City of Greenville
Investment Policy

Authority:	G.S. 159-30: Investment of Idle Funds
Supercedes:	City of Greenville Investment Policy dated March 6, 2006
Review Responsibility:	Investment Committee
Review Schedule:	Annually or as needed
Approval Needed:	City Council
Supercedes:	December 8, 2008
Updated:	January 11, 2010

PURPOSE

The purpose of this investment policy is to establish guidelines for the City of Greenville for the efficient and prudent management of public funds, in accordance with North Carolina General Statutes.

SCOPE

This policy applies to the investment of all funds of the City of Greenville with the exception of investment of employee's retirement funds, 401K funds and Other Post Employment Benefits (OPEB) (which are invested by the State of North Carolina) and certain restricted bond issues. These funds are accounted for in the City of Greenville's Comprehensive Annual Financial Report. Except for cash in certain restricted and special funds, the City of Greenville will consolidate cash balances from all funds to maximize investment earnings (pooling of funds). The accounting for the individual fund's cash balances will continue to be maintained separately. Investment income will be allocated to the individual funds based on each fund's respective participation and in accordance with generally accepted accounting principles. Greenville Utilities Commission adopted a separate investment policy for the Enterprise Funds (Water, Sewer, Electric, and Gas). Where applicable, this policy also incorporates the following Government Accounting Standards Board Statements:

I. GASB Statement No. 31 - *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, implemented July 1, 1997. It should be noted that GASB Statement No. 32 amends No. 31 but only as it applies to Section 457 plans so it is not applicable to the City of Greenville.

II. GASB Statement No. 40 – *Deposit and Investment Risk Disclosure, effective July 1, 2004.*

OBJECTIVES

The City of Greenville's primary investment objectives, in priority order, shall be safety, liquidity, and yield:

I. Safety – Safety of principal is the highest objective of this policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.

   a. Credit Risk – The City of Greenville will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
      - Limiting investments to the safest type of securities
      - Pre-qualifying the financial institutions, advisers, brokers/dealers and intermediaries with which the City of Greenville will do business with (as described under the Suitable and Authorized Investment section of this policy)
      - Diversifying the investment portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, financial institution, or class of securities

   b. Interest Rate Risk – The City of Greenville will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
      - Evaluating cash flow requirements and structuring the maturity of investments accordingly in order to avoid selling securities on the open market prior to maturity
      - Investing primarily in shorter-term securities, such as bank money market accounts, when long-term rates are less attractive.

II. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating and debt service requirements that may be reasonably anticipated. This is accomplished by structuring the maturity of investments to meet the anticipated cash needs. In addition, since all possible cash demands cannot be anticipated, the portfolio will consist largely of securities with active resale markets.

III. Yield – The portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City of Greenville's investment portfolio constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The investments prescribed in this policy are limited to relatively low risk securities and therefore, it is anticipated they will earn a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security swap would improve the quality, yield, or target duration in the portfolio
- Liquidity needs of the portfolio require that the security be sold
- A security with declining credit may be sold prematurely to minimize loss of principal
- An investment held as part of a portfolio intended to match the return on a benchmark index where the sale of such is essential to matching the benchmark

STANDARDS OF CARE

I. Prudent Person Rule – The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The standard states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as, the probable income to be derived."

   Investment Officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the deviations from expectations are reported in a timely fashion and the subsequent liquidity and sale of securities are carried out in accordance with the terms of this policy.

II. Responsibility – In accordance with North Carolina General Statute 159-30, the Director of Financial Services is designated as the Investment Officer of the City of Greenville. The Investment Officer will establish and maintain procedures for operation of the investment program which are consistent with this policy. The Director of Financial Services shall have the power to purchase, sell, and exchange securities on behalf of the City Council. In order to promote efficiency of investment duties and related activities, the Director of Financial Services may, at his/her option, designate one or more staff members to perform the functions of cash management and investing. Employees involved in these functions shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

   In the absence of the Director and those to which she/he has delegated investment authority, the City Manager or his or her designee is authorized to execute investment activities.

III. Investment Committee – The investment committee will consist of the City Manager, Assistant City Manager, Director of Financial Services, and Financial Services Manager. Members of the investment committee meet every other month to determine general strategies and evaluate results. At which point, the committee advises the Director of Financial Services on investment options. The committee includes in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risks to the government's funds, authorized depositories, brokers and dealers, and the investment portfolio's target rate of return.

