

**COMMON INVESTMENT AGREEMENT**  
**ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC.**  
**RECITATIONS**

WHEREAS, AS 37.23.010-37.23.900 of the Alaska Statutes ("Alaska Investment Pool Act") provides that a public entity may enter into an agreement with other public entities to form and manage an investment pool under which funds of the participating public entities are administered and invested jointly;

WHEREAS, the Alaska Investment Pool Act provides that a public entity, by itself or with other public entities, may form a nonprofit corporation for the purposes of managing an investment pool;

WHEREAS, the Alaska Investment Pool Act provides that a public entity participating in an Investment pool or a nonprofit corporation formed for the purposes as set forth in that act may spend money reasonably necessary for the management of the pool, including the employment of staff, and that income from the investments of the pool may be used for management costs;

WHEREAS, the Alaska Investment Pool Act defines public entity to mean a political subdivision of the State of Alaska, including a municipality and its subdivisions, a school district, a regional educational attendance area or an organization composed of political subdivisions of the state;

WHEREAS, the Alaska Municipal League Investment Pool, Inc. has been formed as a nonprofit corporation under the Alaska Nonprofit Corporations Act (AS 10.20) with membership limited to political subdivisions of the State of Alaska, including a municipality and its subdivisions, a school district and a regional attendance area or an organization composed of political subdivisions ("Public Entities");

WHEREAS, each of the participants included in the list of Participants given in Exhibit A to this Agreement is a Public Entity, and each participant that subsequently becomes a signatory to this Agreement will be a Public Entity and desire to enter into this Agreement for the combined investment of public funds;

WHEREAS, this Agreement is intended to be a joint agreement entered into pursuant to the Alaska Investment Pool Act for the purposes of better performing participants' responsibilities and the responsibilities of Public Entities who subsequently become signatories to this Agreement to invest their public funds, as set out in Section 2.1 of this Agreement;

WHEREAS, the governing body of each of the Participants has duly adopted an ordinance (in the case of a municipality) or a resolution or other procedure (in the case of any other Public Entity) authorizing the respective Participant to become a party to this Agreement, and each Public Entity which subsequently becomes a signatory to this Agreement will do so after its governing body has adopted an ordinance (in the case of a municipality) or a resolution or other procedure (in the case of any other Public Entity) authorizing the respective Public Entity to become a party to this Agreement;

WHEREAS, the governing body of each of the Participants has adopted and each Public Entity which subsequently becomes a signatory to this Agreement will adopt the investment objectives and purposes as set forth in Article II of this Agreement and the Investment Policy or Policies as set forth in Exhibit B to this Agreement;

WHEREAS, the Participants anticipate that other Public Entities may desire to invest public assets jointly with the Participants or other Public Entities that become signatories to this Agreement;

WHEREAS, the Alaska Municipal League has assisted in the incorporation of the Corporation to implement the provisions of the Alaska Investment Pool Act for the Participants and other Public Entities that become signatories to this Agreement.

NOW, THEREFORE, the Participants do hereby covenant and agree as follows: to have the Corporation manage and invest all monies, assets, securities, funds and property now or hereafter transferred to or held by it pursuant to this Agreement, all for the benefit of such Public Entities as may from time to time become Participants, and the Participants do further declare their agreement to be bound and abide by the terms of this Agreement.

## ARTICLE I - NAME AND DEFINITIONS

Section 1.1 Name of Pool. The monies, assets, securities, funds and property now or hereafter transferred to and held by the Corporation pursuant to this Agreement will be known as the Alaska Municipal League Investment Pool.

Section 1.2 Definitions. Wherever used within this Agreement, unless otherwise required by the context or specifically provided:

- (1) "Agreement" or "Alaska Municipal League Investment Pool, Inc. Common Investment Agreement" means this instrument executed by the Corporation and the Participants and establishing the Pool, and will encompass any amendments to this Agreement that are duly approved pursuant to this Agreement, and will also encompass the written instruments by which Public Entities become parties to, or terminate their participation under, this Agreement;
- (2) "Alaska Investment Pool Act" means the Alaska Statute AS 37.23.010-37.23.900, as amended from time to time;
- (3) "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended from time to time;
- (4) "Bylaws" means the Bylaws of the Corporation, as amended from time to time;
- (5) "Corporation" means the Alaska Municipal League Investment Pool, Inc.;
- (6) "Custodian" means the party identified in Section 5.7 of this Agreement with qualifications and duties as set forth in Article X of this Agreement;
- (7) "Directors" means the individual directors of the Board of Directors of the Corporation and their successor or successors for the time period during which they were in that office; and "Board of Directors" means the board of directors of the Corporation;
- (8) "Investment Adviser" and "Investment Manager" mean the parties with whom the Corporation has contracted on behalf of the Pool pursuant to Article VIII; and "Supervisory and Investment Adviser Agreement and Investment Management Agreement" refer to the agreements between the Corporation and the Investment Adviser and between the Corporation and the Investment Manager, respectively;
- (9) "Investment Officer" means an officer or employee of the Corporation or other person who will be designated by the board of directors in accordance with the provisions of Article XI of this Agreement;
- (10) "Investment Policy" means the Investment Policy for the Alaska Municipal League Investment Pool attached to and incorporated into this Agreement as Exhibit B;
- (11) "Net Asset Value" means the net asset value of the Pool in the manner provided in Section 12.3 of this Agreement;
- (12) "Participant" means a party that has entered into this Agreement through due and proper authorization and which has not terminated such status and as listed in Exhibit A attached to and incorporated into this Agreement; and "Participation" refers to the status of an entity as a Participant;
- (13) "Pool" means the Alaska Municipal League Investment Pool;
- (14) "Public Entity" means a political subdivision of the State of Alaska, including a municipality and its subdivisions, a school district or a regional education attendance area;
- (15) "Series" means any subdivision of the assets of the Pool established in accordance with the provisions of Section 4.2 of this Agreement;

- (16) "Series Supplement" refers to the written document containing the terms of a certain Series, including those below;
- a "Series I" – original formation – means an investment vehicle within the Pool that invest in short-dated, high-quality securities with the intent to maintain a stable \$1.00 net asset value;
  - b "Series II" – established Nov. 9, 2022 – means an investment vehicle within the Pool that invest in short-dated, high-quality securities with a floating net asset value;
- (17) "Units" means the equal proportionate units of undivided beneficial interest in the assets of the Pool or of each Series from time to time, including fractions of Units as well as whole Units.
- (18) "Unitholder" refers to a record owner of Units of the Pool or of a Series.

