

Permissible Investments

And the Indiana code



Office of the Indiana
Treasurer of State

LEGAL ASPECTS OF PUBLIC INVESTING

Goals for investment of public funds:

Safety,
Liquidity and
Yield

Diversification
of Investments

Legally
eligible
investments
that comply
with the
Indiana Code
(IC 5-13 et.
Seq)

INDIANA CODE 5-13: INVESTMENT OF PUBLIC FUNDS

- Chapter 4: Definitions
- Chapter 7: Local Boards of Finance
- Chapter 8: Designation of Depositories
- Chapter 9: Deposit and Investment Powers
- Chapter 11: Investment Cash Management System

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PDIF INSURED ACCOUNTS

Make sure your deposits are PDIF insured

- Are they Public Funds? (IC 5-13-4-20)
 - Fees and funds in the possession of a “Public Officer” by virtue of that office.
 - Public Officer defined in IC 5-13-4-21
- Is the financial institution an approved depository?
www.in.gov/tos/deposit/files/approveddepositories.pdf

PDIF covers losses *above* FDIC limits

- FDIC coverage of \$250,000 per depositor

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HOW TO MAXIMIZE YOUR FDIC INSURANCE COVERAGE

See IC 5-13-9-5.3

- Needs authorization by the board of county commissioners, or fiscal body of each political subdivision to invest in these interest bearing deposit accounts. Examples of this product are Certificate of Deposit Registry Service (CDARS) or Insured Cash Sweeps (ICS)
- Funds initially invested through an approved depository that is a participating depository in the CDARS or ICS programs
- Funds placed in a CDARS or ICS depository are then exchanged with other participating depositories via reciprocating agreements in lots up to \$250,000 to maximize FDIC coverage
- Public funds invested in this manner are not subject to any collateral requirements

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AUTHORIZED BANK PRODUCTS (DEPOSIT ACCOUNTS)

See IC 5-13-4-7

- DDA Checking Accounts
- Negotiable order of withdrawal (NOW) accounts
- Passbook savings accounts
- Certificates of Deposits (CDs)
- Money Market Accounts
- Any interest bearing account that is authorized and offered by a financial institution in the course of its respective business

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TRANSACTION ACCOUNTS:

Any deposit account other than a certificate of deposit

See IC 5-13-4-24

Special rules for political subdivisions

- See IC 5-13-9-4(a)
- Must establish transaction accounts in depositories with branches within political boundaries, subject to restrictions in IC 5-13-8-9(a) through IC 5-13-8-9(e).
- Exception for political subdivisions that cross county lines or those without a depository within its boundaries (or only one), or if no depository will offer a transaction account

Does not apply to county hospitals

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CERTIFICATE OF DEPOSIT REQUIRED PROCEDURES

See IC 5-13-9-4(b)

Every investing officer must obtain 3 quotes on the specific rate of interest for the term of the certificate of deposit

- The quote may be taken by phone
- The quote must be recorded in a memorandum
- The quote must be retained as a public record
- If the deposit is not placed in the institution quoting the highest rate, the fiscal officer must note the reason why
- Can invest in CDs from any depository on state's approved list if county commissioners or political subdivision's fiscal body passes resolution authorizing it (expires on a date no later than **one year** after ordinance or resolution is adopted) See IC 5-13-9-5 (a)

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MONEY MARKET MUTUAL FUNDS

See IC 5-13-9-2.5

Money Market Mutual Fund requirements:

- Must be rated AAA, or its equivalent, by Standard & Poors or Aaa, or its equivalent, by Moody's
- Portfolio of direct obligations of the United States Treasury or other obligations issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise or repurchase agreements with collateral of similar eligible securities.
- Must be purchased through an institution on the state's approved depository list
- Considered to have a final stated maturity of one day

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INVESTMENTS IN ELIGIBLE SECURITIES

See IC 5-13-9-2

Securities backed by the full faith and credit of the United States Treasury or fully guaranteed and issued by any of the following:

- The United State's Treasury (Notes and t-bills)
- Federal agency
- Federal Instrumentality
- Federal government sponsored enterprise (Federal Home Loan Bank)
- Certain municipal securities - **See IC 5-13-9-2 (a)(3)**

Other eligible securities

- Securities issued, assured, or guaranteed by the IBRD or African Development Bank – See IC 5-13-9-3.3

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SECURITIES – CRITICAL CRITERIA

- Use of a broker-dealer that is SEC licensed;
<https://www.finra.org/>
- Use of a custodial bank that is on the state's approved depository list or has combined capital and surplus of at least \$10 million
- Securities may have a maximum maturity of 2 years unless authorized (up to 5 years) by a properly adopted investment policy under 5-13-9-5.7

