funded and secured by the delivery of U.S. Government securities on a delivery versus payment basis, thus eliminating counterparty risk, and 2) the use of the FPA allows the Issuer an enhanced rate of return over short-term investment alternatives because they are priced by the investment provider like a longer-term investment as a result of the provider's ability to hedge the investment in the futures market for the life of the contract.

FUND: Independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

INDEX: In the case of financial markets, an index is essentially an imaginary portfolio of securities representing a particular market or a portion of it. The plural of index can be either "indexes" or "indices".

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): A voluntary investment fund open to government entities and certain non-profit organizations in Colorado.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

LONG-TERM: For investing, a security that matures in one year or longer.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

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

MODERN PORTFOLIO THEORY: A theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk. There are four basic steps involved in

portfolio construction: security valuation, asset allocation, portfolio optimization, performance measurements.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MONEY MARKET FUNDS (MMF): MMF is a type of mutual fund with no fixed maturity date that is required by law to invest in low-risk securities. MMF are neither federally insured nor guaranteed by the U.S. Treasury. These funds seek to preserve principal and maintain a constant value of \$1.00 per share. While investor losses are rare, it is possible for a MMF's net asset value to fall below \$1.00. MMF earns dividends that generally reflect short-term interest rates, and the amount of the dividend may be added to the share value.

MONEY MARKET INSTRUMENTS: Forms of debt that mature in less than one year and are very liquid.

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITY: A debt security issued by a state, municipality, county or other government entity, in order to finance its capital expenditures or for other specified purposes. Municipal bonds are exempt from federal taxes and from most state and local taxes, especially if you live in the state the bonds are issued.

MUTUAL FUND: An investment that gives investors access to a well-diversified portfolio of equities, bonds or other securities. Each shareholder participates in the gain or loss of the fund. (See Money Market Fund)

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO): A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's .

NET ASSET VALUE (NAV): The value of a fund's assets. For a mutual fund, the NAV per share usually represents the fund's market price. (See Money Market Fund)

PAR VALUE: The face value of a security.

PUBLIC DEPOSIT PROTECTION ACT CRS 11-10.5:101-112 (PDPA): It requires banks that hold public funds be designated as a public depository pursuant to the provisions of CRS 11-10.5-101-112 a part of which is to pledge collateral having a market value in excess of 102% of the aggregate uninsured public deposits. The purpose of the Public Deposit Protection Act (PDPA) is to ensure that public funds held on deposit in banks are protected in the event that the bank holding the public deposits becomes insolvent. Not all public funds held by banks are protected under the PDPA. The PDPA protects only public funds placed in bank deposit accounts, which include checking, savings, bank money-market, and certificate of deposit (CD) accounts. A list of Eligible Public Depositories can be accessed via the automated Institution Search Information System at the Department of Regulatory Agencies Division of Banking (DORA).

PORTFOLIO: All securities held in the various investment pools of the City and County of Denver which are under the control of the Manager of Finance and governed by this Investment Policy.

PREMIUM: The difference between the higher price paid for a fixed-income security and the security's par amount at issue.

PRIMARY DEALER: A group of government securities dealers that 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 oversight.

PRIME: Prime bankers acceptances and prime commercial paper shall be those securities having a minimum short-term rating of A-1, P1, and/or F-1.

PROJECTED CASH FLOWS: Estimates expected cash inflows and outflows for a period of time.

PRUDENT INVESTOR: The investment standard requiring trustees and portfolio managers to make financial decisions in the manner of a prudent investor, e.g., with intelligence and discretion. The prudent investor standard requires care in the selection of investments but does not limit investment alternatives.

PUT OPTION: A contract giving the owner the right (but not the obligation, the option) to sell a specified amount of an underlying asset at a set price within a specified time. The buyer of a put option estimates that the underlying asset will drop below the exercise price before the expiration date. (See Debt Service Reserve Fund Put Agreement)

REPURCHASE AGREEMENT: A financial contract through which a holder of securities sells securities to an investor with an agreement to repurchase them at original cost plus interest on a future date. The repurchase agreement "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 "loan". Repurchase agreements are illiquid, not negotiable, and there is no secondary market. In an emergency, a term repurchase agreement seller may be willing to break an agreement, but is not required to do so. Repurchase agreements are subject to counter party risk which is risk that a seller will be unable to repurchase a security.

SECONDARY MARKET: A market which purchases and sells outstanding securities issues following their initial distribution.

SECURITY: An instrument representing ownership (stocks/equities), a debt agreement (bonds), or the rights to ownership (derivatives). It is assigned a value and traded. Examples of a security include a note, stock, bond, option, or virtually any other financial asset.

SECURITY LENDING: The collateralized lending of securities to a qualified dealer, with a negotiated fee paid to the lender.

SHORT TERM: As an investment, short term is a security that matures in one year or less. In accounting, a short-term asset is expected to be converted into cash in the next year, or a short-term liability is coming due in the next year.

SUPRANATIONAL: A supranational entity is formed by two or more central governments to promote economic development for the member countries. Supranational Institutions finance their activities by issuing bond debt and are usually considered part of the sub-sovereign debt market. Examples of supranational institutions are the World Bank, Asian Development Bank and Inter-American Development Bank.

TENNESSEE VALLEY AUTHORITY (TVA): TVA was established by an act of Congress in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Bonds issued by the TVA are not guaranteed by the United States. The bonds are secured by net power proceeds. Such secured debt of TVA is rated AAA/Aaa by Standard & Poor's and Moody's, respectively. There are maturities extending as long as 50 years.

TREASURY BILLS: Non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most Treasury bills are issued to mature in three months, six months or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

TREASURY STRIPS: This instrument is composed of coupons stripped from bonds, so that an investor would take delivery of a single coupon or the corpus (principal) of a bond, and pay for it at its present value. Since January 1985, all Treasury note and bond issues with maturities of at least ten years have been transferable in their component pieces by the Federal Reserve wire system, thereby creating a generic, book-entry Treasury zero coupon. The price volatility of Strips is greater than Treasury coupon securities with comparable maturities.

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAIDs): Guaranteed Notes of the USAID are underwritten pursuant to the Foreign Assistance Act of 1961 in order to carry out economic assistance programs to developing countries. Pursuant to this Act, the USAID is authorized to guarantee up to \$10 billion in principal amount of loans to the State of Israel. These Guaranteed notes (including current coupon and zero coupon notes) are backed by the full faith and credit guarantee of the United States of America, acting through USAID, and also constitute full faith and credit obligations of the State of Israel. Although the Guaranteed Notes of the USAID are full faith and credit obligations, there may be up to a 3-day delay in payment on the USAIDs in the event of a default of the original issuer of the loans (i.e. Israel). When approved for City investment, there were 7 series outstanding in the aggregate amount of approximately \$12 billion, including both current coupon and zero coupon guaranteed notes, extending to August 15, 2025.

U.S. GOVERNMENT OBLIGATIONS: Direct obligations of the government of the United States. Both principal and interest are unconditionally guaranteed by the United States government. There are regular auctions of Treasury securities with various maturities. The securities are readily available and marketable in the secondary market. Price volatility results from changing market interest rates, which normally increase for securities with longer durations.

WHEN ISSUED TREASURY SECURITIES: New issues of government obligations are offered on a when-issued basis, that is, delivery and payment for securities occur up to 21 days after the date of the transaction. The payment obligation and the yield that will be received on the securities are fixed at the time the buyer enters into the commitment. These securities may be sold before the settlement date, if it is deemed advisable as a matter of investment strategy.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

YIELD TO MATURITY: The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.