## ARTICLE II - PURPOSE, OBJECTIVES

Section 2.1 Purpose. The purpose of this Agreement is to establish the terms for the joint investment of public funds by Public Entities pursuant to the terms of the Alaska Investment Pool Act, the Articles of Incorporation, and the Bylaws. The purpose of the Pool is to provide a means for eligible Public Entities to invest temporarily available public funds.

Section 2.2 Objectives. (a) The general objectives of the Pool include:

- (1) Improving the efficiency and effectiveness of Participants in the investment of their public funds;
- (2) Minimizing administrative fees and transactional and other expenses of investing public funds;
- (3) Providing Public Entities with a continuous source of managed investments, within the limitations upon such investments prescribed by applicable law; and
- (4) Managing the assets of the Pool with the intent of maintaining a stable \$1.00 Net Asset Value for each whole Unit for Series I while Series II Units will have a floating Net Asset Value.

(b) The investment objectives of the Pool in order of priority are as follows:

- (1) Preservation of capital - seeking to preserve the capital investment of all Participants through prudent management and adoption of investment policies and restrictions;
- (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) Return - seeking to attain the highest level of current income consistent with the objectives of preservation of capital and liquidity.

## ARTICLE III - PARTIES TO AGREEMENT

Section 3.1 Eligibility. A Participant must be a member of the Corporation; provided that (1) no person will be allowed to become a member of the Corporation or a Participant if the Board of Directors, upon advice of legal counsel, determines that such membership or Participation would cause the income of the Pool to be subject to federal income taxation, and (2) the Board of Directors will have sole discretion to designate categories of Public Entities eligible to become Participants. In making a determination under this section, the Board of Directors, after obtaining the advice of legal counsel, will have final authority to determine the question.

Section 3.2 Entry Into Agreement. (a) A Public Entity determined to be eligible as a Participant under Section 3.1 of this Agreement may enter into this Agreement, without further action by the existing Participants, by executing and delivering to the Custodian an application to be bound by its terms pursuant to duly exercised authority. Such application need not be physically affixed to a copy of this Agreement, but instead may be indicated by reference to

this Agreement. In accordance with the Bylaws, the Board of Directors will establish the form and requirements for entering into this Agreement as it from time to time deems appropriate.

(b) In executing an agreement under (a) of this Section 3.2, a Public Entity will be deemed to expressly (1) designate the Investment Officers of the one or more Series into which the Public Entity places any of its public funds as that Public Entity's Investment Officer responsible for such funds; (2) designate the depository and custodian of the one or more Series into which the Public Entity places any of its public funds as that Public Entity's depository and custodian for such funds; (3) delegate to the Corporation the authority to hold legal title to the assets placed in the Pool; (4) approve the investment objectives, policies, rules and procedures for the Pool and the Corporation or of any Series of the Pool, as the investment objectives, policies, rules and procedures of the Public Entity with respect to its assets transferred for placement in the Pool or any Series of the Pool; and (5) provide authority to the Corporation, the Board of Directors, the Investment Manager, the Corporation's officers, employees and any of their agents to deposit, withdraw, invest, transfer and otherwise manage the funds which the Public Entity may place in the Pool; all in conformance with the terms of this Agreement and the investment objectives, policies, rules and procedures of the applicable Series and the requirements of the Alaska Investment Pool Act.

Section 3.3 Termination of Participation. Participants will have the right to terminate their Participation in this Agreement, and the Board of Directors will specify procedures for such termination. Such procedures will require a Participant to redeem its Units in the Pool prior to such termination. The termination of Participation by a Participant will not affect the validity of this Agreement with respect to the remaining Participants.

Section 3.4 Effect of Amendment of Alaska Investment Pool Act. In the event that the Alaska Investment Pool Act is amended so as to expand the definition of "Public Entity" as used in this Agreement, the Board of Directors will have the power to determine whether and under what circumstances any new category of Public Entity may become a party to this Agreement. In the event that the Alaska Investment Pool Act is amended so as to exclude from the definition of "Public Entity" as contained in this Agreement any previously included entity, the Board of Directors will promptly determine whether any existing Participant has lost its status as a Public Entity (or will lose such status upon effectiveness of such amendment). If the Board of Directors determines, after obtaining the advice of counsel, that an existing Participant is no longer a Public Entity (or will not be a Public Entity upon the effectiveness of the amendment), the Board of Directors will so notify that Participant, redeem any Units of that Participant held in the Pool and transfer to the Participant the resulting funds and other Investment funds of that Participant administered through the Corporation and terminate the participation of that Participant. The Board of Directors will have final authority with respect to determinations under this Section.

Section 3.5 Effect of Amendment of Federal Tax Law. Should the federal income tax law be amended so as to cause the income of the Pool to be subject to federal income taxation, the Board of Directors will promptly determine whether that subjugation could be eliminated through the termination of Participation by one or more Participants and may, upon advice of legal counsel, terminate the membership in the Corporation and the Participation of those Participants in the Pool to eliminate the subjugation of the Pool to federal income taxation. Should the Board of Directors determine to terminate the Participation of a Participant under this Section 3.5, it will so notify that Participant, redeem any Units of that Participant held in the Pool and transfer to the Participant the resulting funds and other investment funds of that Participant administered through the Corporation and terminate the Participation of that Participant. The Board of Directors will have final authority with respect to determinations under this Section.

