

## Alaska Municipal League Investment Pool

### Series I

#### Investment Policies and Restrictions

The Series seeks to achieve its investment objectives by limiting its investments to instruments described below. All investments must comply with the statutory requirements of the Alaska Investment Pool Act.

This policy applies to all money that comprises Series I portfolio within Alaska Municipal League Investment Pool. The purpose of the series is to provide an investment option for participants that has a focus on preservation of capital, liquidity, and investment return.

#### **I.) Investment Objective and Strategy**

To accomplish the purpose of the Series, the Series will have the following prioritized investment objectives:

- 1.) Preservation of capital – seeking to preserve the capital investment of all participants through prudent management;
- 2.) Liquidity – seeking to meet the needs of participants for cash by maintaining a high level of portfolio liquidity and investing in readily marketable securities; and
- 3.) Investment return – seek to attain the highest level of return consistent with the objectives of preservation of capital and liquidity.

The strategy of the Series is to invest in short-dated, high-quality securities with the intent to maintain a stable \$1.00 net asset value and an AAAM stability rating by S&P.

#### **II.) Permissible Investments**

The Series is invested in accordance with the Alaska Investment Pool Act of 1992 including:

- 1) Obligations of the United States and of an agency or instrumentality of the United States.
- 2) Repurchase and reverse repurchase agreements shall be secured by obligations of the Treasury of the United States or obligations of an agency or instrumentality of the United States.
  - a. The aggregate amount of all repurchase agreements with any single dealer shall not exceed 25% of Series assets on the trade date. In the event that there are multiple repurchase agreements with a single dealer outstanding at any time, compliance shall be measured from the latest trade date.
  - b. The aggregate amount of all repurchase agreements exceeding seven days to maturity shall be limited to no more than 10% of the Series assets on the trade date unless the Series holds an unconditional put providing for liquidity within seven days.
  - c. The margin requirement for securities for collateral should be 102%.

- d. Where cash flows require an exception to 2.a or 2.b (above), the Investment Adviser and the Board President will be notified immediately.
- 3) Certificates of deposit, bankers acceptances and other similar obligations of a bank domiciled in the United States that has
  - a. Outstanding debt rated A or higher by at least one of the nationally recognized rating services (includes dollar denominated obligations issued by U.S. branches of foreign banks, provided the debt of the parent is rated A or higher) and
  - b. A combined capital and surplus aggregating at least \$500,000,000.
- 4) Commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services.
- 5) Obligations of a corporation domiciled in the United States or obligations of a municipality that are taxable under federal law, if the obligations are rated A or higher by at least two nationally recognized rating services at the time of investment. The Investment Manager may look through the issuer of a security to a third-party guarantee to determine the eligibility of an investment.
- 6) Collateralized certificates of deposit that are issued by a state or federally chartered financial institution that is a commercial or mutual bank, savings and loan association or credit union and, if the institution's accounts are insured through the appropriate federal insuring agency of the United States, regardless of whether the institution meets the requirements of item (3) above.
- 7) Money market mutual funds in which the securities of the mutual fund consist of obligations listed in these items (1) - (6) and (8) and otherwise meet the requirements of the Investment Policy.
- 8) Other cash equivalent investments with a maturity date of one year or less after date of the investment that are of similar quality to those listed in items (1) - (7) above, are rated A or higher by at least one of the nationally recognized rating services and are approved by the Public Entities participating in the Series.
- 9) In the event of a downgrade in rating, the investment manager will contact the investment adviser immediately. The Investment Manager and Investment Adviser will review whether the security continues to represent minimal risk. If both agree that it should be sold, the security will be immediately sold, otherwise it will be held to maturity. The Investment Adviser will have the final say in disagreements.