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REPURCHASE AGREEMENTS

See IC 5-13-9-3

- An agreement involving the purchase and guaranteed resale of securities
- Can be a one time commitment or an ongoing commitment
- Must have a final stated maturity of one day (overnight), rate renewed each day
- Must be fully collateralized; daily determination
- Must be made through a depository on the state's approved depository list

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LOCAL GOVERNMENT INVESTMENT POOL

See IC 5-13-9-11

- Established within the office and custody of the treasurer of state
- An officer may pay any funds held by the officer into the investment pool for the purpose of deposit, investment, and reinvestment of the funds by the Treasurer of State on behalf of the unit of government paying the funds into the investment pool

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LOCAL BOARD OF FINANCE

See IC 5-13-4-18, as established under IC 5-13-7

Local Board of Finance Members

- County – Board of Commissioners & County Treasurer
- County, with consolidated city – County Treasurer, Auditor, Assessor, Mayor, Controller, & President of Board of School Commissioners
- City- Executive & Fiscal Body
- Town – Fiscal Body
- Other – Fiscal body of each political subdivision

Local Board of Finance Responsibilities

Each local board of finance SHALL meet annually after the first Monday on or before the last day of January to complete the following:

- From the board's membership, elect a president and a secretary
- Receive and review the report required by IC 5-13-7-7
- Review the overall investment policy
- The report must contain a summary of all investments made during the previous calendar year

Consult your county attorney or counsel regarding this requirement

Cities, towns, and county hospitals are exempt from meeting requirements

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POLITICAL SUBDIVISION INVESTMENT POLICY

See IC 5-13-9-5.7

The fiscal body of a subdivision may adopt an investment policy authorizing the investment of public funds of the political subdivision for more than 2 years and not more than five years.

The policy must:

- Be in writing
- Be adopted at a public meeting
- Provide for investment of public funds with the approval of the investment officer
- Provide that the investments must be made in accordance with this article
- Limit the total investments outstanding under this section to not more than 25% of the total portfolio of public funds invested by the political subdivision including balances in transaction accounts AND
- State a date on which the policy expires, which may not exceed four years
- An investing officer may contract with an investment advisor or other institutional money manager to make investments under this section

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INVESTMENT CASH MANAGEMENT SYSTEM

See IC 5-13-11

County Board of Finance or the fiscal body for any other political subdivision and the investing officer of a political subdivision may contract with a depository for the operation of an investment cash management system

The contract must:

1. Be in writing;
2. Provide for the investment of funds by the depository with the approval of the investing officer;
3. Provide that the depository keep those records concerning the cash management system that would be required by the state board of accounts;
4. Provide that investments will be made in accordance with this article;
5. Provide that the depository may invest funds in the same investments and for the same terms as the treasurer of state may invest under this article;
6. Not have a term of more than two years;
7. Be awarded under the bidding provisions of IC 5-22.

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BANKING SERVICES & TREASURY MANAGEMENT

- Questions on banking services:
 - Deposit accounts
 - Lockbox
 - Remote capture
 - Positive pay
 - ACH and wire transfers
 - Charge Cards processing
 - E-Check payments
 - Direct deposit
- Suggestions on improving the processing of revenue or payments. Ways to decrease bank fees. Possibly earn interest on checking accounts to help offset fees.
- General operation questions both for accounts receivable and accounts payable.
- Contact Kim Logan at 317-233-0921 or email Klogan@tos.in.gov

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QUESTIONS OR COMMENTS

Mike Frick
Deputy Treasurer

Indiana Treasurer of State's Office
200 W. Washington St., 242
Indianapolis, IN 46204
317-232-0140

