



A Local Government Investment Pool

**COLORADO SURPLUS  
ASSET FUND TRUST**

**INFORMATION STATEMENT**

**Dated as of July 13, 2019**

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## Certain Terminology

**Administrator** – shall mean any Person or Persons appointed, employed or contracted with by the Trustees pursuant to the Indenture of Trust and C.R.S. §24-75-703.

**Board of Trustees or Trustees** – means the board of trustees of CSAFE composed of members that are selected from among the designees or other local officials empowered to invest the funds of Local Governmental Entities, and any other independent and unaffiliated trustees named by such members.

**Colorado Core** – An Enhanced Cash fund offered by CSAFE.

**C.R.S.** – means Colorado Revised Statutes as amended from time to time.

**Custodian** – shall mean any Colorado bank with trust and/or custodial powers, appointed, employed or contracted with by the Trustees under the applicable provisions of Section 11.2 hereof.

**CSAFE or the Trust** – shall mean the Colorado Surplus Asset Fund Trust.

**CSAFE Cash** – The money market-like liquidity fund which was the original fund offered by CSAFE.

**Fitch** – Fitch Ratings, an NRSRO providing credit ratings and fund volatility ratings for Colorado Core

**Funds** – Distinct Local Government Investment Pools operated by CSAFE. Participants may elect to open and fund accounts in any or all of the CSAFE Funds.

**GASB** – The Governmental Accounting Standards Board issuing Statements which set accounting standards for governmental entities. GASB Statements 31, 72, and 79 are of particular relevancy for the operation of CSAFE's funds.

**Indenture of Trust** – shall mean the CSAFE Indenture of Trust as amended, restated or modified from time to time.

**Investment Adviser** – shall mean any Person or Persons appointed, employed or contracted with by the Trustees under the applicable provisions of the Indenture of Trust and C.R.S. §24-75-701(5).

**Investment Policy** – shall mean a document adopted by the Board of Trustees which lists the criteria for eligible securities, investment objectives, certain characteristics for each Fund, as well as other restrictions or requirements for the investment of a Fund's assets.

**LGIP** – A Local Government Investment Pool which is a generic term that identifies both the governing body and the pooled portfolio funds it offers to local governments.

**Local Governmental Entity or Local Government Entities** – shall mean the State of Colorado; any institution, authority, county, municipality, city and county, city, town, school district; special district or political subdivision of the state, or any department, agency, or

instrumentality thereof, or any political or public corporation of the state or any entity existing as a local government entity under the laws of the State of Colorado, including home rule governments, or any other entity to the extent permitted by law and in accordance with C.R.S. §24-75-601 et seq., as amended, and C.R.S. §24-75-701 et seq., as amended.

**NAV** – The Net Asset Value of the fund which is defined as net assets divided by outstanding shares.

**NRSRO** – A Nationally Recognized Statistical Rating Organization as designated by the Securities and Exchange Commission. An NRSRO issues credit ratings that are recognized under applicable Colorado law for establishing conformity to certain minimum requirements for a security to be eligible for investment by Participants.

**Participant** – shall mean the Local Government Entities that execute and adopt the Indenture of Trust.

**Shadow NAV** – shall mean the market value of all assets of the fund divided by the number of outstanding shares.

**Standard & Poor's (S&P)** - an NRSRO providing credit ratings and fund volatility ratings for CSAFE Cash.

**Weighted Average Life** or **WAL** – WAL is calculated by taking the final maturity of the underlying money market instruments held by the fund, weighted according to the relative holdings per instrument.

**Weighted Average Maturity** or **WAM** – WAM is calculated by taking the average length of time to maturity (fixed rate) or the next interest rate reset (floating rate) for each underlying money market instrument weighted according to the relative holdings per instrument.

## **Part 1: OVERVIEW**

### **I. PUBLIC PURPOSE OF THE FUNDS**

The intent of the Board of Trustees in establishing the Funds is to:

- Enable Participants to efficiently meet investment objectives via an asset allocation approach to portfolio management
- Reduce public entity administrative costs and improve auditing and transparency
- Improve portfolio liquidity and market access in Participants' longer-term portfolio allocation
- Enhance portfolio performance and diversify risk in public portfolios
- Provide leadership in the development and implementation of progressive, best practices for the prudent investment of public funds.