## **ARTICLE IV- BENEFICIAL INTERESTS**

Section 4.1 Units of Beneficial Interest. The undivided beneficial interests of Participants in the assets of the Pool or of any Series of the Pool will be represented by such Units of one or more separate and distinct Series as the Board of Directors will from time to time create and establish. The number of Units is unlimited, and each Unit will be without par value and will be fully paid and nonassessable. The Board of Directors will have full power and authority, in their sole discretion and without obtaining any prior authorization of or vote of the Unitholders or of any Series, (1) to create and establish Units or any Series with such preferences, voting powers, rights and privileges as the Board of Directors may from time to time determine, (2) to divide or combine the Units there of into a greater or lesser number, (3) to classify or reclassify any existing Units into one or more Series or classes of Units and (4) to take such other action with respect to the Units as the Board of Directors may deem desirable; provided that the

Board of Directors may take no action pursuant to this Section 4.1 which would impair the beneficial interests of Unitholders in the then-existing assets of the Pool; and provided further, that such powers as the Board of Directors may ordinarily exercise pursuant to this Section 4.1 will not be inconsistent with the intent of maintaining a stable Net Asset Value of \$1.00 per Unit for Series I. Series II Units will have a floating Net Asset Value.

Section 4.2 Establishment of Series. (a) The first Series is hereby established pursuant to Article V of this Agreement.

(b) The establishment of any future Series will be effective upon the adoption of a resolution by a majority of the Board of Directors. With respect to each such future Series the Board of Directors will designate investment objectives and policies as required by this Agreement, authorized investments (and if repurchase agreements are authorized, the custodian for pledged securities), categories of Public Entities eligible to own Units, authorized Investment Officers and the relative rights and preferences of the holders of such Units; all of which will be described in a written Series Supplement.

(c) At any time that there are no Units outstanding of any particular Series previously established and designated, the Board of Directors may, by majority vote, abolish that Series and the establishment and designation of it.

Section 4.3 Ownership of Units. Notwithstanding other provisions of this Agreement to the contrary, ownership of Units will be limited to Participants. Ownership of Units will be recorded in the books of the Pool. The Board of Directors may have such rules as it considers appropriate, to the extent permitted by law, for the transfer of Units and similar matters. The record books of the Pool will be conclusive as to who are the holders of Units and as to the number of Units held from time to time by each Unitholder, unless the Unitholder shows otherwise to the satisfaction of the Board of Directors.

Section 4.4 Placement of Assets in the Pool The Board of Directors will accept transfers of funds to a Series from such governmental entities as have become Participants on such terms as the Board of Directors may from time to time authorize. After the date of the initial transfer of funds to a Series, the number of Units of that Series to represent the initial transfer of funds may be considered as outstanding, and the amount received by the Series on account of such transfer will be treated as an asset of such Series. Subsequent transfers of funds to the Series will be credited to each Unitholder's account in the form of full Units at the Net Asset Value per Unit next determined after the funds are received; provided, however, that the Board of Directors may, in its sole discretion, authorize the issuance of fractional Units.

Section 4.5 Assets and Liabilities of Series. (a) All consideration received by the Pool with respect to Units of a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form, will be referred to as assets belonging to that Series. In addition, any assets, income, earnings, profits, and proceeds thereof, funds or payments which are not readily identifiable as belonging to any particular Series will be allocated by the Board of Directors between and among one or more of the Series in such manner as the board, in its sole discretion, deems fair and equitable. Each such allocation will be referred to as assets belonging to that Series, and will be conclusive and binding for all purposes. The assets belonging to a particular Series will be so recorded upon the books of the Pool and will be held in the Pool by the Corporation for the benefit of the Unitholders of that Series.

(b) The assets belonging to each particular Series will be charged with all expenses, costs, charges and reserves attributable to that Series. Any expenses, costs, charges or reserves of the Pool, which are not readily identifiable as belonging to any particular series, will be allocated and charged by the Board of Directors between or among any one or more of the Series in such manner as the Board of Directors, in its sole discretion, deems fair and equitable, and such expenses, costs, charges, and reserves will be payable only from the assets belonging to the applicable Series. Each such allocation will be conclusive and binding for all purposes. Any creditor of any Series may look only to the assets of that Series to satisfy such creditors debt.

(c) To the extent that the expenses, costs, charges and reserves of the Pool or one or more Series of the Pool, including ordinary or extraordinary legal, accounting or other professional service expenses, are allocated

pursuant to this Section 4.5 to the Units of a Participant, that Participant authorizes the payment of such out of principal and earnings from that Participant's investment in the pool.

Section 4.6 No Preemptive Rights. Unitholders will have no preemptive or other preferential rights to acquire any additional Units of the Pool.

Section 4.7 Limitation of Personal Liability. The Board of Directors will have no power to bind any Unitholder or to call upon any Unitholder for the payment of any sum of money or assessment whatsoever other than such as the Unitholder may at any time agree to pay by way of subscription for any Units or otherwise. Every contract or other undertaking by or on behalf of the Pool will include a recitation limiting the obligation represented thereby to the Pool or a Series of it and its assets, however, the omission of such a recitation will not operate to bind any Participant.

## **ARTICLE V. FIRST SERIES, SUBSEQUENT SERIES**

Section 5.1 Establishment of Series. (a) The Participants hereby agree that the first Series will be established in conformance with the terms of this Agreement and the policies, objectives, restrictions and other terms of this Article V.

(b) Participants in a subsequent Series will agree, by completing an application for that Series, that subsequent Series will be established in conformance with the terms of the Agreement at that time and the policies, objectives, restrictions and other terms of this Article V and as not otherwise prohibited by law.

Section 5.2 Eligible public Entities. Only Public Entities situated in the State of Alaska may become Participants in the first Series or in a subsequent Series.

Section 5.3 Eligible Investments. The Pool may invest only in the instruments as set forth in the Investment Policy for purposes of the first Series. The eligible investments for a subsequent Series will be as provided in the investment policy for that series and as included in the terms of the Agreement at that time.

Section 5.4 Investment Policies and Restrictions. The investment policies and restrictions to be followed by the Pool are as set forth in the Investment Policy for each Series. The Investment policies and restrictions to be followed by the Pool for each Series will be as provided in the investment policy for that Series and as included in the terms of the Agreement at that time.

Section 5.5 Investment Officer. The Investment Officer for the Pool will be designated by the Board of Directors, subject to the provisions of Article XI of this Agreement.

Section 5.6 Distributions. Earnings on the assets of a Series will be accrued daily and will be distributed as determined by the Board of Directors but not less frequently than the first business day of the month following the month in which such earnings are accrued. Such earnings may be distributed in the form of cash sent to a Participant, or credited to the Participant's account in the form of full or fractional Units.

