

1 **A RESOLUTION ENCOURAGING THE DEPOSIT OF A PORTION OF FUNDS**
2 **ALLOCATED TO FULTON COUNTY THROUGH THE AMERICAN RESCUE PLAN**
3 **ACT OF 2021 AND OTHER FUNDS WITH MINORITY-OWNED FINANCIAL**
4 **INSTITUTIONS THAT MEET THE COUNTY'S INVESTMENT POLICY GUIDELINES.**

5
6 **WHEREAS**, beginning in March 2020, Fulton County, Georgia has been impacted
7 by the threat and spread of a novel coronavirus known as SARS-CoV-2 ("COVID-19");
8 and

9 **WHEREAS**, the Board of Commissioners adopted Resolution 21-0221 on March
10 17, 2021 promulgating Fulton County's acceptance and outlining the County's priorities
11 for usage of federal funds available to Fulton County from the American Rescue Plan Act
12 of 2021 ("ARPA")(H.R. 1319, 117th Cong.) (2021); a bill signed into law by President Joe
13 Biden on March 11, 2021; and

14 **WHEREAS**, the ARPA established the Coronavirus State and Local Fiscal
15 Recovery Funds to provide emergency funding for eligible state, local territorial, and tribal
16 governments responding to the impact of COVID-19 on their communities, residents, and
17 businesses; and

18 **WHEREAS**, on May 17, 2021, the U.S. Department of the Treasury issued its
19 "Interim Final Rule", (86 CFR 26786) to implement ARPA funds with guidelines, rules,
20 and directives to recipients of ARPA funds; and

21 **WHEREAS**, the Interim Final Rule advises that the purpose of ARPA is to provide
22 a substantial infusion of resources to assist the pandemic response, including rebuilding
23 a stronger, more equitable economy as the country recovers; and

24 **WHEREAS**, Fulton County is slated to receive approximately Two Hundred and
25 Six Million Dollars (\$206,000,000.00) in ARPA funds; and

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1 **WHEREAS**, the pandemic has severely impacted small minority-owned
2 businesses; and

3 **WHEREAS**, Fulton County is committed to fostering entrepreneurial endeavors
4 within minority populations throughout Fulton County; and

5 **WHEREAS**, Fulton County is also committed to encouraging diversity, equity, and
6 inclusion; and

7 **WHEREAS**, the importance of minority depository institutions and minority-owned
8 and minority-led financial institutions in building strong communities in neighborhoods
9 historically underserved and economically distressed has been recognized by the Federal
10 Deposit Insurance Corporation, and the Independent Community Bankers of America,
11 among others; and

12 **WHEREAS**, Fulton County has an Investment Policy that it uses for the deposit of
13 funds which establishes the following priorities for investment: (1) safety; (2) liquidity; and
14 (3) return on investment; and

15 **WHEREAS**, Fulton County's Investment Policy also requires that authorized
16 financial dealers and institutions with whom Fulton County does business must have a
17 minimum of five (5) years operation and proof of a credit rating of A- or above; and

18 **WHEREAS**, to protect and secure the deposit of public funds, Georgia law
19 mandates that local governments require depository institutions to provide either a pledge
20 of collateral, a surety bond, securities, or insurance of accounts by the Federal Deposit
21 Insurance Corporation. (See O.C.G.A. §§ 36-83-5 and 45-8-12).

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ATTEST:

Tonya R. Grier

Tonya R. Grier
Clerk to the Commission



APPROVED AS TO FORM:

Kaye Woodard Burwell
Kaye Woodard Burwell
Interim County Attorney

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FULTON COUNTY

INVESTMENT POLICY

- ✓ GENERAL FUND, SSD, GO BONDS, OFF
SITE DEVELOPMENT FUND
- ✓ WATER AND SEWER CONSTRUCTION
FUND
- ✓ BOND FUNDS
- ✓ ENTERPRISE FUNDS

141 PRYOR STREET
ATLANTA, GA 30303

(2018)

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INVESTMENT POLICY

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I. PURPOSE

The purpose of this investment policy is to establish cash and investment guidelines for the Fulton County Finance Department.