## **II. ORGANIZATIONAL STRUCTURE**

CSAFE is a Local Government Investment Pool Trust Fund established pursuant to C.R.S. 74-75-703. Since its founding, more than 480 Colorado Local Governmental Entities have joined CSAFE and invested in the CSAFE Cash Fund. CSAFE is governed by a Board of Trustees elected by the Participants.

## **III. OPERATION OF THE TRUST**

### **A. Participants**

Local Government Entities that execute and adopt the Indenture of Trust become Participants. The designees of the Participants are vested with the authority to elect the Trustees, and take such other actions as set forth in the Indenture of Trust.

### **B. Board of Trustees and Officers (as of July 1, 2018)**

Alan Krcmarik, Chair, City of Loveland  
Brenden Morgan, Vice Chair, Regional Transportation District  
Jeff Hansen, Treasurer, City of Golden  
Sue Sandstrom, Secretary, Arapahoe County Treasurer  
Jerry DiTullio, Trustee, Jefferson County Treasurer  
Byron Jefferson, Trustee, South Adams County Water & Sanitation District  
Molly Kostelecky, Trustee, Metro Wastewater Reclamation District  
Aneta Rettig, CFA, Trustee, Denver Water  
Jay Valentine, Trustee, City of Grand Junction

### **C. Rating Agencies**

Standard and Poor's provides rating services for CSAFE Cash. Fitch provides rating services for Colorado Core.

### **D. Trust Custodian**

All securities purchased for the benefit of Participants are held at U.S. Bank which acts as Custodian of the Trust. U.S. Bank also processes trades upon receipt of authorized and proper instructions within the applicable deadlines.

### **E. Investment Advisor**

Morgan Stanley, acting through its Zephyr Group, is responsible for Investment Advisory services.

### **F. Funds Administrator**

LT Trust serves as the Administrator for CSAFE's funds and conducts all routine business of the Trust. Duties of the Administrator are described in the Administrator Agreement.

## **G. Board Administrator/Distributor**

Elevate Business Solutions, LLC serves as the Board Administrator and Distributor. Duties for Board Administration and Distribution are described in the Board Administrator/Distributor Agreement

## **H. Auditor**

CSAFE is audited by BKD, LLP, the 10th largest CPA and advisory firm in the U.S.

## **I. Outside Counsel**

Berg Hill Greenleaf Ruscitti LLP acts as outside legal counsel to CSAFE and CSAFE's Board of Trustees.

# **PART 2: General Policies**

## **I. Calculating Net Asset Value (NAV)**

The Administrator will calculate the NAV for CSAFE Cash and Colorado Core as of the conclusion of each business day. The NAV is calculated by determining total assets, subtracting total liabilities from total assets, then dividing the result by the number of outstanding shares. Liabilities include all accrued expenses and fees, including fees of the Investment Adviser, Custodian and vendors providing services to the Portfolio, which are accrued daily. CSAFE Cash's NAV will be calculated on an amortized cost basis as provided for by GASB Statement 79. Colorado Core's NAV will be calculated on a fair value basis as provided for by GASB Statements 31 and 72.

The Shadow NAV for the funds will be calculated at conclusion of each business day based on market pricing received and reviewed by the Fund's Administrator and/or Investment Advisor from the previous day's market close. Colorado Core's Shadow NAV will be used to establish the Transactional Share Price for all subscriptions and redemptions entered into on the trade date. CSAFE Cash's Shadow NAV and amortized book value will be used to establish the Transactional Share Price for all trades entered into on the same business day. The Board of Trustees reserves the right to suspend transactions at that day's price for CSAFE Cash and Colorado Core should a significant but unlikely event give the Board or its Investment Advisor reason to believe that the Fund's Shadow NAV has materially changed. In such a situation, transactions may be executed at a price established by the Funds' Shadow NAV at the close of business or any subsequent day when market valuations can be accurately determined.

Trustees may discontinue or amend the current practice of attempting to maintain constant NAV of CSAFE Cash Fund at \$1.00 per share and/or the Colorado Core Fund at \$2.00 per share by adopting a modification of this Information Statement with changes reflecting the change in Share pricing policy of the respective fund(s).