mfrick@tos.in.gov
www.in.gov/tos/

Portfolio Manager
Chief Deputy Treasurer



Office of the Indiana
Treasurer of State

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Banking Services



Office of the Indiana
Treasurer of State

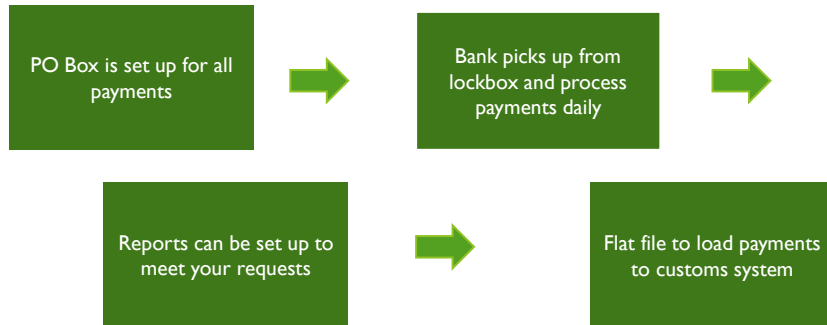
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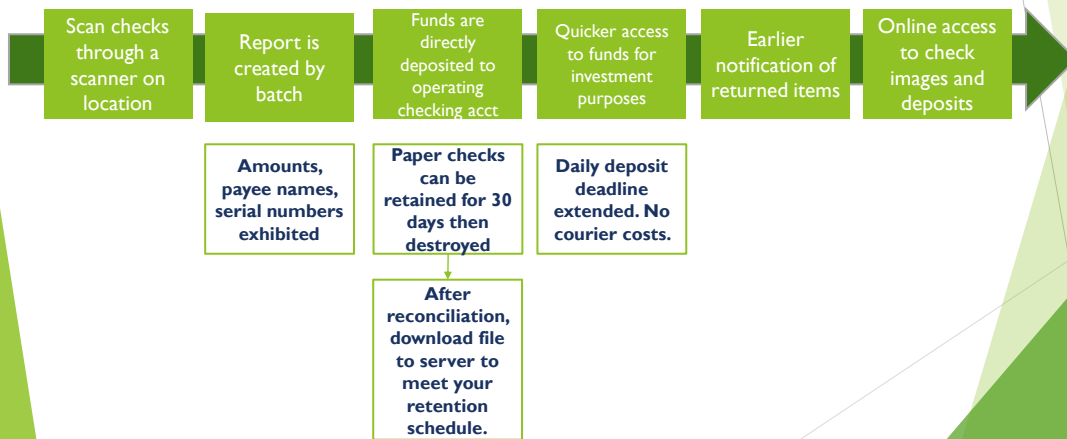
BANKING SERVICES: LOCKBOX



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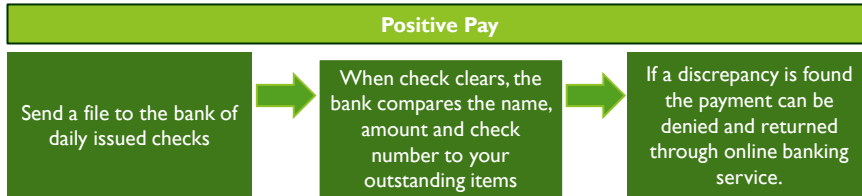
BANKING SERVICES: REMOTE CAPTURE

Remote capture/Image Transmission is the process of scanning and transmitting electronic images of paper checks to financial institutions



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BANKING SERVICES: POSITIVE PAY FOR ISSUED CHECKS



A similar process can be used with a debit block on a checking account. This would allow you to decision all debits before payments posts to your checking account.

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BANKING SERVICE: CHARGE CARD PROCESSING

Is an accepted form of payment for any local unit of government and can use State of Indiana's current contract to process charge cards

Contact:

Katie Potter
Financial Portfolio Contract Manager
Indiana Department of Administration
Indiana Government Center South
402 W. Washington St., RM W468

Phone: 317-234-4998

Email: kpotter1@idoa.in.gov

Local units of government can also use WEX card, T-card and P-card services under the State of Indiana's current contract.

Contact:

Abigail Chittenden
Vendor Contract Manager
Indiana Department of Administration
Indiana Government Center South
402 W. Washington St., RM W468

Phone: 317-234-6906

Email: achittenden@idoa.IN.gov

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QUESTIONS OR COMMENTS

Kim Logan
Deputy Treasurer

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**Treasury management , Banking
products and services, or general
operational questions.**



Office of the Indiana
Treasurer of State

Trust  **Indiana**[®]

Investing for Indiana Local Units of Government

October 2020

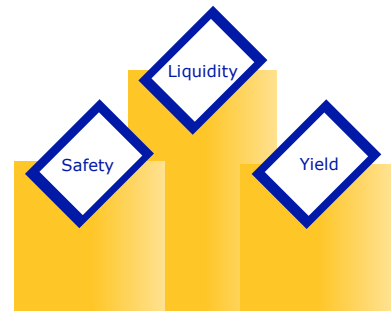
Purpose

The purpose of TrustINDiana is to provide all Indiana local units of government with a convenient, short-term investment opportunity carefully selected to optimize interest earnings while maximizing safety and liquidity.

TrustINDiana was created by and for Indiana local units of government.

Structure

Authorized by General Assembly's passage of Indiana Code 5-13-9-11(b), the State of Indiana created the TrustINDiana local government investment pool within the office and custody of the Indiana Treasurer of State.



