Allegheny County Treasurer's Office

Investment Policy
Adopted
November 20, 2025

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COUNTY OF ALLEGHENY
INVESTMENT POLICY

I. Purpose

The purpose of this Investment Policy is to establish guidelines for the prudent investment of Allegheny County funds in accordance with the Commonwealth of Pennsylvania Consolidated Statutes and the Allegheny County Code of Ordinances, and to ensure legality, safety, liquidity, and a reasonable return on investment.

II. Policy

The Allegheny County Treasurer (Treasurer) shall invest public funds in a manner which provides the highest investment return and maximum security, while also meeting the daily cash flow demands of Allegheny County (the County) and conforming to all applicable Commonwealth and County regulations governing the investment of public funds.

III. Scope

This policy applies to all financial assets of the County that are within the jurisdiction of the Treasurer. General Obligation Bond Proceeds will be invested in compliance with governing covenants.

This policy also applies to all financial assets of the County which funds are accounted for in the County's ACFR, and includes the following funds:

1. General Fund
2. Special Revenue Funds
3. Capital Project Funds
4. Debt Service
5. Fiduciary Funds (except for those not maintained by the Treasurer)
6. Proprietary
7. Any fund created by the legislative body, unless specifically exempted

IV. Prudence

Investments shall be made with judgment and care under circumstances then prevailing which persons of prudent, discretion and intelligence exercise in the management of their own affairs. They shall be invested with care, skill, prudence and diligence under prevailing circumstances, including, but not limited to, general economic conditions and anticipated needs of the County. Investments shall not be for speculation, and will only be placed with due consideration for the probable safety of principal, the County's liquidity requirements, and the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this policy and written procedures who exercise due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, with the provision that any deviation from expectation is acknowledged in a timely manner and action is taken to control adverse developments.

V. Objective

Preservation and availability of financial assets are core objectives of the investment program. The program provides for a market rate of return to be earned without assuming undue risk to principal.

The primary objectives of Allegheny County's investment activities, in priority order, shall be:

A. Legality: To conform with all applicable federal, Commonwealth, County and other legal and regulatory requirements.
B. Safety: Investments by the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To achieve this objective, the County will diversify its investments by investing funds across a variety of financial institutions and/or securities offering returns.
C. Liquidity: The Investment Portfolio will remain sufficiently liquid to ensure that the County is able to meet all operating requirements that might reasonably be anticipated.
D. Return on Investments: The Investment Portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles commensurate with the County's investment risk constraints and the cash flow characteristics of the portfolio.

VI. Delegation of Authority

Authority to manage the County's investment program is derived from Pennsylvania Statute 16 P.S. § 4964, and § 813.05 of the Administrative Code of Allegheny County, as amended, the Home Rule Charter, and the Second Class County Code. Implementation of the investment program may be delegated by the Treasurer of which they will inform the Investment Board within 30 days of such an action.

In addition, the Treasurer shall have the discretion, as governed by the County Code, to utilize a third-party agent, such as a Registered Investment Advisor (RIA), to manage the process and/or advise on dealers and brokers when in the County's best interest. This agent shall adhere to the Investment Policy or Governing Document and Procedures.

VII. Investment Procedures

The Treasurer shall establish written investment procedures for the operation of the investment program consistent with this Policy. The procedures may include, among other things, a reference to: safekeeping, Public Securities Association Master Repurchase Agreements, wire transfer agreements, banking service contracts, and collateral/depository agreements. Such procedures shall include a description of the persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

VIII. Ethics and Conflicts of Interest

The Commonwealth of Pennsylvania mandates the County Treasurer and certain Treasurer's Office employees, as defined by the Public Official and Employee Ethics Law, to file a Statement of Financial Interest Form pursuant to the provisions of 65 Pa. C.S.A. § 1104 et seq.

In addition, the Accountability, Conduct and Ethics Code of Allegheny County requires the Treasurer and certain Treasurer's Office employees to file with the County Manager a written Disclosure of Interest Statement as published by the Accountability, Conduct and Ethics Commission.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. In addition, they shall disclose any material financial interest in financial institutions that conduct business within their jurisdiction. In addition, they shall disclose any large personal financial/investment positions that could relate to the performance of Allegheny County.

