Attachment 9

City of Sunnyvale Investment Policy Excerpt

https://www.sunnyvale.ca.gov/home/showpublisheddocument/750/637819125906970000

B. Such funds are registered with the Securities and Exchange Commission and have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations;

C. Such funds have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through j) and with assets under management in excess of $500 million;

D. Such funds include in their prospectus the statement that one of the investment fund's investment objectives is to seek to maintain a net asset value of $1; and

E. Such funds invest only in US Treasury and federal agency securities, and in repurchase agreements backed by US Treasury and federal agency securities.

14. **Municipal Securities**. These include obligations of the state of California, the treasuries or agencies of any other 49 states in addition to California, and any local Agency within the state of California including the City of Sunnyvale to the extent permitted by federal law, provided that:

A. No more than 30% of the portfolio may be in Municipal Securities.

B. No more than 5% of the portfolio may be invested in any single issuer.

C. The maturity does not exceed 5 years from the date of purchase;

D. The rating by a nationally recognized statistical rating organization is in the "A" category or its equivalent or better; and

E. For Municipal Obligations in the form of variable rate demand obligations, the obligations shall be supported by a third-party liquidity facility from a financial institution with short-term ratings of at least A-1 by S&P or P-1 by Moody's. The right of the bondholder to tender the obligation converts these obligations to a short term investment.

15. **Local Government Investment Pools (LGIP)**, provided that:

A. The LGIP is organized pursuant to CGC Section 6509.7;

B. The Pool invests only in securities and obligations authorized in CGC Section 53601;

C. The Pool is managed by an investment adviser registered with the SEC or exempt from registration; and

D. Such adviser has not less than five years of experience investing in securities and obligations authorized in CGC Section 53601 and has assets under management in excess of five hundred million dollars ($500,000,000).

16. **Supranational Securities**. CGC 53601 defines allowable Supranational Securities as United States dollar denominated senior unsecured unsubordinated obligations

2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

5. A schedule for receiving statements and portfolio listings.

6. Are reserves, retained earnings, etc. utilized by the pool/fund?

7. A fee schedule, and when and how is it assessed.

8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Social and Environmental Responsibility

The City has a desire to encourage investments that support sound environmental, social and governance (ESG) investing. While the portfolio may not be classified as an ESG portfolio, investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation is encouraged. Investments are discouraged in entities that manufacture tobacco products, or firearms or nuclear weapons not used in the national defense of the United States, and are direct or indirect investments to support the production or drilling of fossil fuels.

Risk/Safety

The City recognizes that it is subject to the risks of investing in fixed income securities, especially “market risk” and “call risk” which are risks that the value of the portfolio will fluctuate with changes in the general level of interest rates, and “credit risk,” which is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt.

1. Mitigating market risk in the portfolio

   The City recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer term investments with funds which are not needed for current cashflow purposes. The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options (callable securities), will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk: