

City of Rockville, Maryland

Investment Policy Review

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PFMAM's Investment Policy Review Framework consists of three components:



Existing Investment Policy should elaborate on these sections and include recent additions/updates to legislation, as per State Finance & Procurement Article Section 6-222, Local Government Article 17-204, Code of Maryland Regulations Section 25.03.03 and Code of Maryland Regulations Section 25.03.04

- ▶ Scope
- ▶ Prudence and Ethical Standards
- ▶ Investment Objectives
- ▶ Delegation of Authority
- ▶ Authorized Investment Institutions and Dealers
- ▶ **Permitted Investments**
- ▶ Credit Ratings
- ▶ Collateralization
- ▶ Safekeeping and Custody
- ▶ Maturity and Liquidity Requirements
- ▶ Risk and Diversification
- ▶ Internal Controls
- ▶ Performance Measurement
- ▶ Reporting
- ▶ Investment Policy Adoption

Based on PFMAM's review, Rockville's Investment Policy should update existing sections to be in line with the APT US & C* Investment Policy Requirements

- ▶ Policy/Purpose
- ▶ Scope
- ▶ Prudence
- ▶ Objective (Safety, Liquidity, Yield)
- ▶ Delegation of Authority
- ▶ Ethics and Conflict of Interest
- ▶ Authorized Financial Dealers and Institutions
- ▶ Authorized & Suitable Investments
- ▶ Investment Pools/Mutual Fund
- ▶ Collateralization
- ▶ Safekeeping and Custody
- ▶ Diversification
- ▶ Maximum Maturities
- ▶ Internal Control
- ▶ Performance Standards
- ▶ Reporting
- ▶ Investment Policy Adoption
- ▶ Glossary

Existing Investment Policy should update language in the existing section to meet the GFOA Investment Policy Best Practices recommendations

- ▶ Scope and investment objectives
- ▶ Roles, responsibilities, and standards of care
- ▶ Suitable and authorized investments
- ▶ Risk Management
- ▶ Investment diversification
- ▶ Safekeeping, custody, and internal controls
- ▶ Authorized financial institutions, depositories, and broker/dealers
- ▶ Risk and performance standards
- ▶ Reporting and disclosure standards
- ▶ Implementing the Policy

Sector Allocation Comparison Sample

Sector	Rockville (2024)	Rockville (draft)	State (2025)	Mont. County (2014)	Prince George's (2023)	Howard County (2025)
U.S. Treasuries	100%	100%	100%	100%	100%	100%
Federal Agencies	100%	100%	100%	75%	90%	100%
Supranationals	35%	40%	40%	0%	70%	40%
Corporate Bonds	0%	25%	25%	0%	0%	0%
Municipals	35%	25%	25%	0%	100%	25%
Foreign Sovereign Debt	0%	0%	20%	0%	0%	0%
Agency Mortgage-Backed Securities	0%	25%	25%	0%	0%	0%
Asset-Backed Securities	0%	25%	25%	0%	0%	0%
Negotiable Certificates of Deposit	0%	35%	35%	0%	0%	0%
Non-Tradeable CD's	0%	35%	35%	25%	80%	35%
Commercial Paper	10%	35%	35%	10%	10%	35%
Bankers' Acceptances	35%	20%	20%	25%	0%	20%
Repurchase Agreements	35%	75%	75%	50%	80%	75%
Money Market Funds	100%	50%	50%	50%	100%	50%
MLGIP	100%	100%	100%	50%	100%	100%