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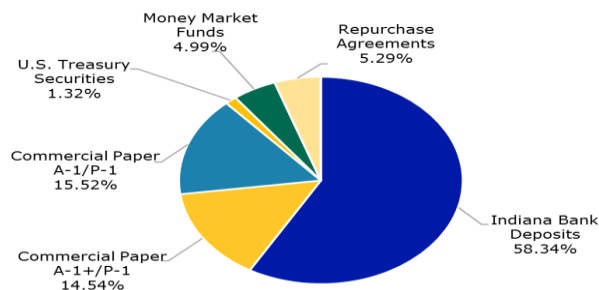
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Indiana Treasurer of State



Any local unit of government (e.g. counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana are eligible to use TrustINDiana for their cash investment needs.

TrustINDiana Participant Breakdown by Entity Type*



Source: Public Trust Advisors. *As of October 31, 2020. Chart may not equal 100% due to rounding.



Kelly Mitchell
Indiana Treasurer of State



Mike Frick
Chief Deputy Treasurer & Portfolio Manager



Duane Jasheway
Assistant Portfolio Manager

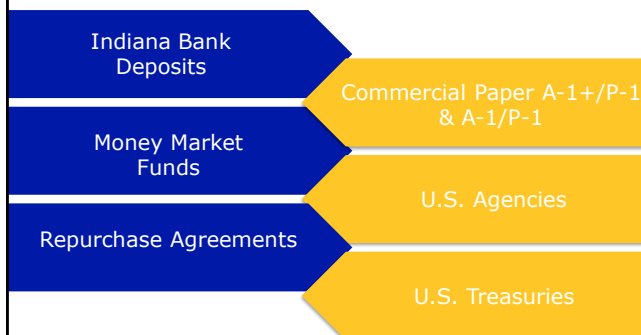


Ryan Locke
Deputy Treasurer, General Counsel, & Executive Director of the Board for Depositories

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Sample Portfolio Composition



More than **50%** of the portfolio is deposited in Indiana banks in accordance with Indiana Code 5-13-9-11.

Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.
Source: Public Trust Advisors. *As of October 31, 2020.

Investment strategy based on Indiana Statutes and TrustINDiana Investment Policy.

The TrustINDiana portfolio is marked-to-market daily and seeks to maintain a stable NAV of \$1.00 per share.



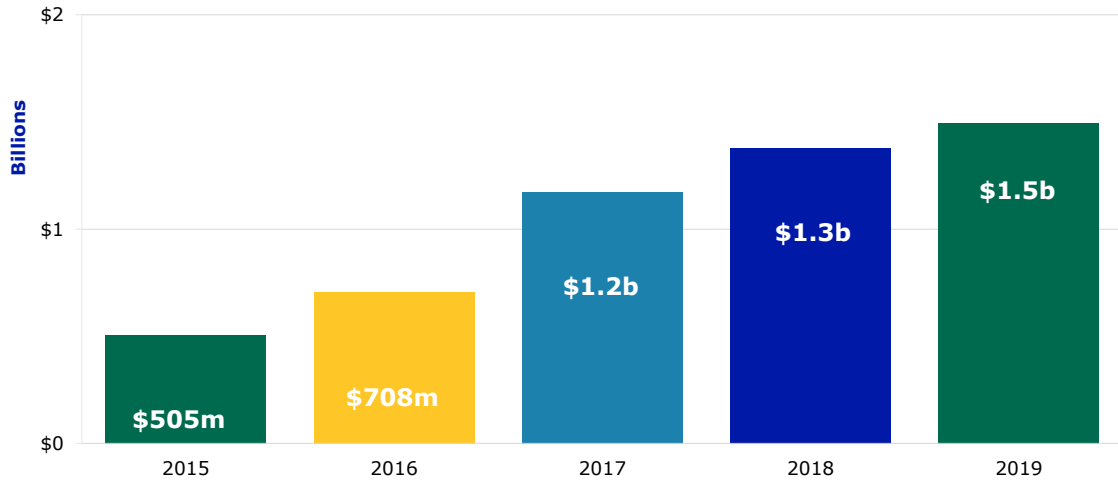
Performance

Our primary goal is to safeguard the public's funds through rigorous credit analysis and exposure management processes while optimizing interest earnings within the given investment parameters.

| 2019-2020 TrustINDiana Average Monthly Yields | | | | | |
|---|------|-------|------|------|-------|
| Oct. | 2020 | 0.11% | Apr. | 2020 | 0.50% |
| Sep. | 2020 | 0.14% | Mar. | 2020 | 1.05% |
| Aug. | 2020 | 0.20% | Feb. | 2020 | 1.64% |
| Jul. | 2020 | 0.25% | Jan. | 2020 | 1.66% |
| Jun. | 2020 | 0.26% | Dec. | 2019 | 1.67% |
| May | 2020 | 0.37% | Nov. | 2019 | 1.68% |