### **III.) Portfolio Diversification and Restrictions**

- 1) The management and investment of assets by the Series will be done with the care, skill, prudence and diligence under the circumstances then prevailing that an institutional investor would use in the conduct of an enterprise of a like character and with like aims;
- 2) The Series will only purchase securities with a remaining maturity within 13 months of the date of purchase, except that floating rate securities issued or guaranteed by the US government, its agencies, or instrumentalities (US government floating rate securities) with a final maturity that is longer than 13 months may be purchased if they are subject to at least an annual reset. In the case of a money market fund, the dollar-weighted average

maturity of the portfolio will be 90 days or less. US government floating rate securities with maturities beyond 13 months and within 24 months shall be limited to 25% of the portfolio. Securities with put options are excluded from this limit;

- 3) At the time of purchase, no more than 5 percent of the Series' net assets will be invested in securities of any one issuer, unless the securities are an obligation of, or guaranteed by the United States;
- 4) The investments of the Series will not include transactions in futures, options, derivative securities or short sales;
- 5) Investments in collateralized certificates of deposit under item (6) of the allowed investments list above, and the entire amount of principal and interest payable upon maturity of the certificates must be collateralized by a combination of securities that are marked to market at least monthly and maturity dates comparable to the certificated of deposit collateralized but in no event exceed five years. Only the following securities may serve as collateral:
  - a. Obligations of the United States with a maturity date of five years or less after the date of the Series investment transaction, and with a market value of at least 102 percent;
  - b. Securities in the United States agencies or instrumentalities that are actively traded, other than mortgage pass-through securities, with a maturity date of
    - i. One year or less after the date of the Series investment transaction, and with a market value of at least 103 percent or
    - ii. More than one year and less than five years after the date of the Series investment transaction, and with a market value of at least 107 percent;
  - c. Mortgage pass-through securities issued by the Government National Mortgage Association with a market value of at least 120 percent and;
  - d. Obligations of the State of Alaska or its political subdivisions secured by the full faith, credit and taxing power of the state or its political subdivisions, rated A or higher by at least one of the nationally recognized rating services, with a maturity date of
    - i. One year or less after the date of the Series investment transaction, and with a market value of at least 102 percent or
    - ii. More than one or less than five years after the date of the Series investment transaction, and with a market value of at least 107 percent.
- 6) A financial institution will not release, assign, sell, mortgage, lease, transfer, pledge or grant a security interest in, encumber, substitute, or otherwise dispose of or abandon all or any part of pledged collateral without prior written authorization of the Board;
- 7) While the Series purchased securities with the intention of holding them to maturity, it may, from time to time, engage in portfolio trading in an attempt to increase the total return on assets. In addition, cash flows into and out of the Series may be substantial in relation to total assets of the Series. For these reasons, the Series may have a substantial portfolio turnover rate;

- 8) The Series invests only in those issuers whose credit worthiness and compliance with the applicable statutes and policies has been reviewed and found satisfactory by the Investment Manager;
- 9) The custodian may engage in securities lending for the Series when the Series can benefit;
- 10) The investment manager will adhere to any/all rating agency guidelines that are in effect while the Series is rated.

#### **IV.) Benchmarks and Reports**

Performance will be measured against the Intercontinental Exchange Bank of America (ICE BofA) US 3-month U.S. Treasury Bill Index and the yield compared to the S&P AAA & AA Rated GIP Tax 30 Day Yield Index.

On an annual basis the board shall be provided with Series' performance and benchmark by the Investment Manager and/or Custodian for all relevant time periods.

#### Amendments/Adopted

*Investment Policy and Restrictions were clarified, updated, and approved by its Board of Directors at the AML IP November 7, 2007 Annual Meeting.*

*Language on repurchase agreements was clarified, updated, and approved by its Board of Directors at the AMLIP November 18, 2009 Annual Meeting.*

*Language extending maturities on adjustable rate securities was updated and approved by its Board of Directors at the AMLIP Board Meeting July 18, 2011.*

*Investment Policies and Restrictions were amended to add #10 and approved by the Board of Directors at the AMLIP Board Meeting on February 4<sup>th</sup>, 2022.*

*Investment Policies and Restrictions were amended to update Investment Objective and Strategy at the AMLIP Board Meeting on November 9<sup>th</sup>, 2022.*  
*Terry Eubank, President*