



Colorado Local Government Liquid Asset Trust



# Investment Policies

EFFECTIVE JANUARY 1, 2016

**COLOTRUST PRIME** Rated S&P AAAM  
**COLOTRUST PLUS+** Rated S&P AAAM



## PRIME Investment Policy:

This Investment Policy restricts the COLOTRUST PRIME portfolio to the following:

Any security issued by, fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment.

- **The maximum final maturity per fixed United States Treasury investment is 13 months (397 days)**
- **The maximum final maturity per floating United States Treasury investment is two years (762 days)**

Any security issued by, fully guaranteed by, or for which the full credit of the following is pledged for payment: The Federal Farm Credit Bank, the Federal Land Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Export-Import Bank, the Tennessee Valley Authority, the Government National Mortgage Association, the World Bank, or an entity or organization that is not listed in this paragraph but that is created by, or the creation of which is authorized by, legislation enacted by the United States congress and that is subject to control by the federal government that is at least as extensive as that which governs an entity or organization listed in this paragraph. No subordinated security may be purchased pursuant to this paragraph.

- **The maximum exposure per U.S. government related/guaranteed issuer is 33%**
- **The maximum final maturity per U.S. government related/guaranteed fixed-rate investment is 13 months (397 days)**

**The maximum final maturity per U.S. government related/guaranteed floating rate investment is two years (762 days)**

Repurchase agreements and tri-party repurchase agreements with member banks of the Federal Reserve System and/or dealers in U.S. Government Securities which have a short term issuer credit rating (actual or imputed) of at least A1 by Standard & Poor's.

No more than 25% of the portfolio may be invested overnight with any one counterparty, unless the counterparty is rated A-1+ by Standard & Poor's, then no more than 50% of the portfolio may be invested

overnight with such a counterparty.

A Master Repurchase Agreement (e.g. The Bond Market Association standard agreement, 1996 version) and applicable COLOTRUST annexes must be signed by all parties and on file prior to executing any transaction.

Tri-party repurchase agreements are permissible with COLOTRUST Board approved counterparties and 3rd party custodians (acting for both the party and the counterparty). These 3rd party custodians are not permitted to hold deposits for COLOTRUST and are therefore not required to meet the Colorado PDPA requirements.

Written Tri-party custodian agreements (in addition to The Bond Market Association 1996 standard repurchase agreement) must be signed by all parties and on file prior to executing any transaction.

Collateral (purchased securities) shall be limited to the following and shall be indicated as such on Schedule 1 'Schedule of Eligible Securities' of the Tri-party custodian agreement: U.S. Treasuries (Bills, Bonds, Notes, Strips) Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), GNMA I/II Single Family, GNMA I/II Others-Fixed Rate, GNMA I/II Others.

Adjust Rate and Agency Mortgage Backed (Pass Through-Fixed Rate and Pass Through-Adjustable Rate)

Term repurchase agreements ("TRA's") are considered eligible investments under the following conditions:

For TRA's between 2 to 5 business days:  
A maximum of 10% of the portfolio with any one dealer

For TRA's with maturities of more than 5 business days:  
A maximum of 5% of the portfolio.

TRA's shall not exceed 30 calendar days.

TRA's shall fulfill all requirements of the 1996 version of The Bond Market Association master repurchase agreement.

The Repurchase Agreements between COLOTRUST and the various approved counterparties require that the aggregate market value of all Purchased Securities from any particular counterparty be at least 102% (the "Margin") of the aggregate Purchase Price of the Purchased Securities.

The Board recognizes that market fluctuations constantly increase or decrease the value of securities; that there is value in maintaining ongoing positive relationships between COLOTRUST and the various counterparties; that accepted practice in the industry allows minor deviations from strict application of margins; and that there is a cost of changing collateral securing repurchase agreements. For those reasons, the Portfolio Manager may use discretion before directing that a counterparty supply Additional Purchased Securities until such time as the Margin falls below 101.5%. If the aggregate collateral level of the counterparty falls below 101.5%, the Portfolio Manager shall notify the counterparty to provide sufficient Additional Securities to restore the margin to at least 102%. The portfolio manager will require additional collateral to return the margin to at least 102% on the next business day.

*Adopted April 22, 1985  
 Revised October 16, 1992  
 Revised February 19, 1999  
 Revised May 5, 2000  
 Revised October 3, 2003  
 Revised December 3, 2004  
 Revised August 7, 2009  
 Revised September 8, 2011  
 Revised August 10, 2012  
 Revised January 1, 2016*

Any deposit that meets the requirements in the Public Deposit Protection Act. Under CRS 11-10.5-107, et seq.

## PLUS+ Investment Policy:

This Investment Policy restricts the COLOTRUST PLUS+ portfolio to the following:

Any security issued by, fully guaranteed by, or for which the full credit of the United States Treasury is pledged for payment.

- **The maximum final maturity per fixed United States Treasury investment is 13 months (397 days)**
- **The maximum final maturity per floating United States Treasury investment is two years (762 days)**

Any security issued by, fully guaranteed by, or for which the full credit of the following is pledged for payment: The Federal Farm Credit Bank, the Federal Land Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association,

the Export-Import Bank, the Tennessee Valley Authority, the Government National Mortgage Association, the World Bank, or an entity or organization that is not listed in this paragraph but that is created by, or the creation of which is authorized by, legislation enacted by the United States congress and that is subject to control by the federal government that is at least as extensive as that which governs an entity or organization listed in this paragraph. No subordinated security may be purchased pursuant to this paragraph.

