
Investment Policy

County of Bedford, Virginia

I. Purpose

In recognition of its fiduciary role in the management of all public funds entrusted to its care, it shall be the policy of the County that all investable balances be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims. Further, it shall be the policy of the County that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB).

II. Investment Objective

The primary investment objectives, in order of priority, shall be as follows:

1. **Safety**. The safeguarding of principal shall be the foremost objective of the investment program, and other objectives shall be subordinated to the attainment of this objective.
2. **Liquidity**. The investment portfolio shall be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operational requirements either known or which might be reasonably anticipated.
3. **Return on Investment**. The investment portfolio shall be managed with the objective of obtaining no worse than a market rate of return over the course of budgetary and economic cycles, considering the constraints contained herein and the cash flow patterns of the County.

III. Allowable Investments and Quality

The following investment types and quality levels are approved for use by the County in the investment of its public funds:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.

4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S. and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in bankers' acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U. S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. U.S. dollar denominated Corporate Notes and Bonds having a rating of at least AA by Standard & Poor's Corp. and Aa2 by Moody's Investors Service.
9. Money Market Mutual Funds which trade on a constant net asset value, and which invest solely in securities otherwise eligible for investment under these guidelines.

IV. Maturity Restrictions

It is recognized that, prior to maturity date, the market value of securities in the County's portfolio may fluctuate due to changes in market conditions. In view of this and the County's primary investment objectives of liquidity and preservation of principal, every effort shall be made to manage investment maturities to precede or coincide with the expected need for funds.

Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows:

1. Funds shall be invested at all times in keeping with the seasonal pattern of the County's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the County and communicated regularly to the investment managers.
2. A minimum of 10% of the portfolio must be invested in securities maturing within 30 days.

3. A minimum of 50% of the portfolio must be invested in securities maturing within 12 months.
4. Transactions in options, futures, options on futures, margin buying, and commodities are prohibited.
5. Any other security not specifically authorized in this document is expressly prohibited.

V. Additional Requirements

1. All securities purchased for the County shall be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction.
2. The County shall establish a system of internal controls which shall be documented and reviewed with internal and independent auditors and meet the requirements of the Governmental Accounting Standards Board (GASB). These controls shall be designed to prevent losses of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.
3. A review of all investments and investment results shall be presented by the investment managers to the County Treasurer, or such parties as he/she may designate, on a quarterly basis or as required.
4. A list of all individuals authorized to transfer funds or otherwise conduct investment transactions on behalf of the County shall be maintained and communicated to all affected parties.
5. Any modification to this policy shall require the approval of the County Treasurer.