Section 5.7 Custodian. The Custodian will be designated by the Board of Directors, having duties and otherwise subject to the provisions of Article X of this Agreement.

## **ARTICLE VI - DIRECTORS**

Section 6.1 Management of the Pool. The business and affairs of the Pool will be directed by the Board of Directors.

Section 6.2 Effect of Death, Resignation, etc. of a Director. The death, declination, resignation, retirement, removal, incapacity or inability of the Board of Directors, or any one of its members, will not operate to annul or terminate the Pool or to revoke any existing agency created pursuant to the terms of this Agreement.

## ARTICLE VII - POWERS OF BOARD OF DIRECTORS

Section 7.1 Powers. The Board of Directors will have full power and authority to do any and all acts and to make and execute or authorize the making or executing of any and all contracts and Instruments that are necessary for or incidental to the business and affairs of the Corporation and the Pool and the direction of management of the Pool or the investment of assets of the Pool. Subject to applicable law and this Agreement, the Board of Directors will have full authority and power to make, or cause to be made, any and all investments which it, in its sole discretion, will deem proper to accomplish the objectives of the Pool. Subject to any limitation of this Agreement or applicable law, the Board of Directors will have power and authority to do the following:

- (1) To invest and reinvest cash and securities, and to hold cash or other properly uninvested, in accordance with the Investment Policy and the terms of this Agreement;
- (2) To adopt Bylaws not inconsistent with this Agreement providing for the conduct of the business of the Corporation and the Pool and to amend and repeal them to the extent that the Articles of Incorporation do not reserve that right to the members of the Corporation;
- (3) To appoint and remove one or more Investment Officers pursuant to Article XI of this Agreement; to appoint and remove such additional officers as the Board of Directors considers appropriate and in accordance with the Bylaws; and to appoint and terminate such agents as the Board of Directors considers appropriate;
- (4) To employ a bank or other person, as allowed under the Alaska Investment Pool Act and otherwise in accordance with applicable law, as Custodian of any assets of the Pool, subject to conditions set forth in this Agreement or in the Bylaws, if any;
- (5) To retain an Investment Adviser and an Investment Manager with such powers, responsibilities and functions as are described in Article VIII of this Agreement;
- (6) To set record dates in the manner as provided in this Agreement;
- (7) To delegate, consistent with applicable law, such authority as the Board of Directors considers desirable to any officers of the Corporation and to the Supervisory Investment Adviser, Investment Manager, the Custodian or other agents;
- (8) To sell or exchange or cause to be sold or exchanged any and all assets of the Pool, subject to the provisions of Section 14.4 of this Agreement;
- (9) To vote or to give assent or to exercise any rights of ownership, with respect to securities or property and to execute and deliver powers of attorney to such person or persons as the Board of Directors will deem proper, granting to such person or persons such power and discretion with relation to securities or property as, subject to applicable law, the Board of Directors will deem proper;
- (10) To exercise powers and rights which in any manner arise out of ownership of securities;
- (11) To hold any security or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form, either in the Pool's name or in the name of a custodian or nominee or nominees, subject in either case to proper safeguards to protect the Participants;
- (12) To establish separate and distinct Series with separately defined investment objectives and policies and distinct investment purposes in accordance with the provisions of Article IV of this Agreement;
- (13) To allocate assets and expenses of the Pool to a particular Series or to apportion the same between or among two or more Series, provided that any expenses incurred by a particular Series will be payable solely out of the assets belonging to that Series as provided for in Article IV of this Agreement;
- (14) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or concern, any security of which is held in the Pool; and to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or concern;

- (15) To compromise, arbitrate or otherwise adjust claims in favor of or against the Pool or any matter in controversy including, but not limited to, claims for taxes;
- (16) To make distributions of income and of capital gains to Unitholders in the manner as provided in this Agreement;
- (17) To establish from time to time a minimum total investment for Unitholders and to require the redemption of the Units of any Unitholders whose investment is less than such minimum upon giving notice to such Unitholder;
- (18) To amend this Agreement pursuant to Section 14.7 of this Agreement;
- (19) To retain one or more auditors for the Pool or any Series, and to require annual audits and reports as the Board of Directors considers appropriate; and
- (20) To do other things not inconsistent with the provisions of this Section 7.1 which the Board of Directors deems necessary in carving out its duties.

Section 7.2 Action by the Board of Directors. The Board of Directors will act and otherwise conduct the business of the Pool in accordance with the terms of this Agreement and as otherwise set forth in the Articles of Incorporation and Bylaws.

Section 7.3 Officers. The Board of Directors will appoint one or more of its number to be officers of the Corporation in accordance with the terms of the Articles of Incorporation and Bylaws.

## **ARTICLE VIII - SUPERVISORY AND INVESTMENT ADVISER; INVESTMENT MANAGER**

Section 8.1 Supervisory and Investment Adviser Agreement and Investment Management Agreement. When authorized by at least a majority of the Board of Directors, the Corporation on behalf of the Pool may, subject to the laws of the State of Alaska, from time to time enter into one or more Supervisory and Investment Adviser Agreements and Investment Management Agreements whereby the other party to such agreements will be designated as the Supervisory Investment Adviser and the Investment Manager, respectively, to the Corporation on behalf of the Pool, will agree to serve as such and will undertake to provide to the Corporation on behalf of the Pool such advice, assistance, facilities and services upon such terms and conditions as the Board of Directors may, in its discretion, determine.

Section 8.2 Duties. (a) The Supervisory and Investment Adviser Agreement and the Investment Management Agreement will be set forth in writing and will establish the duties and responsibilities of the Supervisory Investment Adviser and the Investment Manager. The Board of Directors will have power to retain the Supervisory Investment Adviser and the Investment Manager to provide such advice, assistance, facilities and services as the Board of Directors will, consistent with the applicable law and this Agreement, in its discretion, determine, including, without limitation, those set forth in this Section 8.2, provided that such advice, assistance, facilities and services will be provided in accordance with this Agreement and the Investment Policy or such amendments to them as are approved by the Board of Directors;

(b) The duties and responsibilities of the Supervisory Investment Adviser will include the following:

- (1) To provide technical direction to the Pool;
- (2) To review custodial and investment Operations of the Pool, to include performance against established benchmarks;
- (3) To ensure that the Investment Policy established by the Board of Directors and required by the Alaska Investment Pool Act is adhered to;
- (4) To ensure that necessary reports are rendered both to the Board of Directors and to each Participant; and



- (5) To ensure that participants in the Pool receive necessary Pool-related information;
- (c) The duties and responsibilities of the Investment Manager will include the following:
- (1) To act as the Pool's fiduciary and be responsible for investment services;
  - (2) To adhere to the Investment Policy and the Alaska Investment Pool Act;
  - (3) To advise the Pool on the strategies being employed, to include risk and yield factors; and
  - (4) To render periodic reports to both the Pool and Investment Adviser with regard to units held and account transactions.