The investment committee will review the investment policy periodically and recommend approval of changes to City Council. The committee shall perform such other duties as may be assigned to it by this policy or by action of the City Council.

IV. Investment Advisory Committee – This Advisory Committee will consist of three Greenville, NC residents with qualifications related to investing (i.e. bankers, stock brokers, accountants, economists, etc.). These members will be appointed by City Council and will meet three times a year (normally during April, August and December). At inception, this committee will meet initially with the Investment Committee during November. Initial appointments are staggered and will be for one (1) year, two (2) year, and three (3) year terms. Thereafter, appointments will be for three (3) year terms. Additional appointments of the same members may be made for a maximum of two terms. Members filling a partial term (less than three years) may be appointed for three additional terms. The appointments shall be effective each November 1st and expire on October 31st three years later.

Members of the Advisory Committee will meet to review the City's current portfolio and any recommendations for new investments that the committee has, in order to determine general strategies and monitor results. At which point, it advises the Investment Committee on investment options. The Advisory Committee will receive three-month (quarterly) investment reports from the Investment Committee at the end of each quarter in order to facilitate discussion topics. Similar to the Investment Committee, this committee includes in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risks to the government's funds, authorized depositories, brokers and dealers, and the target rate of return on the investment portfolio.

Annually, the Advisory Committee will report to the City Council on investment strategies and accomplishments that have occurred. The committee shall perform such other duties as may be assigned to it by this policy or upon action of the City Council.

V. <u>Conflicts of Interest</u> – Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions that conduct business with the City of Greenville. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. This disclosure need not include normal banking or brokerage relationships that are at normal market rates and conditions available to the general public.

VI. Investment Procedures – The Director of Financial Services, or delegate, shall establish written investment procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to 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 Director of Financial Services.

SUITABLE AND AUTHORIZED INVESTMENTS

I. Investment Instruments

North Carolina General Statute 159-30 provides the legal limitations of types of investments permitted for local governments. Within these limitations, the following investments are authorized:

a. United States Treasury Bills, Notes, and Bonds or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There shall be no limit on the percentage of the portfolio invested in these instruments

b. U.S. Government Agency Securities or U.S. Government Instrumentality Securities – the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Macs); the Federal Home loan Banks; the Federal National Mortgage Association; and others as allowed by state statute

c. North Carolina Capital Management Trust

d. Certificates of Deposit with banks and savings and loan associations having their principal office in North Carolina

e. Banker's Acceptances provided that the accepting bank or its holding company bank is either 1) incorporated in the State of North Carolina or 2) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service

f. Commercial Paper of the highest quality as defined by the North Carolina General Statute

g. North Carolina State and Local Bonds of the highest rating

This policy specifically limits the purchase of Stripped Instruments (Derivative Security) and Repurchase Agreements. Although, these are allowed by State Statute, the Stripped Instruments have considerable market risk attached to them and the Repurchase Agreements have strict compliance rules. This exclusion does not apply to permissible Government Agencies.

SELECTION OF INVESTMENTS

The Director of Financial Services or designee will determine which investments will be purchased and sold and the desired maturity date(s) that are in the best interest of the City. The selection of an investment will involve the evaluation of, but not limited to, the following factors: cash flow projections and requirements; current market conditions; and overall portfolio balance and makeup.

Selection of investments will be made in one of two ways. Some investments, particularly Certificates of Deposit, will be selected based on a competitive basis through quotes. Alternatively, electronic information sources (e.g. Bloomberg) may also be utilized to verify a dealer's pricing by accessing real-time market data.

DEALERS AND FINANCIAL INSTITUTIONS

A list will be maintained of financial institutions that are approved for investment purposes. A list will also be maintained of approved security broker/dealers selected by creditworthiness, which will largely be the "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule. All financial institutions and brokers/dealers who desire to become qualified for investment transactions with the City of Greenville may be required to submit the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the City of Greenville's investment policy.

With the exception of the "primary" dealers/brokers, a periodic review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Director of Financial Services or designee as deemed necessary. The SEC closely monitors the primary dealers/brokers and hence a review will not be required. In addition, approved financial institution lists supplied by the Local Government Commission or Government Finance Officers Association or other reputable source will not require additional review by the Financial Services Department.