## II. STATEMENTS AND TRANSACTION CONFIRMATION

Monthly statements are provided to participants on the first business day after the last business day of the previous month. Statements are provided by 9:30 am mountain standard time via email and are available on CSAFE's website. Participants have the option to opt out of receiving statements via email. Transaction confirmation for all purchase or redemption of shares are emailed to Participants daily at 1:30 pm mountain standard time.

## III. WEBSITE AND PORTAL

CSAFE provides its Participants with a website and portal for account opening information as well as ease of inputting transaction requests (purchase, redemption, or internal transfers). CSAFE's portal is provided by Linedata which uses a two-factor authentication process allowing centralized logging and monitoring in place for anomalous and malicious detection including IDS/IPS, Antivirus and Vulnerability Scanning and Patching within the portal architecture. CSAFE posts its prior, month-end portfolio holdings report by the 5th day of the following month. For ease of CSAFE's Participants and potential participants, all founding documents and account opening forms are found on the website.

## IV. FEES AND EXPENSES

Fees and expenses listed below are in accordance with the current Fund Administrator, Investment Advisor, and Board Administrator/Distributor contracts and may be subject to certain fee waivers. The fees are charged directly against investment earnings. Participants will not incur any direct fees. The annual fees for Administrator and Investment Advisor services are calculated as a percentage of average daily net assets:

Colorado Surplus Asset Trust	
Average Daily Net Assets	Fee
First \$200 million	0.18%
Next \$200 million	0.15%
These fees are accrued daily and payable monthly.	

## V. ELIGIBLE SECURITIES

The CSAFE Board of Trustees has taken actions affecting eligible securities for CSAFE Cash and Colorado CORE funds. The Board of Trustees has exercised its power to invest more than 50% in corporate securities. The Board of Trustees has also authorized the purchase of US dollar denominated securities issued by non-United States corporations.

An additional fee between 2 and 4 basis points is set aside to pay other operation expenses including, but not limited to, expenses of the Board, insurance, legal, audit, rating, custody, and banking services.

## PART 3: Unique Fund Features and Characteristics of the Trust

### I. Fund characteristics

- A. **CSAFE Cash Fund** - Established in 1988, CSAFE Cash is intended for the short-term investment of operational surplus funds of Colorado Local Governmental Entities. In addition to providing Colorado Local Governmental Entities with a competitive yield on surplus cash, CSAFE Cash provides Participants with cash management features including late day cutoff times, lockbox, check writing and automated disbursements by Fed Wire or ACH.
- **Portfolio** – The CSAFE Cash Fund is a highly liquid fund operating similar to a money market like-fund. CSAFE Cash is intended for investment of Participants’ operational and short -term surplus moneys (cash) with an emphasis placed on liquidity and a stable \$1.00 transactional share price. This Fund complies with the National Association of State Treasurer’s “*Voluntary Guidelines for the Operation of Stable Value Local Government Investment Pools*”. CSAFE Cash seeks to meet or exceed the minimum liquidity limits of these guidelines as well as those found in GASB Statement 79 and the S.E.C.’s Rule 2a-7. CSAFE publishes its fair market valuation (Shadow NAV) daily and its holdings monthly. This Fund is rated AAAM by Standard & Poor’s.
  - **GASB Methodology** -CSAFE Cash operates under GASB Statement 79, Amortized Cost Basis methodology, for the determination of transactional share price. GASB 79 Methodology exempts Participants from a valuation disclosure required of some fair value funds by GASB Statements No. 31 and No. 72.
  - **Share Price Methodology** - The CSAFE Cash Fund calculates and publishes a Shadow NAV daily using third party supplied, marked-to-market pricing with internal daily validation and monitoring. Use of Amortized Cost Basis requires that such use results in no material deviation from marked-to-market valuations. This Fund uses rounding at two decimal places (penny rounding) for the determination of transactional share price. The CSAFE Cash Fund seeks to maintain a constant \$1.00 transactional share price. Should Shadow NAV for CSAFE Cash breach \$0.9975, certain fund restrictions are imposed to limit further Shadow NAV deterioration as specified by Standard & Poor’s Principle Stability Fund Rating Methodology.
  - **Purchase & Redemption Restrictions** - Minimum initial balance required to open a CSAFE Cash account is \$1 and the minimum transactional amount is \$1. The fund transacts in fractional shares above \$1.00 out to \$0.01. There are no limits on the number of transactions per month and funds received by stated cutoff times are credited same day. CSAFE Cash features cash management tools including check writing and later same day cutoff times for the convenience of its



Participants. Deposits (purchases) can be initiated on the CSAFE Portal after logging into the Account Access area.