Section 8.3 Provision of Services. The Supervisory Investment Adviser and the Investment Manager will provide such advice, assistance, facilities and services as the Board of Directors may determine, in accordance with Section 8.2 of this Agreement. However, the Supervisory Investment Adviser and the Investment Manager will have the power, subject to applicable law and with the consent of the Board of Directors, to retain third parties, whether or not affiliated with the Supervisory Investment Adviser and the Investment Manager, to provide all or some of the advice, assistance, facilities and services for which it has been retained by the Pool.

Section 8.4 Duty of Care. Management and investment of assets of the Pool by the Supervisory Investment Adviser and the Investment Manager 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.

## ARTICLE IX - UNITHOLDERS' VOTING POWERS AND MEETINGS

Section 9.1 Voting Powers. A Unitholder, as a member of the Corporation on the record date for a meeting of members, will have power to vote on matters coming before the Pool including matters pertaining to the Pool as set forth in the Articles of Incorporation and Bylaws and by applicable law.

Section 9.2 Meetings. A Unitholder, as a member of the Corporation, will be entitled to attend meetings of members pursuant to the provisions of the Articles of Incorporation and Bylaws.

## ARTICLE X- CUSTODIAN

Section 10.1 Qualifications. Appointment and Duties. (a) The Custodian will be designated by the Board of Directors and will, if such entity accepts such designation on the terms approved by the Board of Directors or any duly authorized officers of the Corporation, be a commercial bank with a subsidiary trust company or a trust company that is authorized to exercise corporate trust powers, and be subject to supervision by federal banking regulators.

(b) The Corporation on behalf of the Pool, at all times, will employ a Custodian with authority as agent, but subject to such restrictions, limitations and other requirements, if any, as may be contained under the laws of the State of Alaska, this Agreement or the Bylaws:

- (1) To hold the securities owned by the Corporation on behalf of the Pool in the name of the Pool or otherwise as authorized by the Board of Directors and to deliver the same upon written order or other means approved by the Board of Directors with written confirmation;
- (2) To hold collateral securing certificates of deposit, repurchase agreements and other instruments as allowed under the Investment Policy or required by the Board of Directors;
- (3) To receive and receipt for any monies due to the Corporation on behalf of the Pool and deposit the same in its own banking department or otherwise as the Board of Directors may direct;
- (4) To disburse such funds upon orders or vouchers, all upon such basis of compensation as may be authorized by the Board of Directors;

- (5) To deliver and pay over all property of the Corporation as directed by the Board of Directors; and
- (6) To act as the Pool's record keeper and render periodic reports to both the Pool and Participants with regard to units held and account transactions.

(c) The Board of Directors may also authorize the Custodian to employ one or more sub custodians or agents from time to time to perform acts and services on behalf of the Custodian; provided that such sub-custodians or agents must each have a combined capital and surplus or level of indemnification of at least that specified for the Custodian in (a) of this Section 10.1 and must be subject to supervision by federal banking regulators.

Section 10.2 Central Certificate System. Subject to the laws of the State of Alaska, the Board of Directors may direct the Custodian to deposit all or any part of the securities owned by the Pool in a system for the central handling of securities pursuant to which system all securities of any particular class or series of any issuer deposited within the system are treated as tangible and may be transferred or pledged by bookkeeping entry without physical delivery of such securities.

## ARTICLE XI - INVESTMENT OFFICER

Section 11.1 Appointment. The Board of Directors will designate for each Series one or more Investment Officers who will be responsible for the investment of assets transferred to that Series. By authorizing Participation in any Series, each Public Entity will thereby designate the Investment Officers for that Series as such Public Entity's Investment Officers responsible for the assets transferred to such Series, pursuant to the Alaska investment Pool Act. The Investment Manager may be designated as the Investment Officer by the Board of Directors.

Section 11.2 Scope of Authority. The Investment Officer of each Series will be authorized to run the day-to-day investment operations of that Series in conformance with this Agreement and such purposes, objectives and requirements as the Board of Directors may set forth in the Series Supplement for that Series. Within the limits of such Series Supplement, the Investment Officer of each Series will be authorized, to the fullest extent allowable by law, to buy, sell, swap, invest, reinvest and otherwise manage the assets of that Series.

Section 11.3 Management Reports. At least once each month, each Investment Officer will prepare a written report concerning the investments of the applicable Series for which such Investment Officer is responsible, and describing in detail the Investment position of such Series as of the date of the report. If the Board of Directors has appointed two or more Investment Officers for a Series, those officers will prepare that report jointly.

## ARTICLE XII - DISTRIBUTIONS AND REDEMPTIONS

Section 12.1 Distributions. (a) The Board of Directors will have power, to the fullest extent permitted by the laws of the State of Alaska, at any time to declare and cause to be paid distributions on Units of a particular Series, from the assets belonging to that Series, which distributions, at the election of the Board of Directors, may be made monthly or otherwise pursuant to a standing resolution or resolutions adopted with such frequency as the Board of Directors may determine, and may be payable in cash or Units of that Series at the election of each Unitholder of that Series. The amount of such distributions and the payment of them will be wholly in the discretion of the Board of Directors.

(b) Notwithstanding anything in this Agreement to the contrary, the Board of Directors may at any time declare and distribute pro rata among the Unitholders of a particular Series as of the record date of that Series fixed as provided in Section 14.3 of this Agreement a distribution in the form of Units.