DIVERSIFICATION AND MAXIMUM MATURITIES

I. Diversification – The investments shall be diversified by:

- With the exception of United States Treasury securities and the North Carolina Capital Management Trust, no more than 40% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.
- The total investment in certificates of deposit (CD) shall not exceed 25% of the City's total investment portfolio and the investments in CD's with a single financial institution shall not exceed $6,000,000.
- Limiting investment in securities that have higher credit risks,
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- The Financial Services Director is responsible for monitoring compliance with the above restrictions. If a violation occurs, in a timely manner, the Director shall report such violation to the Investment Committee along with a plan to address the violation.

II. Maximum Maturities – To the extent possible, the City of Greenville shall attempt to match the maturity of investments with anticipated cash flow requirements. Investments will be limited to maturities not exceeding 5 years from the settlement date. However, with specific approval of the Investment Committee, for a specific reserve, project, etc. the maturity may extend beyond 5 years.

SAFEKEEPING AND CUSTODY

I. Internal Controls – The Director of Financial Services or designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Greenville are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development and maintenance of a wire transfer agreement

II. Safekeeping Arrangement – All securities purchased by the City of Greenville shall be held in third party safekeeping by the bank designated as the primary agent. A detailed receipt shall be issued by the primary agent (bank) for each security transaction, as well as, a monthly report detailing all securities held by the Trust Department of this bank.

III. Delivery vs. Payment (DVP) – All trades where applicable will be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts will hold securities.

IV. Collateralization – In accordance with the Government Finance Officers Association Recommended Practices on the Collateralization of Public Deposits, and as required by state law, full collateralization will be required on checking accounts and non-negotiable certificates of deposit. North Carolina General Statutes allow the State Treasurer and the Local Government Commission (LGC) to prescribe rules to regulate the collateralization of public deposits in North Carolina banks. The method of "pooling investments" transfers the responsibility for monitoring each bank's collateralization and financial condition from the City to the State Treasurer and LGC. The City will only maintain deposits with institutions using the Pooling Method of Collateralization.

REPORTING AND ANALYSIS

I. Reporting – The Director of Financial Services, or designee, shall prepare an investment report monthly, which will be provided to the Investment Committee and a quarterly report to be distributed to the Investment Advisory Committee. The report(s) will, at a minimum, include the following:
- Listing of securities held at the end of the reporting period
- Listing or chart of investments by maturity date
- Percentage of the total portfolio that each type of investment represents (e.g. Certificate of Deposit, Government Agencies, etc.)
- Percentage of the total portfolio "of" each issuer (e.g. Federal Home Loan Bank)

II. Performance Standards and Market – The City of Greenville's investment strategy is passive. Given this strategy, the basis used by the Director of Financial Services to determine whether market yields are being achieved shall be to identify one or more comparable benchmarks to the portfolio investment duration, (e.g. 90-day T-bill, 6-month T-bill, etc.). Benchmarks will be identified and approved by the Investment Committee with advice from the Investment Advisory Committee. However, undue emphasis will not be placed on achieving any specific return. The safety and liquidity of the funds will remain the primary objectives.

III. Marking to Market – A report of the market value for the portfolio will also be prepared monthly. The Financial Services Director or designee will use the reports to review the investment portfolio in terms of value and price volatility, as well as for compliance with GASB Statement 31.

POLICY CONSIDERATIONS

I. Approval and Amendments - The investment policy shall be adopted by the City Council. The policy shall be reviewed annually by the Investment Committee and the Investment Advisory Committee. Any recommended modifications made thereto must be approved by the City Council.

II. Exemption – Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

III. Changes in state law incorporated – Changes in the North Carolina General Statutes that are applicable to this policy will be incorporated, with subsequent notification provided to City Council.

Glossary of Terms used in the City of Greenville Investment Policy

Following is a listing and a more detailed definition of the investing terms that appear in the City of Greenville's Investment Policy. This glossary has been adapted from: 1) "Investment Terms for Everyday Use," and an article which was published in the *Public Investor*, April 5, 1996, 2) "Collateralization of Public Deposits in North Carolina," Harlan E. Boyles, State Treasurer, 3)"An Elected Official's Guide to Investing," Government Finance Officers Association.

Agency – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

Bankers' Acceptances – A time draft drawn on an accepted by a bank to pay a specified amount of money on a specified date. The draft is a primary and unconditional liability of the accepting bank. They are typically created for international trade transactions. They are backed by the issuers' guarantee to pay, the underlying goods being financed, and the guarantee of the accepting bank (triple-barreled guarantee).