- **Fund Benchmark** – S&P GIP 7 Day Net Yield as published on Bloomberg Analytics under symbol LGIP7D.
  
- **Rating Agency** – CSAFE Cash Fund is rated AAAM by Standard & Poor's Global. S&P describes this rating as, "An S&P Global Principle Stability Fund Rating (PSFR), also known as a "money market fund rating" is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value) and to limit exposure to principal losses due to credit risk. A fund rated 'AAAM' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAM' is the highest principal stability fund rating assigned by S&P Global Ratings."

- **Eligible Investments and Restrictions of the Fund**

As allowed for and restricted by C.R.S. 24-75-601.1 et seq.:

- U.S. Treasury & Agency Securities
- U.S. Government Instrumentalities
- Municipal Securities
- Repurchase Agreements
- Supranational and non-United States sovereigns Shares of certain money market funds
- Shares in other Colorado Local Government Investment Pool Funds inclusive of other funds offered by the Trust. If the fund is another fund of the Trust, any Advisor/Administrator/Board fees paid on its shares shall be rebated to the investing Fund or waived prior to payment.
- U.S. dollar denominated, senior debt instruments issued by corporations.
- Public Deposit Protection Act eligible bank deposits.
- Negotiable Bank Certificates of Deposit (as authorized August 3, 2019 via Colorado General Assembly HB 19-1179).
- Reciprocal FDIC Stacking Deposits.

➤ **Portfolio Composition, Diversification and Liquidity Requirements**

- The investment portfolio will be structured in such manner as to provide sufficient liquidity to pay expected redemptions. Rule 3 CCR 704-1-519.4(C)(2) requires that “sufficient liquidity be maintained to enable funding of all reasonably expected cash needs given the participant composition and history as well as economic and market conditions”.
- At least 90 percent of the fund’s portfolio shall be highly liquid investments and deposits. Liquid investments include investments that can be redeemed or sold within five business days.
- The fund shall maintain 10% overnight and 30% five business day liquidity as defined by GASB Statement 79.
- Exposure to any single corporate, supranational or municipal issuer shall be limited to 5% of the total fund portfolio. This limit shall be inclusive of rollups in exposure contained in asset backed securities.
- Limit on Maximum Maturity – the Trust will only acquire a security or other investment if the investment has a remaining maturity of 13 months or less or 2 years or less in the case of U.S. government floating rate securities.
- The maturity of a security or other investment should be the period remaining until the rate on which the total or remaining principal amount is required to be unconditionally repaid in accordance with the terms of the investment.
- If a security or other investment is subject to a demand feature and CSAFE Cash is not relying on that demand feature, that demands feature should be disregarded for the purposes of determining maturity.
- The portfolio shall maintain a weighted average maturity (WAM) of 60 days or less.
- A weighted average maturity measure expresses investment time horizons—the time when investments become due and payable—in this case, days weighted to reflect the dollar size of individual investments.
- However, certain maturity shortening features, such as interest rate resets, should be taken into account.
- The portfolio shall maintain a weighted average life (WAL) of 120 days or less.
- The maturity of a repurchase agreement or a portfolio lending agreement

should be either (a) the period remaining until the date on which the repurchase (or return) of the underlying securities is scheduled to occur or (b) the duration of the notice period applicable to a demand for the repurchase (or return) of the securities, such as a put option.

**B. Colorado Core Fund** - Colorado Core is designed for the investment of short to intermediate term cash flows that are expected to occur across an entity's forthcoming budgetary cycles. The Colorado Core Fund seeks to maintain a constant NAV but with slightly longer weighted average maturity (WAM) of its portfolio than the CSAFE Cash described above. Participants are limited to three (3) redemptions per month per account in this Fund, similar to the limitations on bank savings and money market accounts.

