

# Memorandum

**To:** Leslie DeReche, Chief Financial Officer  
*Town of Paradise Valley*

**From:** Annette Gaston, Director  
*PFM Asset Management LLC*

**RE:** 2026 Investment Policy Review

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PFMAM has undertaken a review of the Town’s Investment Policy (“Policy”). The Policy is well-written and in compliance with sections of the Arizona Revised Statutes (“Statutes”) that govern the investment of public funds.

While no changes are required at this time, there are a few changes being proposed that, if implemented, will: (i) more closely align Policy language with Arizona Revised Statutes and industry best practices and (ii) broaden permissible investment sectors to improve the diversification and risk/return profile of the Town’s investment portfolio. Below we have provided details on the material and recommended changes.

## **Policy Recommendations**

Sections have been outlined below.

### **Authorized Investments and Transactions**

The description of permissible investments in this section has been modified to reflect current language in ARS 35-323. The material changes to this section are outlined below:

2. Government Sponsored Entities (GSE’s): Prior to the revision the policy read: “*Any of the senior debt of United States agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.*” Per state code we’ve added: “***Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities***”

4. Local Government Investment Pools: This section refers to investing in state LGIP. Prior to the update the policy read: “*Pooled Investment Funds maintained by the State Treasurer pursuant to A.R.S. 35-326. The aggregate investment in Pooled Investment Funds shall not exceed \$7.5 million.*” As we continue to align the policy with state code we suggest removing the LGIP limit of \$7.5 million. This section now reads: “***Pooled Investment Funds maintained by the State Treasurer pursuant to A.R.S. 35-326.***”

9. Municipal Bonds - The municipal bond descriptions have been modified to reflect current descriptions in ARS.

In addition, we have added a table that clearly states sector limits.

## **PERMITTED INVESTMENTS TABLE**



Security Type	Arizona Revised Statutes	Town Investment Policy	Investment Advisor Restrictions
U.S. Treasuries	✓	✓	100% max (aggregate)
Federal Agencies	✓	✓	100% max (aggregate)
Negotiable Certificates of Deposit	✓	✓	30% max (aggregate)
Repurchase Agreements	✓	✓	100% max (aggregate)
LGIP	✓	✓	100% max (aggregate)
Arizona Municipals	✓	✓	20% max (aggregate)
Corporate Notes	✓	✓	30% max (aggregate)
Commercial Paper	✓	✓	30% max (aggregate)
Bankers' Acceptances	✓	✓	100% max (aggregate)
Deposit Accounts, Savings Accounts, Time CD's	✓	✓	100% max (aggregate)

Again, while no changes are required at this time, the changes being proposed that, if implemented, will more closely align Policy language with Arizona Revised Statutes.

Annette Gaston  
Director