IX. Authorized Broker/Dealers and Financial Institutions

The Treasurer will maintain a list of approved security broker/dealers, selected by creditworthiness who are authorized to provide investment services and products in the Commonwealth of Pennsylvania. These may include "primary" dealers or regional dealers that qualify under SEC Rule 15c3-1 (uniform net capital rule). Also, the Treasurer may deposit financial assets only with financial institutions that are authorized by the County Depository Board.

X. Authorized & Suitable Investments

As provided by Pennsylvania Act 10 of 2016, 16 P.S. § 4964, and all other applicable federal, state, and local requirements, the Treasurer is authorized by the Home Rule Charter, County Administrative Code and the Second Class County Code to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs, based on liquidity stress testing and forecasting, in the following types of investments:

<u>Permitted Investments</u>

All debt obligations must be rated at least "A" or its equivalent by at least two Nationally Recognized Statistical Ratings Organization ("NRSRO"s), unless otherwise noted.

A. U.S. Treasury Obligations

United States Treasury bills, notes, bonds, or any obligation or other security issued by the United States Treasury or other obligation backed by the full faith and credit of the United States.

B. U.S. Federal Agencies

Any bond, note, or other security issued by any federal government agency, instrumentality, or Government Sponsored Enterprise (GSE). These federal agency securities shall be direct issuance of the federal government agencies, instrumentalities, or GSE and include but not limited to:

1. Federal Farm Credit Bank (FFCB)
2. Federal Home Loan Bank (FHLB)
3. Federal National Mortgage Association (FNMA)
4. Federal Home Loan Mortgage Corporation (FHLMC)
5. Government National Mortgage Association (GNMA)
6. Tennessee Valley Authority (TVA)

C. Repurchase Agreements

Repurchase agreements must be fully collateralized and meet the following requirements:

1. Include a definite termination date.

2. Be secured by a U.S. Treasury obligation or U.S. Government Agency (A Rating) with maturities up to 20 years.

3. Meet the requirements for perfected security interest under applicable law.

4. Be established with a primary government securities dealer as defined by regulations of the Federal Reserve Bank of New York, or a depository institution doing business in the Commonwealth of Pennsylvania.

5. Daily, the market value of securities subject to a Repurchase Agreement must be equal to the principal value plus accrued interest of the Repurchase Agreement by at least 102%.

6. Securities must be marked to market daily and appropriate collateral adjustments made.

D. Bank Obligations

1. Time deposits and interest-bearing bank accounts (e.g. savings accounts or money market demand accounts) of institutions insured by the FDIC or the National Credit Union Share Insurance Fund. For any amounts above the FDIC or National Credit Union Administration (NCUA) insured maximum, collateral shall be pledged by the depository in accordance with Section XI.

2. Certificates of Deposit purchased from institutions insured by the FDIC or the National Credit Union Share Insurance Fund. For any amounts above the insured maximum, collateral shall be pledged by the depository in accordance with Section XI. Certificates of deposit purchased from authorized institutions shall be limited to an amount equal to twenty (20%) of an institution's assets minus liabilities.

3. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally chartered institution, a Federal or State savings and loan association, or a Commonwealth-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two NRSROs. For obligations with a maturity of more than one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two NRSROs.

E. Obligations of the Commonwealth of Pennsylvania

Obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by full faith and credit of the Commonwealth or the full faith and credit of its political subdivisions.

F. Shares of Investment Company (also known as Money Market Mutual Funds)

Shares of an investment company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq), whose shares are registered under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq), if all the following conditions are met:

1. The investments of the company are the authorized investments under this subsection.

2. The investment company is managed in accordance with 17 CFR § 270.2a-7 (relating to SEC registered money market funds).

3. The investment company is rated in the highest category by a NRSRO.

G. Commercial Paper

Commercial Paper issued by corporations or other business entities organized in accordance with Federal or State law with a maturity not to exceed 270 days. Commercial Paper must be rated in the top short-term category by at least two NRSROs and must be purchased from a registered broker/dealer.

H. Local Government Investment Pools (LGIPs)

Local Government Investment Pool or Trust shall mean a pool or trust offered by the State Treasurer or multiple public corporations or municipal authorities governed by a board of directors or board of trustees for the exclusive benefit of participating public corporations or municipal authorities. The pool or trust must fully comply with all Commonwealth of Pennsylvania statutes and regulations for the allowable investment of public funds.