Section 12.2 Redemptions. (a) In case any holder of record of Units of a particular Series desires to redeem some or all of its Units, it may deposit at the office of the Custodian or other authorized agent of the Pool a written request, or such other form of request as the Board of Directors may from time to time authorize, requesting that the Series redeem the Units in accordance with this Section 12.2. The Unitholder so requesting will be entitled to require the Series to redeem such Units, and the Series will redeem such Units, at the Net Asset Value thereof next calculated,

as described in Section 12.3 of this Agreement. The Series will make payment for any such Units to be redeemed in cash from the assets of that Series.

(b) The Board of Directors will specify procedures pursuant to which the Unitholder may, under normal circumstances, redeem its Units and receive payment on them by wire and in the form of immediately available funds within the same business day. In any event, except for the provisions of (c) of this Section 12.2, payment for such Units will be made by the Pool from that Series to the Unitholder of record no later than seven days after the date upon which the request is effective.

(c) Notwithstanding anything to the contrary, the provisions of this Section 12.2 and any procedures for the redemption of Units and the payment on them will be subject to Section 12.4 of this Agreement.

Section 12.3. Determination of Net Asset Value and Valuation of Portfolio Assets.

For purposes of this Section 12.3, the net income and Net Asset Value of each Series and Units of each Series will be calculated separately from that of all other Series.

(a) Series I – Established

- (i) The Net Asset Value per unit of Series I will be calculated by adding the value of all portfolio securities and other assets, deducting its actual and accrued liabilities and dividing by the number of units outstanding.
- (ii) It is the intention of the Series to maintain the Net Asset Value per unit at \$1.00. The Series investment assets are valued on the basis of the amortized or accreted cost valuation technique. This method involves valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument.
- (iii) While this method provides certainty of valuation, it may result in periods during which value, as determined by amortized or accreted cost, is higher or lower than the price the Series would receive if it sold the instrument.
- (iv) The Series has established policies to stabilize, to the extent reasonably possible, the price per unit at \$1.00. These policies include regular review of the market value of the Series portfolio holdings by the Series and the right of the Series to take corrective action, including sale of instruments prior to maturity to realize capital gains or losses, withholding of dividends or redemption of units in kind. Although the Series values its instruments on the basis of their amortized or accreted cost, certain occasions may arise on which the Series sells some portfolio holdings prior to maturity. The proceeds realized by such a sale may be higher or lower than the original cost, thus resulting in a capital gain or loss. The Series amortizes such gains and losses by adjusting the daily net income and distribution. Gains and losses will be calculated and distributed daily.

(b) Series II – Established Nov. 9, 2022

- (i) The Net Asset Value per unit of Series II will be calculated by adding the value of all portfolio securities and other assets, deducting its actual and accrued liabilities and dividing by the number of units outstanding.
- (ii) The Series investment assets will be valued at a price received from the Custodian pricing service vendor.
- (iii) Any income earned and realized gains and losses from the sale of assets will be included in the total market value.

Section 12.4. Suspension of the Right of Redemption. The Board of Directors may declare a suspension of the right of redemption or postpone the date of payment for the whole or any part of any period during which an emergency exists as a result of which disposal by the Corporation on behalf of the Pool of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Corporation on behalf of the Pool fairly to determine the value of its net assets. A suspension pursuant to this Section 12.4 will take effect at such time as the

Board of Directors will specify but not later than the close of business on the business day next following the declaration of suspension. Thereafter there will be no right of redemption or payment until the Board of Directors will declare the suspension at an end. Any suspension pursuant to this Section 12.4 will continue only so long as the Board of Directors concludes such suspension is in the best interests of the Unitholders. In the case of a suspension of the right of redemption, a Unitholder may either withdraw a request for redemption or receive payment based on the Net Asset Value per Unit existing after termination of the suspension.

### **ARTICLE XIII STANDARD OF CARE, LIMITATION OF LIABILITY, AND INDEMNIFICATION**

Section 13.1. Standard of Care, Limitation of Liability (a) The management and investment of Participants' assets by the Corporation, its officers, directors, employees and agents 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.

(b) The members of the Board of Directors, officers and employees of the Corporation will not be liable for any mistakes of judgment or other actions taken or omitted by them in good faith, nor will they be liable for any action taken or omitted by an agent, employee or independent contractor selected in good faith by them or any of them, nor will they be liable for loss incurred through Investment of funds through the Corporation or failure to Invest.

(C) No director, officer or employee of the Corporation will be liable for any action taken or omitted by any other director, officer or employee.

Section 13.2. Board of Directors Good Faith Action. Expert Advice. No Bond or Surety- The exercise by the Board of Directors of its powers and discretion under this Agreement in good faith will be binding upon all interested parties. Subject to the provisions of Section 14.1 and to Article XIII of this Agreement, the Board of Directors will not be liable for errors of judgment or mistakes of fact or law. The Board of Directors may take advice of counsel or other experts with respect to the meaning and operation of this Agreement and, subject to the provisions of Section 14.1 of this Agreement and this Article XIII, will be under no liability for any act or omission in accordance with such advice or for failing to follow such advice. Directors will not be required to give any bond or act as a surety under this Agreement.

Section 13.3. Indemnification. Insurance (a) The Corporation will defend, indemnify and hold harmless each director, officer and employee of the Corporation for expenses, including attorney's fees, and the amount of any judgment, money decree, fine, penalty or settlement for which he or she may become liable by reason of his or her being or having been a director, officer or employee of the Corporation who exercises powers or performs duties for the Corporation, except in relation to matters as to which that director, officer or employee is finally adjudged in any action, suit or proceeding to be liable for failure to act in good faith in the performance of his or her duties as such director, officer or employee.

(b) At the discretion of the Board of Directors, the Corporation may purchase and maintain insurance on persons associated with the Corporation and as expressly provided in its Bylaws.

### **ARTICLE XIV - MISCELLANEOUS**

Section 14.1. Corporation and Pool Not a Partnership. It is hereby expressly declared that the Corporation is a separate and distinct nonprofit corporation and not a partnership. No Director will have any power to bind personally either the Board of Directors or officers of the Corporation or any Participant. All persons providing services or property to, contracting with or having any claim against the Corporation on behalf of the Pool, its officers, Board of Directors, employees and agents will look only to the assets of the appropriate Series for payment thereof under this Agreement. The Participants, the Board of Directors, officers, employees, and agents of the Corporation, whether past, present or future, will not be personally liable for any liabilities of the Corporation.