Source: Public Trust Advisors. Performance results for TrustINDiana are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

TrustINdiana Asset Growth



Source: Public Trust Advisors. Data unaudited. Year-end assets are as of December 31. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.** Public Trust Advisors, LLC took over the management and advisory services effective May 1, 2015. All data prior to this date is from the previous Investment Advisor. As both Investment Advisors adhered to the investment policy there may be variances in yield, weighted average maturities, and portfolio composition due to differing investment style.

Benefits of Becoming a Participant

TrustINdiana leverages unique people, processes, and technology to maintain a low cost structure, resulting in more investment income returned back to our Participants.

Return

- Competitive daily yields
- Interest compounds daily

Liquidity

- Same-day liquidity (2:00 p.m. ET cut-off)
- Professionally managed portfolio

Convenience

- Direct deposit of state payments

Additional Features

Deposits by wire or ACH

Secure online access for transactions and account statements

Audited annually by an independent audit firm*

Dedicated Client Service representatives

*External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

Participant Portal Benefits

The TrustINDiana secure online transaction system allows Indiana local units of government to conveniently manage their investments and access reporting.

Key Features:



Participant-to-Participant Transfers

Initiate transfers to other taxing entities with a TrustINDiana account directly through the portal



Unlimited Subaccounts

Set up as many dedicated subaccounts for your convenience for things like payroll



Future Dated Transactions

Entering future dated transactions ensures timely release, even if you are out of the office



Additional Features

No Fees, No Minimum Balance*

The convenience of a checking account without the fees or minimum balance requirements.



Unlimited Transactions

No limit on transactions and no transaction fees from TrustINDiana.



Dual Authorization

Allows your entity to require the approval of two authorized individuals for online transactions.



*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no fees charged from TrustINDiana for such transactions.

Your Resources

Our team is available online, via email, and over the phone to help with any questions you may have. For example, we can help with:

- 1 Rate information
- 2 New accounts
- 3 Adding subaccounts
- 4 Changes to existing accounts





TrustINDiana Client Services Hours of Operation:


Monday – Friday 8:00 a.m. – 5:00 p.m. ET


Daily Cut-Off Time for Transactions:

2:00 p.m. ET

 (888) 860-6242

 www.trustindiana.in.gov/client-services/

 clientservices@trustindiana.in.gov

 717 17th St. Suite 1850
Denver, CO 80202

How to Join

Enrolling in TrustINDiana is simple. Visit the www.trustindiana.in.gov/document-center to download the enrollment documentation needed.

- 1 Read the TrustINDiana Information Statement.
- 2 Complete the TrustINDiana Account Registration Form.
- 3 Submit the TrustINDiana Account Registration Form to the TrustINDiana Client Service Team.

After the approval of the above documents, your local unit of government will receive confirmation that your account has been accepted as a TrustINDiana Participant.

Visit Our Website

Wondering how much money you could have earned on your investment? Take a look at our investment calculator and see the potential revenue your investments could earn.

Amount Invested
\$1,000,000

Start Date
November 1, 2019

End Date
November 1, 2020

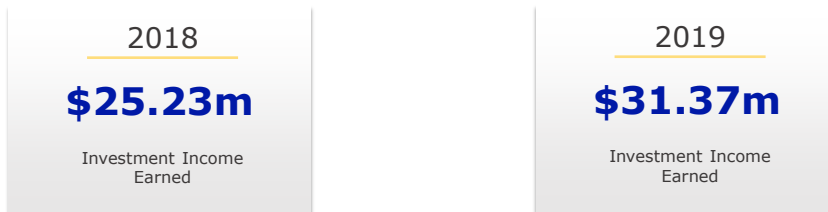
www.trustindiana.in.gov

You would have earned
\$7,911.50
on your investment if you started on
November 1, 2019

Data unaudited. Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

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Investment Income



If you were to invest any of the following amounts in TrustINDiana for the entire year of 2019, here is what you could have earned on your investment:

\$10,000 = \$220.54

\$100,000 = \$2,205.42

\$1,000,000 = \$22,054.24

\$10,000,000 = \$220,542.43

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Contact



Cindy Barger

Director of TrustINDiana



Phone: (866) 860-6242



Mobile: (317) 519-9845



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Disclosure

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Performance results for TrustINDiana are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is not an indicator of future performance or results. Any financial and/or investment decision may incur losses.**

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