- **The maximum exposure per U.S. government related/guaranteed issuer is 33%**
- **The maximum final maturity per U.S. government**

**related/guaranteed fixed-rate investment is 13 months (397 days)**

- **The maximum final maturity per U.S. government related/guaranteed floating rate investment is two years (762 days)**

Repurchase agreements and tri-party repurchase agreements with member banks of the Federal Reserve System and/or dealers in U.S. Government Securities which have a short term issuer credit rating (actual or imputed) of at least A1 by Standard & Poor's.

No more than 25% of the portfolio may be invested overnight with any one counterparty, unless the counterparty is rated A-1+ by Standard & Poor's, then no more than 50% of the portfolio may be invested overnight with such a counterparty.

A Master Repurchase Agreement (e.g. The Bond Market Association standard agreement, 1996 version) and applicable COLOTRUST annexes must be signed by all parties and on file prior to executing any transaction.

Tri-party repurchase agreements are permissible with COLOTRUST Board approved counterparties and 3rd party custodians (acting for both the party and the counterparty). These 3rd party custodians are not permitted to hold deposits for COLOTRUST and are therefore not required to meet the Colorado PDPA requirements.

Written Tri-party custodian agreements (in addition to The Bond Market Association 1996 standard repurchase agreement) must be signed by all parties and on file prior to executing any transaction.

Collateral (purchased securities) shall be limited to the following and shall be indicated as such on Schedule 1 'Schedule of Eligible Securities' of the Tri-party custodian agreement: U.S. Treasuries (Bills, Bonds, Notes, Strips) Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), GNMA I/II Single Family, GNMA I/II Others-Fixed Rate,

GNMA I/II Others-Adjust Rate and Agency Mortgage Backed (Pass Through-Fixed Rate and Pass Through-Adjustable Rate)

Term repurchase agreements ("TRA's") are considered eligible investments under the following conditions:

For TRA's between 2 to 5 business days:  
A maximum of 10% of the portfolio with any one dealer

For TRA's with maturities of more than 5 business days:  
A maximum of 5% of the portfolio.

TRA's shall not exceed 30 calendar days.

TRA's shall fulfill all requirements of the 1996 version of The Bond Market Association master repurchase agreement.

The Repurchase Agreements between COLOTRUST and the various approved counterparties require that the aggregate market value of all Purchased Securities from any particular counterparty be at least 102% (the "Margin") of the aggregate Purchase Price of the Purchased Securities.

The Board recognizes that market fluctuations constantly increase or decrease the value of securities; that there is value in maintaining ongoing positive relationships between COLOTRUST and the various counterparties; that the accepted practice in the industry allows minor deviations from strict application of margins; and that there is a cost of changing collateral securing repurchase agreements. For those reasons, the Portfolio Manager may use discretion before directing that a counterparty supply Additional Purchased Securities until such time as the Margin falls below 101.5%. If the aggregate collateral level of the counterparty falls below 101.5%, the Portfolio Manager shall notify the counterparty to provide sufficient Additional Securities to restore the margin to at least 102%. The portfolio manager will require additional collateral to return the margin to at least 102% on the next business day.

Any security that is a general or revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities. At the time of purchase, the security must be rated in one of its two highest rating categories by two or more Nationally Recognized Statistical Rating Originations that regularly rate such obligations.

- **The maximum exposure per municipal issuer is 5%**
- **The maximum final maturity per municipal investment is 13 months (397 days)**

Any corporate or bank security denominated in United States dollars that at the time of purchase carries at least

two credit ratings from any of the Nationally Recognized Statistical Rating Organizations (NRSROs) that is not rated below AA- or Aa3 or their equivalents.

- The maximum exposure per corporate or bank security issuer is 5%
- The maximum final maturity per corporate or bank security fixed or floating rate investment is 13 months (397 days)

Commercial Paper or Bankers' Acceptance denominated in United States dollars that at the time of purchase carries at least two credit ratings from any of the NRSROs and is not rated below A-1, P-1 or F-1.

An "Approved Commercial Paper List" will be maintained by the Investment Advisor designating those commercial paper names which are eligible for investment by COLOTRUST PLUS+. All additions to this list must be approved by the Board of Trustees.

At the time commercial paper is purchased:

- No more than 50% of the portfolio may be invested in A1/P1 issues with maturities beyond seven days.
- No more than 5% of the portfolio may be invested in any single commercial paper issuer.
- The portfolio may not own over 5% of any issuer's total commercial paper program.

- Any deposit that meets the requirements in the Public Deposit Protection Act. Under CRS 11-10.5-107, et seq.
- The maximum final maturity per Commercial Paper or Bankers Acceptance fixed or floating rate investment is one year (365 days or 366 in a leap year)

*Adopted November 10, 1994*

*Revised February 19, 1999*

*Revised May 7, 1999*

*Revised November 5, 1999*

*Revised May 5, 2000*

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