XI. Collateralization

Collateralization will be required on Bank Obligation (Section X, subsection D) and repurchase agreements or reverse repurchase agreements (Section X, subsection C). To anticipate market changes and provide a level of security for all funds, the collateralization level will be at least (102%) of the market value of principal plus accrued interest. Collateral will be pledged at a minimum in accordance with Act 72 P.S. § 3836-1 et seq. The right of substitution is granted.

XII. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered by Allegheny County shall be conducted within the confines of Act 72 at minimum. Direct security transactions, including collateral for repurchase agreements, entered by the County shall be conducted on a Delivery Versus Payment ("DVP") basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

XIII. Diversification

The purpose of diversification is to reduce the overall risk within the investment portfolio while attaining market/benchmark rates of return. Allegheny County shall diversify its investments by security type and institution. Diversification will prevent over-concentration in an entity. Below are the guidelines for investment. For this purpose the Treasurer's Investment Portfolio on any single day shall be the denominator in measuring the percentage invested. Percentage limits are in place to ensure diversification; however, a reasonable, temporary imbalance will not significantly impair this strategy.

Investment Type	By Investment Type	By Issuer	Minimum Ratings Requirement[1]	Maximum Security Term
US Treasury Obligations	100%	100%	N/A	5 Years
US Federal Agencies	100%	50%	N/A	5 Years
Repurchase Agreements	40%	20%	A-1/P-1 for Counterparty[2]	1 Years
Bank Obligations (fully collateralized)	100%	70%	N/A	5 Years

Negotiable Bank Certificates of Deposits	10%	5%	A-1/P-1 (ST), A or equivalent (LT)	3 Years
Obligations by the Commonwealth of Pennsylvania	20%	5%	A-1/P-1 (ST), A or equivalent (LT)	5 Years
Money Market Mutual Funds (Shares of Investment Company)	20%	10%	AAAm or equivalent	N/A
Commercial Paper	20%	5%	A-1/P-1	270 Days
LGIPs – Liquid	100%	50%	AAAm or equivalent	N/A
LGIPs – Term	100%	50%	N/A	5 Years

Notes:
[1] At least by two NRSROs. Short-term ratings listed as ST, Long-term as LT

[2] If Counterparty is unrated, the parent company's rating must be used

XIV. Maximum Maturities

When possible, Allegheny County will attempt to align its investments with anticipated cash flow requirements, but no investment will have a stated maturity longer than five (5) years from date of purchase, except for collateral for repurchase agreements, which has a 20 year maximum maturity

Reserve funds may also be invested in securities with maturities of such investments to coincide as nearly as practicable with the expected use of the funds.

XV. Internal Control

The Treasurer shall establish a framework of internal controls governing the administration and management of the cash and investments over which the Treasurer has direct control. Such controls shall be designed to prevent and control losses of these cash and investments arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The Treasurer's Office shall also hold a crime insurance policy to insure against any of the above covered acts.

As part of the annual audit of county government, the Treasurer's Office participates in an independent review by an external auditor. The Treasurer may contract with an independent firm to audit the compliance with policies and procedures as well.

XVI. Performance Standards

The investment portfolio and any sub portfolios, established by the Treasurer, shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and the cash flow needs.

The Treasurer will establish appropriate benchmarks for any portfolios or sub portfolios as a means of monitoring their performance.

XVII. Reporting

The Treasurer shall provide the Board of Investment and County Council with semi-annual investment reports, which provide clear pictures of the current investment portfolio's status. The reports will include comments on the fixed-income markets, economic conditions, percentage of investment by categories, possible changes in the portfolio structure moving forward, and investment strategies.

Schedules provided in the semi-annual report may include the following:

- Average weighted principal, rate, and interest earned by fund.
- Average life and earnings rate of investment.
- Portfolio Allocation.
- Portfolio credit quality.

XVIII. Investment Policy Adoption

For implementation, the County of Allegheny Investment Policy and any modifications thereto shall be adopted by the Board of Investment. The Board shall review the Policy annually, or more frequently as deemed necessary.