Benchmark – A comparative base for measuring the performance or risk tolerance of some or the entire investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid – The indicated price at which a buyer is willing to purchase a security or commodity.

Broker – One who brings buyers and sellers together for a commission.

Certificate of Deposit – A time deposit that bears a specified interest rate, for a specified dollar amount, for a specified time period. They may be issued in negotiable or nonnegotiable form. Nonnegotiable CDS carry penalties for early redemptions and are the least liquid money market instrument available.

Collateralization – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. Collateralization of public funds requires the financial institution to pledge government securities sufficient to cover public funds in excess of the FDIC guaranteed amount. There are two methods. The first is the "Dedicated Method," which each public depositor's deposits are secured separately, and which requires the establishing of a separate escrow account for each public depositor. The second is the "Pooling Method," under which all public depositors' deposits are secured through a single escrow account established by the depository with the State Treasurer for the benefit of the State and the participating units.

Commercial Paper – An unsecured short-term promissory note issued by corporations, with maturities, ranging from 2 to 270 days.

Comprehensive Annual Financial Report (CAFR) – The official annual report for the City of Greenville. It includes five combined statements for each individual fund and is prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Credit quality – The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Dealer – Makes markets in money market instruments by quoting bid and asked prices at which they are prepared to buy and sell for their own accounts.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser of his/her custodian.

Derivative Security – Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Diversification - A process of investing assets among a range or security types by sector, maturity, and quality.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate Risk - The risk associated with declines or rises in interest rates that cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion –** Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping –** By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping -** Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities –** Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members –** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers –** Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via FAX if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian –** The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity – A characteristic of an asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk – The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value – The current market price of a security.

Maturity – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money Market Mutual Fund – Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management, and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licenses with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus that is updated and filed by the SEC annually.

National Association of Securities Dealers (NASD) – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Portfolio – The collection of securities held by an investee.

Primary Dealer – A dealer that buys government securities directly from the Federal Reserve Bank (the Fed) and that has met certain minimum financial criteria set by the Markets Reports Division of the Federal Reserve Bank of New York. To ensure that dealers have sufficient capital to support their activities and manage their risk exposure, the Fed requires primary dealers to maintain a minimum capital adequacy ratio.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Repurchase Agreement (Repo or RP) – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Safekeeping – Holding of assets (e.g. securities) by a financial institution.

Swap – Trading one asset for another.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three-and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Volatility – A degree of fluctuation in the price and valuation of securities.

Yield – The current rate of return of an investment security generally expressed as a percentage of the security's current price.

CITY OF GREENVILLE
INVESTMENT TRADING RELATIONSHIP AGREEMENT

In consideration of and as a prerequisite to conducting investment business with the City of Greenville, North Carolina, the undersigned investment/financial firm (hereafter firm) agrees to the following terms and conditions:

Eligible Investment Securities – The firm acknowledges that it has reviewed and is aware of the North Carolina State Statutes governing the investments that are eligible for purchase by local governments in North Carolina. The firm agrees to offer no investment to the City that does not meet these statutory and regulatory guidelines. A copy of the applicable general statute (NCGS 159-30) is enclosed. The investment/financial firm also certifies that they are a "primary dealer." The Director of Financial Services will authorize any other financial institution.

Confirmation and Monthly Statements – The firm agrees that it will send or email confirmation on every transaction promptly to the following address:

City of Greenville Financial Services Department P.O. Box 7207 Greenville, NC 27835	-or -	Director of Financial Services bdemery@greenvillenc.gov Financial Services Manager kbranch@greenvillenc.gov

Delivery Instructions – The firm agrees to deliver securities to the City delivery versus payment.

Financial Statements – The firm agrees to send its annual audited financial statements to the City within 180 days after the end of each fiscal year.

Cancellation – The City or the firm may immediately cancel this agreement upon written notification.

The undersigned authorized representative of the firm agrees, on behalf of the firm, that the provisions of this agreement will be followed and that if the city sustains losses as a result of the firm's failure to abide by this agreement, then the firm will be liable for the losses and will reimburse the City the amount of those losses. The firm also agrees that any changes to this agreement will not be effective unless authorized in writing by the Director of Financial Services.

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Firm

______________________________ ________________________
Person Authorized to Bind Firm Date