

Authorized Investments

As a unit of local government in the Commonwealth of Virginia, the County of Chesterfield is restricted by the Code of Virginia, Title 2.2, to the types of securities as described in Sec. 2.2-4501 through 2.2-4516 below.

- a. Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth
- b. Bonds, notes and other direct obligations of the United States and securities unconditionally guaranteed as to the payment of principal and interest by the United States or any agency thereof
- c. Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default for more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted
- d. Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia upon which there is no default
- e. Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development by the Asian Development Bank and the African Development Bank
- f. "Prime Quality" commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States or of any state thereof including paper issued by banks and bank holding companies. "Prime quality" shall be as rated by at least two of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of prime 1, by Standard & Poor's, Inc., within its rating of A-1, by Fitch Investor's Services, Inc., within its rating of F-1, by Duff and Phelps, Inc., within its rating of D-1, or by their corporate successors
- g. Bankers' Acceptances
- h. Certificates representing ownership of either treasury bond principal at maturity or its coupons for accrued periods. The underlying United States Treasury bonds or coupons shall be held by a third-party independent of the seller of such certificates
- i. Securities lending from the portfolio of investments of which they have custody and control
- j. Overnight, term and open repurchase agreements that are collateralized with securities that are approved for direct investment

- k. One or more open-end investment funds, provided that the funds are registered under the Securities Act (§ [13.1-501](#) et seq.) of the Commonwealth or the Federal Investment Co. Act of 1940, and that the investments by such funds are restricted to investments otherwise permitted by law for political subdivisions as set forth in this chapter, or investments in other such funds whose portfolios are so restricted
- l. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Service, Inc., for maturities over one year and not exceeding five years
- m. High quality corporate notes with a rating of at least Aa by Moody's Investors Service, Inc., and a rating of at least AA by Standard and Poors, Inc., and a maturity of no more than five years
- n. Qualified investment pools that are jointly administered and organized as a trust fund pursuant to Article 1 of Chapter 13 of Title 15.2 that has a professional investment manager

Diversification

The County will diversify use of the investment instruments to avoid incurring unreasonable risk inherent in over-investing in specific instruments, individual financial institutions or maturities while attaining market average rates of return. The following table represents maximum allowable percentages of instruments comprising the County's portfolio.

<u>Diversification by Instrument</u>	<u>Percent of Portfolio</u>
U. S. Treasury Obligations (Bills, notes and bonds).....	100%
U. S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations	100%
Municipal Bonds.....	100%
Commercial Paper.....	35%
Repurchase Agreements (Repo's).....	100%
Money Market Funds (Open end investment funds)	75%
Negotiable Certificates of Deposit (CD's)	100%
Corporate bonds (notes).....	100%

Insert from Chesterfield County Treasurer's Office Investment policy

Local Government Investment Pool	100%
Virginia Investment Pool.....	100%

Diversification by Institution:

Commercial Paper.....	No more than 25% of the total portfolio with any one institution.
Repurchase Agreements (Repo's).....	No more than 15% of the total portfolio with any one institution.
Money Market Funds (Open end investment funds)	No more than 10% of the total portfolio with any one institution.
Certificates of Deposit (CD's) Commercial Banks	No more than 45% of the total portfolio with any one institution.
Corporate bonds (notes).....	No more than 15% of the total portfolio with any one institution.

Diversification of Funds to be invested in any one issue:

- In
- No limit – FDIC, FSLIC, Collateralized Certificates of Deposit
- No limit – U. S. Treasuries and Agencies
- Maximum 5% of total portfolio for any Commercial Paper issue