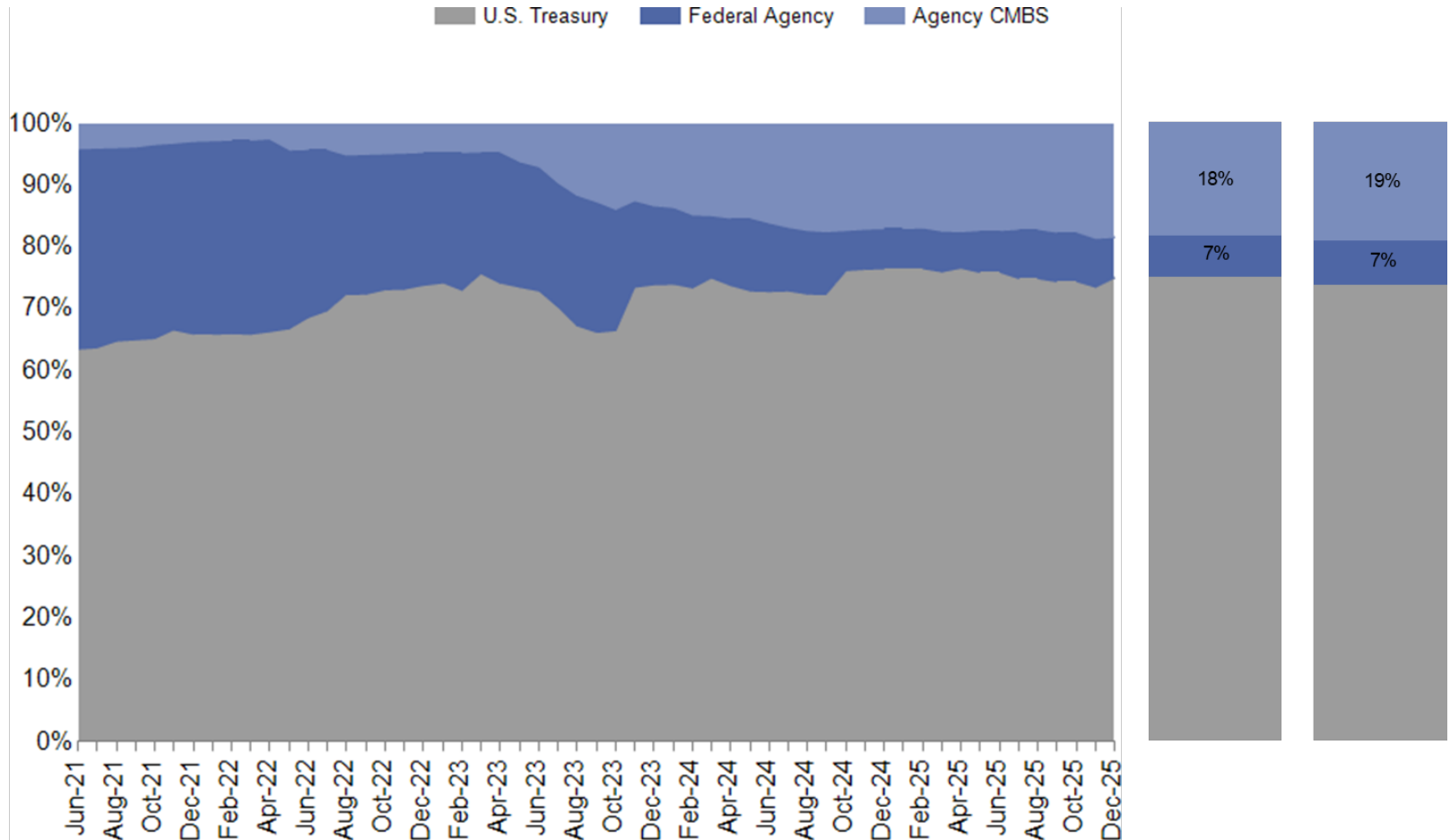
Representative peer sample of investment policy permitted investments and sector maximums. Each investment policy contains detailed requirements including, but not limited to, additional permitted investments, issuer maximums, maturity specifications and minimum ratings levels.

Summary of Recommendations for Consideration

- ▶ Increase policy limits for Permitted Investments pursuant to updated language in the Code of Maryland Regulations.
 - ▶ Maryland Statutes were updated in the Fall of 2024
 - ▶ Maryland Code of Regulations revised April 2025
 - ▶ State Treasurer's Investment Policy dated May 20, 2025



Historical Sector Allocation



Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM.

For the period of June 2021 through March 2026



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