- **Portfolio** - The Colorado CORE Fund is an ultra-short duration, enhanced cash fund intended for short to intermediate term surplus moneys of its Participants with an emphasis placed on limiting the risk of negative fair market valuations away from \$2.00 while maintaining high credit quality and adequate liquidity. This Fund publishes its fair market valuation (Shadow NAV) daily and its holdings monthly. This Fund is rated AAAf/S1 by Fitch. The S1 is the highest Fund Market Risk Sensitivity Rating. The AAAf rating is the highest fund credit rating from Fitch.
- **Purchase & Redemption of Shares**- this Fund settles T+1 (trade date plus one business day). Total redemptions in any one account in Colorado Core are limited to three (3) per month. Initial investment into the Core Fund requires a minimum of \$100,000. No minimum balance is required after the initial investment has been made.
- **GASB Methodology** - Colorado Core operates under GASB Statement 31 and 72 which is the method for the use of fair market valuation.
- **Share Price Methodology** - Colorado Core calculates and publishes Shadow NAV daily using third party supplied, marked-to-market pricing with internal daily validation and monitoring. This Fund rounds up its Shadow NAV at two decimal places for the determination of transactional share price. This Fund seeks to maintain a constant \$2.00 transactional share price. Should Shadow NAV breach \$1.995, the Board may authorize the reduction and capitalization of interest income. The Board may impose other features or restrictions which seek to reduce fund risk should the Colorado Core Fund Shadow NAV decline below \$1.995. The Board may declare a breach of stable value should this Fund's shadow NAV fall below \$1.990 per share.
- **Fund Benchmark** - Colorado Core seeks investment returns benchmarked against the 90 day rolling average of the 3-month LIBOR rate.

- **Rating Agency** - Colorado CORE Fund is rated AAAf/S1 by Fitch. Fitch describes these ratings with, "Fund Credit Quality Ratings, denoted with a "F" suffix, are an opinion as to the overall credit profile and vulnerability to losses as a result of defaults within a fixed-income fund or portfolio. 'AAAf' Fund Credit Quality Ratings indicate the highest underlying credit quality.

Fund Market Risk Sensitivity Ratings are an opinion as to the relative sensitivity of a portfolio's total return and/or net asset value to changes in interest rate, credit spread and currency risks, and taking into account the effects of leverage and/or hedging, where applicable. Funds rated 'S1' are considered to have very low sensitivity to market risk. On a relative basis, total returns and/or changes in net asset value are expected to exhibit high stability, showing low relative volatility across a broad range of market scenarios. These funds or portfolios offer very low risk exposure to interest rate, credit spread and currency risks, and the effects of leverage and/or hedging, where applicable. "

- **Capital Reserve** - Colorado Core may retain up to 1 basis point of earnings in a Capital Reserve fund which may be released by the Board or Trustees to support Shadow NAV.

- **Eligible investments of Colorado Core Fund:**

As allowed for and restricted by C.R.S. 24-75-601.1 et seq.:

- U.S. Treasury & Agency
- U.S. Government Instrumentalities
- Municipal Securities
- Repurchase Agreements
- Supranational and non-United States sovereigns
- Shares of certain money market funds
- Shares in other Colorado Local Government Investment Pool Funds inclusive of other funds offered by the Trust. If the fund is another fund of the Trust, any Advisor/Administrator/Board fees paid on its shares shall be rebated to the investing Fund or waived prior to payment.
- U.S. dollar denominated, senior debt instruments issued by corporations.
- Public Deposit Protection Act eligible bank deposits.

- Negotiable Bank Certificates of Deposit (as authorized August 3, 2019 via Colorado General Assembly HB 19-1179).
- Reciprocal FDIC Stacking Deposits.

➤ **Portfolio Composition, Diversification and Liquidity Requirements**

- a. The investment portfolio will be structured in such manner as to provide sufficient liquidity to pay expected redemptions. Rule 3 CCR 704-1 519.4(C)(2) requires that “sufficient liquidity be maintained to enable funding of all reasonably expected cash needs given the participant composition and history as well as economic and market conditions.”
- b. At least 90 percent of the fund’s portfolio shall be highly liquid investments and deposits. Liquid investments are investments that can be redeemed or sold within five business days.
- c. Exposure to any single corporate, supranational or municipal issuer shall be limited to 5% of the total fund portfolio. This limit shall be inclusive of rollups in exposure contained in asset backed securities.
- d. The fund shall maintain overnight and five business day liquidity at 5% and 10% respectively.