GLOSSARY

Agencies	Federal Agency Securities and/or Government-Sponsored Enterprise Securities (GSEs). Federal Agency Securities are backed by the full faith and credit of, and explicitly guaranteed by, the United States. GSEs are not explicitly guaranteed by the United States, but rather are implicitly guaranteed. An example of Federal Agencies is the Tennessee Valley Authority (TVA). Examples of GSEs include the Federal Home Loan Bank (FHLB), Government National Mortgage Association (GNMA, or Ginnie Mae), and the Federal National Mortgage Association (FNMA).
Annual Comprehensive Financial Report (ACFR)	The official annual report for Allegheny County. This report is comprised of three sections: introduction, financial, and statistical. This report is prepared in conformity with Generally Accepted Accounting Principles (GAAP). It includes detailed statistics as well as information necessary to demonstrate compliance with finance-related legal, regulatory, and contractual provisions.
Asked	The price at which securities are offered.
Benchmark	A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.
Bid	The price offered by a securities buyer. (*See* Offer)
Board of Investment	The three-member Board composed of the County Treasurer, who shall act as Chair, County Executive, and County Controller. This board is responsible for developing the County Investment Policy.
Broker	A broker brings together buyers and sellers in exchange for a commission. A broker does not sell securities from its own position.

Certificate of Deposit (CD)	A time deposit with a specific maturity evidenced by a certificate issued by a financial institution.
Collateral	Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan or repurchase agreement. Also refers to securities pledged by a bank to secure deposits of public monies.
Commercial Paper	The short-term, unsecured debt issued by corporations.
Coupon	The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.
Dealer	As opposed to a broker, acts as a principal in all transactions buying and selling for its own account.
Delivery vs. Payment (DVP)* or *Receipt (DVR)	The two methods of securities delivery are delivery vs. payment and delivery vs. receipt. Delivery vs. payment is the delivery of securities with an exchange for money for the securities. Delivery vs. receipt is the delivery of securities with an exchange for a signed receipt for the securities.
Discount	The difference between the cost price of a security and its maturity when quoted at lower-than-face value. A security selling below the original offering price shortly after the sale is considered a discount.
Discount Securities	Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, for example U.S. Treasury bills.
Diversification	Dividing investment funds across a variety of investments to avoid excessive exposure to any one source of risk.

Federal Deposit Insurance Corporation (FDIC)	A federal agency that insures bank deposits up to $250,000 per depositor, per bank.
Federal Funds Rate	The rate of interest at which federal funds are traded. This rate is set by the Federal Reserve through open-market operations.
Investment Portfolio	Collection of securities held by an investor.
Liquidity	The speed and ease with which an asset can be converted to cash.
Local Government Investment Pool (LGIP)	A type of investment vehicle where the cash of participating jurisdictions is combined and invested in securities allowed under state law regarding government investments.
Market Value	The price at which a security can be traded.
Master Repurchase Agreement	A written contract covering all future transactions between parties to repurchase or reverse repurchase securities. Each party's rights in the transactions are established via this contract. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.
Maturity	The date upon which the principal or stated value of an investment becomes due and payable.
Nationally Recognized Statistical Ratings Organization (NRSRO)	Entities that evaluate an organization's ability to service its debt obligations and assign a resultant credit rating, such as Standard & Poor's (S&P), Moody's, and Fitch.
Offer	The price asked by a seller of securities. (*See* Asked *and* Bid)

Primary Dealer	A financial institution that: (1) is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) participates in compiling data on activity in the U.S. government securities market for statistical reporting purposes.
Rate of Return	The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.
Repurchase Agreement	A simultaneous agreement to sell securities to an investor and repurchase them at a fixed price on a fixed date.
Safekeeping	A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in bank vaults or secure digital sites for protection.
SEC Rule 15c3-1	*See* Uniform Net Capital Rule
Securities & Exchange Commission (SEC)	Agency created by Congress to protect investors in securities transactions by enforcing securities legislation.
Security	A tradable financial asset.
Treasury Bills (T-Bills)	Treasuries issued with initial maturities of one year or less and as discounted instruments.
Treasury Bonds	Treasuries issued with initial maturities of more than ten years that pay interest semi-annually.
Treasury Notes	Treasuries issued with initial maturities between two and ten years that pay interest semi-annually.

Uniform Net Capital Rule	An SEC requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of 15-to-1 of indebtedness to liquid capital. Liquid capital is cash or assets easily convertible to cash. Indebtedness is all money owed to a firm, including margin loans as well as commitments to purchase securities. *Also referred to as the Net Capital Rule or the Net Capital Ratio.*
U.S. Treasury Obligations	Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. These include Treasury Bills, Treasury Notes, and Treasury Bonds. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. *Also referred to as Treasuries.*
Yield	The rate of annual income return on an investment, expressed as a percentage