Section 14.2. Ownership of Assets of the Pool. The assets of the Pool will be held separate and apart from all other assets, including the assets of other Series of the Pool. Legal title to all of the assets of the Pool will at all times be

considered as vested in the Corporation, as custodian for the appropriate benefit of the respective Unitholders. No Unitholder will be deemed to have a severable ownership in any individual asset of the Pool or any right of partition or possession of it, but each Unitholder will have a proportionate undivided beneficial interest in the assets of the Pool or of a Series of the Pool.

Section 14.3. Establishment of Record Dates. The Board of Directors may fix in advance a date, not exceeding fifty days and not less than ten days preceding the date of any meeting of members of the Corporation, or the date for payment of any distributions, or the date for the allotment of rights or the date when any change or conversion or exchange of Units will go into effect, as a record date for the determination of the persons entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such distributions, or to any such allotment or rights, or to exercise the rights in case such persons and only such persons as will be members of the Corporation of record on the dates so fixed will be entitled to such notice of, and to vote at, such meeting, or to receive payment of such distributions, or to receive such allotment or rights or to exercise such rights, as the case may be, notwithstanding any transfer of any Units on the books of the Pool after any such record date is fixed.

Section 14.4. Termination of Pool. (a) The Pool may be terminated by a simple majority vote of the Directors.

(b) The Board of Directors may at any time sell and convert, or cause to be sold and converted, into money all the assets of the Pool or of any Series. Upon making provision for the payment of all outstanding obligations and unpaid expenses, accrued or contingent, of the Pool or of the affected Series, the Board of Directors may distribute the remaining assets of the Pool or of the affected Series ratably among the holders of the outstanding Units of the Pool or of the affected Series.

(c) Upon completion of the distribution of the remaining proceeds or the remaining assets as provided in (b) of this Section 14.4, the Pool or the affected Series will terminate, and the Board of Directors will be discharged of any and all further liabilities and duties under this Agreement pertaining to the Pool or the affected Series, as the case may be, and the rights, titles and interests of all parties will be canceled and discharged.

Section 14.5 Open References, Headings. Principal Office (a) The original or a copy of this Agreement will be kept at the principal office of the Corporation where any Unitholder may inspect it. All records of the Pool will be maintained in accordance with the Articles and Bylaws.

(b) Anyone dealing with the Pool may rely on a certification by the Board of Directors or an officer of the Corporation as to whether or not any supplements to this Agreement have been made and as to any matters in connection with the Pool under this Agreement, and with the same effect as if it were the original, may rely on a copy certified by the Board of Directors or an officer of the Corporation to be a copy of this instrument or of any supplement. In this Agreement or in any supplement, references to this Agreement will be deemed to refer to this Agreement as amended or affected by any such supplement to this Agreement.

(c) Headings are placed in this Agreement for convenience of reference only, and in case of any conflict, the text of this instrument, rather than the headings, will control.

(d) This instrument may be executed in any number of counterparts, each of which will be deemed an original.

(e) The principal office of the Corporation will be located at One Sealaska Plaza, Suite 302, Juneau, Alaska 99801 or such other office as the Board of Directors may from time to time determine.

Section 14.6 Applicable Law. The terms and conditions of this Agreement will be governed by and interpreted in accordance with the laws of the State of Alaska. The Corporation is a nonprofit corporation incorporated pursuant to the Alaska Nonprofit Corporations Act and further established pursuant to the Alaska Investment Pool Act.

Section 14.7 Amendments. (a) This Agreement and any Series Supplement may be amended by a two-thirds vote of the Board of Directors. Such amendments will take effect at a time fixed by the Board of Directors but in no event sooner than 60 days after notice of such amendment has been provided to all Participants holding Units of each Series affected by the amendment. Such notice will contain a description of the amendment and the date such amendment becomes effective. Participants who have not withdrawn from the Agreement (or if the amendment is to a Series Supplement, the affected Series) by the date upon which the amendment becomes

effective will be deemed to have consented to the amendment. Copies of the amendment will be kept in accordance with Section 14.5 of this Agreement.

(b) Notwithstanding the provisions of (a) of this Section 14.7, creation of a new Series and issuance of a new Series Supplement will be deemed an amendment to this Agreement, but it may be effected by a majority vote of the Board of Directors and will not require the notice to Participants described in (a) of this Section 14.7. Copies of the Series Supplement will be kept as specified in Section 14.5 of this Agreement.

Section 14.8 Fiscal Year. The fiscal year of the Corporation and therefore the Pool will end on a date established by resolution of the Board of Directors as required in the Bylaws, and the Board of Directors may, without Participant approval, change the end of the fiscal year of the Corporation and the Pool.

Section 14.9 Defect As to Provision or Participation (a) The provisions of this Agreement are severable, and if one or more of such provisions are found to be in conflict with applicable law, such provisions will be deemed never to have constituted a part of this Agreement; provided however, that such findings will not affect or impair any of the remaining provisions of this Agreement, or render invalid or improper any action taken or admitted prior to such finding.

(b) A Participation in this Agreement or transfer of assets to the Corporation for placement in the Pool or to any Series of the Pool by a person who is not qualified, by virtue of law or otherwise, to so participate, (1) will not operate to terminate this Agreement or the Participation of other Participants and (2) will not invalidate or otherwise adversely affect the Pool and the interests of those other Participants.

IN WITNESS WHEREOF, the parties to this Agreement, acting through their respective governing bodies and authorized representatives, hereby execute this Agreement as of

\_\_\_\_\_, 20\_\_.