➤ **Limit on Maximum Maturity** – the Trust will only acquire a security or other investment if the investment has a remaining maturity of 3 years or less.

- a. The maturity of a security or other investment should be the period remaining until the date on which the total or remaining principal amount is required to be unconditionally repaid in accordance with the terms of the investment.
- b. If a security or other investment is subject to a demand feature and the Colorado Core Fund is not relying on that demand feature, that demand feature should be disregarded for the purposes of determining maturity.
- c. The portfolio shall maintain a weighted average maturity (WAM) of 180 days or less.
- d. A weighted average maturity measure expresses investment time horizons—the time when investments become due and payable—in this case, days weighted to reflect the dollar size of individual investments. However, certain maturity shortening features, such as interest rate resets, should be taken into account.
- e. The portfolio shall maintain a weighted average life (WAL) of 365 days or less.
- f. The maturity of a repurchase agreement or a portfolio lending agreement should be either (a) the period remaining until the date on which the repurchase (or return) of the underlying securities is scheduled to occur or (b) the duration of the notice period applicable to a demand for the repurchase (or return) of the securities, such as a put option.

## Part 4: Risks in the Funds

The following is a non-exclusive list of certain risks that investments in the Funds may be subject to. Participants should carefully evaluate these risks before investing in any CSAFE Fund.

**I. Systemic Risk** – Large scale exogenous events could disrupt fixed income markets and the market valuation of securities held by the Funds. The CSAFE Cash and the Colorado Core Fund have established minimum liquidity levels to enhance Participants’ access to liquidity in case of disrupted markets.

**II. Liquidity Risk** – There may not be a market for certain securities held by the Funds due to an anomalous lack of market liquidity. Additionally, liquidity risk could result from an unusually high volume of redemption requests from the Funds. The Funds have established concentration restrictions on security asset types deemed less liquid (illiquid).

**III. Interest Rate Risk (Duration and Convexity)** – The risk of declining Shadow NAV due to an increase in overall interest rates or the shape and slope of the interest rate curve. Each Fund has established restrictions on its maximum Weighted Average Maturity (WAM), Weighted Average Life (WAL), and maximum maturity of securities held so as to diversify this risk to those appropriate for each fund’s stated objectives and benchmark.

**IV. Credit Rating Risk** – The Portfolio rating is not a recommendation to buy, hold or sell shares in the funds. The rating methodologies used by S&P and Fitch may be obtained from those entities.

**V. Credit Spread Risk** – The difference in yield between two bonds of similar maturity but different credit quality.

**VI. Credit Risk** – The risk that scheduled payments of principal and interest will not be met by the issuer as expected.

**VII. Management Risk** – Decisions of the Investment Adviser could result in lower returns or greater risks in the Fund than that which is contained in respective benchmarks.

**VIII. Market Risk** – Certain types of securities held by each Fund may be disrupted resulting in reduced liquidity and deteriorated pricing on securities held. Each Fund has a diversification requirement within the Investment Policy to reduce exposure to market risks.

**IX. Operational Risk** – The risk of loss from errors, omissions, or other actions by the Administrator in the conduct of the Fund’s business activity.

**X. Other forms of Risk** – Other unanticipated and unforeseen forms of risk could negatively impact the stability of the Funds.

**XI. Inescapability from Risk** – CSAFE will continue to seek to implement risk reducing features, policies and restriction on the Funds in order to control risks, however, there is no way to foresee or eliminate all risk and there is no guarantee that expected outcomes from investing in any of these Funds will be achieved.

## **Part 5: JOIN COLORADO SURPLUS ASSET FUND TRUST**

### **I. ELIGIBILITY**

The Trust currently offers two (2) Funds. Any Local Governmental Entity is eligible to participate in the Funds of the Trust pursuant to C.R.S. §24.75.301.1.5.

### **II. SUITABILITY**

It shall be the Participant's responsibility to review the Information Statements for CSAFE Cash and Colorado Core to determine whether these Funds are eligible investments under the Participant's Investment Policy.

