

**SUMMARY OF STATUTORY INVESTMENT AUTHORITY
AND
HENNEPIN COUNTY’S PROPOSED USE OF INVESTMENT AUTHORITY UNDER STATUTE**

| STATUTORY INVESTMENT AUTHORITY | | | |
|---------------------------------------|---|---|---|
| Instrument | General Investment Authority M.S. Chap. 118A | Additional Investment Authority M.S. 118A.07 | County Guidelines and Practice and Proposed Use |
| Repurchase agreements (RPs) | Permitted. | Permitted. Also authorizes the acceptance of “high risk” mortgage-backed securities as collateral (i.e., collateralized mortgage obligations issued by GNMA, FNMA, FHLMC) provided that the RP is collateralized at 101% or higher. | Staff proposes to utilize the additional investment authority. The county currently accepts collateralization with agency mortgage-backed securities at 102% but does not accept as collateral the types of those securities defined as “high-risk” even though they are allowed. |
| Reverse repurchase agreements (RRPs) | Permitted for periods of 90 days or less and only to meet short-term cash flow needs. | Permitted. Used to meet cash flow needs, and to generate cash for investments with no limit on term, provided that total securities owned shall not exceed 130% of the average daily investable cash from the preceding year, excluding securities with maturities of 1 year or less. | Staff proposes to utilize the additional investment authority using RRP, limiting the amount of investments owned (excluding those with maturities of 1 year or less) to 120% of the average daily investable cash from the preceding year. This is consistent with current and recent past practice. |
| Options contracts | Not permitted. | Permitted on securities owned by the county. | Staff could decide to enter into options contracts under favorable market conditions. |
| Futures contracts | Not permitted. | Permitted. | Staff could decide to enter into options contracts under favorable market conditions. |