ALASKA MUNICIPAL LEAGUE  
INVESTMENT POOL, INC

\_\_\_\_\_  
(Name of Government Entity)

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT A – List of Participants

Adak, City of	Eek, City of	North Pole, City of
AIDEA	Egegik, City of	Northwest Arctic Borough
Akutan, City of	Elim, City of	City of Nulato
Alaska Association of	Fairbanks North Star Borough	Old Harbor, City of
Municipal Clerks	Fairbanks, City of	Palmer, City of
Alaska Govt Finance	False Pass, City of	Pribilof School District
Officers Association	Fort Yukon, City of	Pelican, City of
Alaska Municipal	Galena, City of	Pelican City School District
Management Association	Gustavus, City of	Quinhagak, City of
Alaska Municipal League	Haines, City and Borough	Petersburg Borough
Aleknagik, City of	Homer, City of	Pilot Station, City of
Aleutians East Borough	Hoonah, City of	Sand Point, City of
AML/JIA	Huslia, City of	Selawik, City of
Anchorage Comm. Development	Juneau, City and Borough	Seldovia, City of
Angoon, City of	Kake City School District	Seward, City of
Annette Island School District	Kenai Peninsula Borough	Sitka, City and Borough
Atka, City of	Kenai, City of	Soldotna, City of
Atkasuk, City of	Ketchikan Gateway Borough	Southwest Alaska
Barrow, City of	King Cove, City of	Municipal Conference
Bethel, City of	Kodiak Island Borough	St. Paul, City of
Brevig Mission, City of	Kodiak, City of	Tenakee Springs, City of
Bristol Bay Borough	Koyuk, City of	Toksook Bay
Chevak, City of	Kotzebue, City of	Unalakleet, City of
Chuathbaluk, City of	Manakotak, City of	Unalaska, City of
Cold Bay, City of	Marshall, City of	Upper Kalskag, City of
Cordova, City of	Matanuska-Susitna Borough	Wasilla, City of
Delta Junction, City of	Mekoryuk, City of	Whittier, City of
Denali Borough	McGrath, City of	Wrangell, City and Borough
Dillingham, City of	Mekoryuk, Village of	Wrangell School District
Eagle, City of	New Stuyahok, City of	Yakutat, City and Borough
	Nome, City of	

**EXHIBIT B – Investment Policy Statements****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*

## Alaska Municipal League Investment Pool

### Series II

#### Investment Policies and Restrictions

The Series seeks to achieve its investment objectives by limiting its investments to instruments and restrictions described below. All investments must comply with the statutory requirements of the Alaska Investment Pool Act of 1992.

This policy applies to all money that comprises the Series II portfolio within Alaska Municipal League Investment Pool (AMLIP). The purpose of Series II is to provide an additional investment program along with Series I to be utilized by political subdivisions of Alaska.

#### **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 and adoption of investment policies and restrictions;
- 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 - seeking to attain the highest level of return consistent with the objectives of preservation of capital and liquidity.

The strategy of Series II is to invest in high-quality securities with greater risk and potential return than Series 1, having a portfolio target weighted average life 120-180 days with a variable rate net asset value.

#### **II.) Permissible Investment**

The Series is to be 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 secured by the Treasury of the United States and 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. If 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 Pool 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 (2a) or (2b) (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, including dollar-denominated obligations issued by a United States branch of a foreign bank if 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;
- 6.) 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 (3) of this section;
- 7.) Money market funds in which the securities of the fund consist of obligations listed in this section and otherwise meet the requirements of this chapter;
- 8.) Other cash equivalent investments with a maturity date of one year or less after date of the investment that is of similar quality to those listed in (1) - (7) of this section are rated A or higher by at least one of the nationally recognized rating services and are approved by the public entities participating in that investment pool; and

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

- 1.) The management and investment of assets by the Series will be created 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 final maturity date within 13 months after the date of purchase, except that floating rate securities with a final maturity date that is longer than 13 months may be purchased if they are subject to at least an annual reset;

- 3.) Weighted average life will have a maximum of 210 days at the time of purchase;
- 4.) A minimum of 30% invested in high-quality securities such as cash, obligations of the United States and an agency or instrumentality of the United States, and overnight repurchase agreements;
- 5.) 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. The issuer will be defined at the parent level;
- 6.) No more than 30 percent of total investments in securities of companies whose principal business is in the same industry;
- 7.) No transactions in futures, options, derivatives, or short sales;
- 8.) 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 the prior written authorization of the Board;
- 9.) The Series invests only in those issuers whose creditworthiness and compliance with the applicable statutes and policies have been reviewed and found satisfactory by the Investment Manager; and
- 10.) The Custodian may engage in securities lending for the Series when the Series can benefit.

#### **IV.) Breaches and Cure Period**

Breaches of a portfolio can imply weak investment management or changing market/portfolio conditions. An active breach occurs when a manager makes a portfolio decision independent of other developments in the portfolio that directly result in the violation of the investment policy. A passive breach occurs when the portfolio becomes out of compliance with the investment policy by an externally initiated development. The following policy applies:

- 1.) In the event of an active or passive breach of Permissible Investments or Portfolio Diversification and Restrictions, the Investment Manager will immediately notify the Investment Advisor.
- 2.) In general, the cure period for breaches will be ten business days. If the portfolio is not able to be or it is not advisable to be cured within ten business days, the Investment Manager and Investment Advisor will review the risk of the breach and come to an agreement on how to bring the portfolio back into compliance.
- 3.) It is the intent of this policy to recognize that a passive breach is possible due to market conditions and unforeseen cash flows or portfolio conditions. A forced sale of an investment security that will be a detriment to the net asset value of the portfolio is not warranted if a prudent investment plan is agreed to by the Investment Manager and Advisor.

- 4.) The Investment Advisor will have the final say in disagreements.
- 5.) The Investment Advisor will notify the Board President when breaches occur.

#### **V.) Benchmarks and Reports**

Performance will be measured against the Intercontinental Exchange Bank of America (ICE BofA) U.S. 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 II performance and benchmark by the Investment Manager and/or Custodian for all relevant time periods.

The Investment Manager and/or the Custodian will provide the following to the Investment Advisor or Board:

- 1.) Daily Net Asset Value;
- 2.) Daily Gross and Net Yield;
- 3.) Daily Weighted Average Maturity and Life;
- 4.) Monthly report that includes:
  - a. Portfolio by Security type;
  - b. A liquidity summary;
  - c. Portfolio by credit rating;
  - d. Securities listed by issuer exposure and percentage of market value; and
  - e. Portfolio by Industry.
- 5.) A monthly stress test that shocks the portfolio Net Asset Value

#### Amendments/Adopted

*Adopted by the AMLIP board on November 9<sup>th</sup>, 2022.*

Terry Eubank, President