### **III. Review the Indenture of Trust**

The Indenture of Trust is a contract among the Participants regarding the pooling of their assets for investment purposes. The Indenture of Trust also describes the operational guidelines, permitted investments, investment policies and limitations on liability, share information, issues related to the Trustees and Officers, and trust custodian's duties.

### **IV. Adopt a Resolution**

The attached model resolution contains a specific approval of the execution of the Indenture of Trust. By joining the Trust, an entity may open accounts in any or all of the Trust's Funds. The resolution should be signed by an authorized individual of the board, commission or council of the governing body, as applicable. Existing Participants in the Trust may find that a previously executed Resolution is sufficient.

### **V. Review Investment Policy**

It may be necessary for an entity to change its investment policy language in order to invest in any or all of the Trust's Funds. Model language for an Investment Policy to enable the local government to invest in funds authorized by Colorado State Statutes and by Colorado State Securities Commissioner under State Rule 3 CCR 704-1 Chapter 9. When opening an account in any Fund the Participant will be asked to verify that investment is allowed by its Investment Policy.

### **VI. Set up a New Account**

The account registration form identifies the authorized signatories on the account, account number and bank information. Send your completed registration form and enacted resolution to CSAFE. Please contact the fund administrator if you need assistance:

Email: [csafe@csafe.org](mailto:csafe@csafe.org)  
Telephone: 1-800-541-2953  
Fax: 303-658-3136  
Mail original documents to:  
CSAFE  
P.O. Box 561194  
Denver, CO  
80256-1194  
Attention: New Accounts

## APPENDIX

### Appendix A – Model Investment Policy Language

- a. Simple adopted from GFOA Model Investment Policy Language:  
([www.gfoa.org/sites/default/files/u2/SampleInvestmentPolicy.pdf](http://www.gfoa.org/sites/default/files/u2/SampleInvestmentPolicy.pdf))

Under List of Eligible Investments, “Colorado local government investment pools rated AAAM or AA AF or their equivalent by a Nationally Recognized Statistical Rating Organization.”

- b. Model Language for an Entity’s Investment Policy, detailed:

Preamble:

Whereas, Local Government Investment Pools are an appropriate and commonly used investment option for the investment of surplus public funds.

Whereas, in January 2017, the State Securities Commission substantially changed State Rule 3 §CCR 704-1 Chapter 9 regulating Colorado Local Government Investment Pools.

Whereas, in 2016, the Securities and Exchange Commission substantially changed Rule 2a-7 which then changed both the eligibility of certain money market funds under Colorado statutes and the operation of Colorado Local Government Investment Pools.

Whereas the Government Accounting Standards Board and the National Association of State Treasurers, in response to the Securities and Exchange Commission’s changes, promulgated, respectively, GASB Statement 79 and the “Voluntary Guidelines for the Management of Stable Value Local Government Investment Pools.”

It, therefore, has become necessary to update and modify our Investment Policy concerning our use of Colorado Local Government Pools.

“Eligible Investments - The [Type of Local Government] may invest in pooled funds created by Colorado Local Government Investment Pools that operate as a unit of local government of the state of Colorado subject to all open records and public meeting laws and that account for their operation under the standards of the Government Accounting Standards Board. Pooled funds which claim amortized cost as a money market like fund for the purpose of reporting their fair market value under GASB Statement 31 shall conform to all provisions of GASB Statement 79. All eligible pooled funds must publish publically their marked-to-market net asset value per share on a daily basis. Investment in any single pooled fund, recognizing that any Local Government Investment Pool may offer multiple distinct pooled funds, is limited to those pooled funds rated AAAM or AA AF or their equivalent by a Nationally Recognized Statistical Rating Organization. This AAAM or AA AF standard may be reduced to that rating assigned by that rating agency to senior obligations of the United States Treasury. Investment in any single pooled fund shall be limited to 50% of the total investments of the [Type of Local Government]. The pool fund shall only invest in eligible investments under Colorado Statutes. All forms of depository products above the amount insured by the FDIC, whether securitized or not, and whether negotiable or not, shall conform to the Colorado Public Deposit Protection Act and be issued by eligible Colorado public depositories.”