II. SCOPE

This policy applies to the investment of short term operating funds used for:

1. General purposes including general, special service district, offsite development, and general obligation bond proceeds as well as any other initiatives that develop.
2. Bond related funds including construction and debt service funds
3. Trust, agency, internal service, and enterprise funds

Longer term funds including investments of the Fulton County Employees' Retirement System and the Defined Contribution Funds are covered by a separate policy.

III. GENERAL OBJECTIVES

The primary objectives in order of priority of all investment activities shall be safety, liquidity, and yield.

1. **Safety**

Safety of principal is the foremost objective of Fulton County. Preservation of capital and mitigating credit and interest rate risk is of primary concern.

Fulton County will minimize credit and interest rate risk by undertaking the following activities:

- Pre-qualifying financial institutions and broker/dealers
- Diversifying the investment portfolio
- Placing credit quality restrictions
- Structuring the portfolio to meet operating requirements
- Investing funds in short-term securities

2. **Liquidity**

The portfolio should be structured so that securities mature concurrent with cash requirements to meet anticipated demands.

3. **Return on Investment**

The portfolio should be designed with the objective of regularly exceeding the average yield on the 1-month T-Bill. The County seeks to attain market rates of return on its investments consistent with constraints imposed by its safety objectives and liquidity requirements for operational purposes.

4. **Legality**

Funds will be invested in compliance with the provisions of Georgia Code 36-83-4, this policy and written administrative procedures. All Funds with outstanding bond issues will be invested in compliance with the provisions of Georgia Code 36-82-7, the investment guidelines in the bond ordinances and official statements. Those policies will be adhered to and are not in conflict with the terms of this policy.

IV. STANDARDS OF CARE

1. Prudence

The "Prudent Person Rule" shall apply to all individuals that have authority to trade securities. Investments shall be made with judgment, care, and forethought. Prudence, discretion and intelligence shall be exercised when managing the investment portfolio. All activities will be executed in the same manner as would be exercised in the management of one's own financial affairs. Speculation is forbidden and consideration shall be made for the safety of capital.

2. Ethics and Conflicts of Interest

Officers/employees shall refrain from personal business activity that could conflict with the proper execution and management of the investment portfolio or that could impair their ability to make impartial decisions. Disclosure of any material interests in financial institutions shall be made. Employees/officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Fulton County. Officers/employees shall also comply with the Fulton County Code of Ethics as prescribed by the Board of Commissioners.

3. Delegation of Authority

Authority to manage Fulton County's investment portfolio is granted to the Finance Director, the Assistant Finance Director, the Investment Officer, and any other designee of the Finance Director. All individuals with such authority shall manage the portfolio in accordance with procedures and internal controls consistent with the investment policy.

V. SAFEKEEPING AND CUSTODY

1. Authorized Financial Dealers and Institutions

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (a minimum capital requirement of \$10M and at least 5 years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following:

- Audited financial statements
- Proof of NASD certification
- Proof of State Registration
- Proof of Credit Rating of A- or above or comparable standard
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with Fulton County's investment policy.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted.

2. Internal Controls

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The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Fulton County are protected from loss, theft, and misuse. The internal control structure should be designed to provide reasonable assurance that these objectives are met.

Internal controls shall address the following:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

3. Delivery versus Payment

All trades will be executed by delivery versus payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

The following investments will be permitted by this policy in accordance with O.C.G.A. Section 36-83-4 as follows:

O.C.G.A 36-83-4 AUTHORIZED INVESTMENTS:

1. Obligations of this state or of other states
2. Obligations issued by the United States government
3. Obligations fully insured or guaranteed by the United States government or a United States government agency
4. Obligations of any corporation of the United States government
5. Prime bankers' acceptances
6. The local government investment pool established by Code Section 36-83-8
7. Repurchase agreements
8. Obligations of other political subdivisions of this state
9. Time deposits and savings deposits of banks organized under the laws of Georgia or the U.S. Government and operating in Georgia

VII. INVESTMENT PARAMETERS

1. Diversification

Each investment transaction will consider credit, market, and reinvestment risk. High concentrations in certain asset categories will be deemed prudent when the issuer of the investment has a credit rating of AAA/Aaa.

Investments shall be diversified by:

- Investing in securities with varying maturities to ensure liquidity to meet the County's Obligations
- Evaluating an individual security's impact on the portfolio allowed allocations for each investment type.

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The following limits have been established for each investment type:

- Obligations of this state and other states
 - Not to exceed 25% of the portfolio
 - All require a credit rating of AAA/Aaa
- Obligations issued by the United States Government
 - No limitation (full faith and credit)
 - All require a credit rating of AAA/Aaa
- Obligations fully insured or guaranteed by the United States Government or a United States Government Agency
 - No limitation
 - All require a credit rating of AAA/Aaa
- Obligations of any corporation of the United States Government
 - No limitation
 - All require a credit rating of AAA/Aaa
- Prime bankers acceptances
 - No limitation on A-1/P-1 rated bankers acceptances for banks that maintain a long-term rating of A- or better
 - No more than 10% of the portfolio with a financial institution that has a minimum acceptable credit rating of A-2/P-2 or a long-term credit rating of A-
- The local government investment pool
 - No limitation
 - All require a credit rating of AAA/Aaa and S1 Stability
- Repurchase agreements
 - Financial institution repurchase agreements
 - No limitation for repurchase agreements with authorized depositories and safekeeping institutions
 - Each financial institution must maintain a credit rating of A- or better
 - Must be 102% collateralized during the term of the repurchase agreement
 - Each depository must enter into a Master Repurchase Agreement as recommended by the Bond Market Association
 - Only Authorized Investments as described in the Suitable and Authorized Investments Section of this policy will be eligible as collateral under repurchase agreements
 - All collateral must be delivered to an authorized depository
 - Broker repurchase agreements
 - Not to exceed 25% of the portfolio
 - Each broker must maintain a credit rating of A- or better; If a broker is not rated, adequate financial analysis must be conducted to ensure the broker is financially sound
 - Must be 102% collateralized during the term of the repurchase agreement
 - Each broker must enter into a Master Repurchase Agreement as recommended by the Bond Market Association

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- Only Authorized Investments as described in the Suitable and Authorized Investments Section of this policy will be eligible as collateral under repurchase agreements
- All collateral must be delivered to an authorized depository.
- Obligations of other political subdivisions of this state
 - Not to exceed 10% of the portfolio

2. Maximum Maturity

To the extent possible, Fulton County shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Fulton County will not directly invest in securities maturing more than 1 year from the date of purchase.

Reserve, sinking, construction, and other funds with longer-term investment horizons may be invested in securities exceeding 1 year if the maturity of such investments are made to coincide as nearly as practical with the expected use of funds. When sufficient information is not provided to anticipate the spending of funds from construction accounts, the Investment Officer will employ a strategy of laddering the portfolio with maturities scheduled quarterly to maintain sufficient liquidity in the portfolio.

Due to inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as overnight repurchase agreements.

IX. INVESTMENT COMMITTEE AND POLICY REVIEW

The Investment Committee shall consist of the Finance Director and the Deputy Finance Director. The Investment Committee will oversee the County's investment portfolio. The Investment Committee is commissioned with the following:

- reviewing periodic reports
- ensuring the Investment Officer adheres to the investment policy
- establishing investment objectives for individual portfolios
- reviewing the actual performance of the County's investment portfolio
- monitoring the operating and internal controls that govern the investment portfolio

The Investment Committee will meet at least annually to review portfolio objectives, performance, and compliance with established standards. This policy shall be reviewed on an annual basis and the Committee should meet quarterly to review the portfolio analytics.