



Short-Term Investment Policy Statement

Review for State Investment Commission

March 26, 2025

PFM Group
Consulting, LLC

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Agenda

INTRODUCTIONS

ABOUT PFM

SHORT TERM INVESTMENT POLICY
STATEMENT PROJECT

APPENDIX: MORE ABOUT PFM



PFM Treasury Consulting Key Contacts



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Not pictured: Annie Scanlon, SMC



What We Do

**FINANCIAL
MODELING**
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**FINANCIAL
ADVISORY**

**ALTERNATIVE
FINANCE**

**INVESTOR
RELATIONS**

**TREASURY
SOLUTIONS**

**INVESTMENT PROGRAM
ADVISORY**





State of Rhode Island Scope of Services

Project	State of Rhode Island Office of the General Treasurer
Project A – Treasury Assessment & Banking RFP	Phase I <ul style="list-style-type: none">• Assess and inventory the cash and banking activity• Provide recommendations to streamline the functions performed by the Cash team, with a focus on modernizing capabilities and mitigating risk related to cash movement and settlement. Phase II <ul style="list-style-type: none">• Lead the formulation of an RFP for banking services utilized by an array of State entities.• Participate in the evaluation of RFP respondents.
Project B – Investment Program Advisory	<ul style="list-style-type: none">• Advise on updates to the policy statements impacting banking relationships and short-term investment of cash assets.
Project C – Bank Monitoring Tool	<ul style="list-style-type: none">• Provide a tool for the State to monitor the financial strength of its banking providers.



Short-Term Investment Policy Advisory

Advise on updates to the policy statement impacting banking relationships and short-term investment of cash assets.



POLICY WORK HIGHLIGHTS

- **Standardize Policy Document Format**
- **Create Consistency with Best Practice**
- **Institute Shared Compliance Responsibilities**

STANDARDIZE FORMAT

- Standardize documents
- Comply with state statutes
- Design for easier updating of temporarily sensitive information.

CREATE CONSISTENCY WITH BEST PRACTICE

- Define Roles & Responsibilities
[SIC, Treasurer's Staff, Delegated Authority/Outsourced Roles, Depository Institutions]
- Define Investment Manager Vendor Criteria
- Reference Applicable Statute
- Identify Applicable Accounts & Service Providers

SHARED COMPLIANCE RESPONSIBILITY

- Support desired internal protocols related to new banking relationships, account creation and management.
- Instill discipline in service providers' reporting and disclosure.

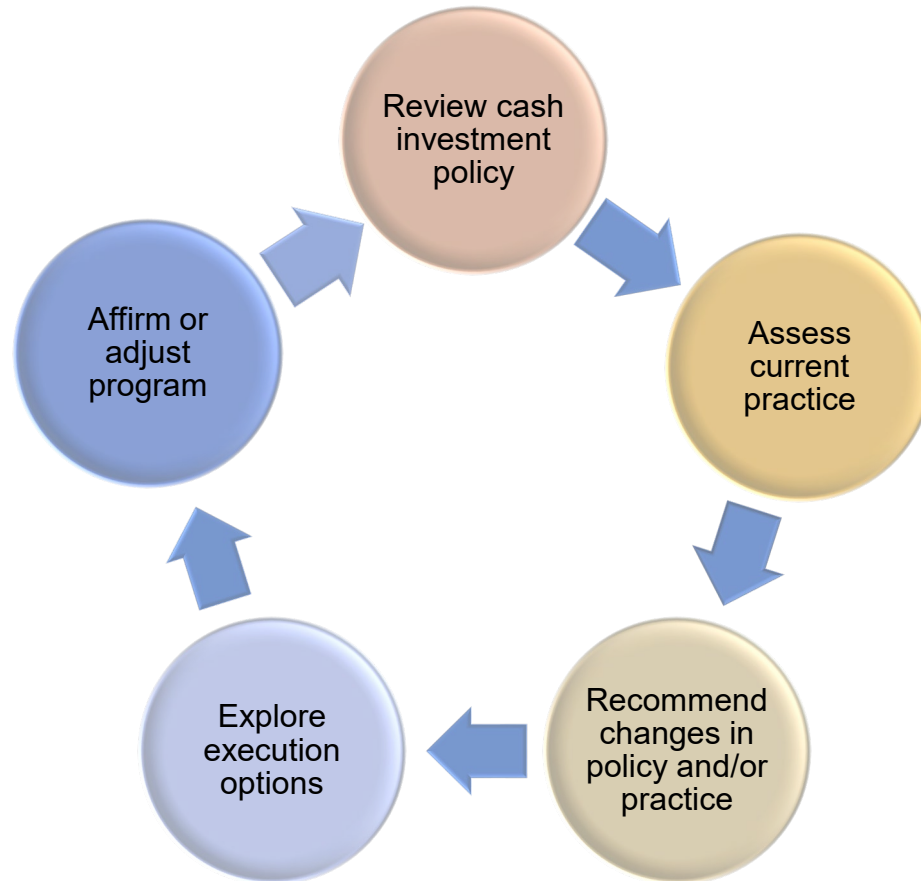


Summary of Key Policy Changes & Rationale

	Proposed Change	Rationale
A	Reformat and standardize the policy document	The proposed design creates an organized structure based on key areas of policy and reduces potential for miscommunication.
B	Require service providers to annually provide financial disclosures	Eases the workload on staff to gather this information and strengthens internal controls
C	Clarify responsibilities of governance, staff and service providers creates improved accountability parameters.	Additional clarity supports maintaining a consistent standard of care as personnel and service providers change over time.
D	Concisely defining permitted investment options	Improves alignment with current practice, investment objectives, and performance benchmarking. Included Appendix detail.
E	Annual Review of the IPS to ensure the Policy remains current and relevant.	Consistent with best practices in other States
F	Delete reference to other investments that could be approved by the SIC, without definition	Removes need to include language on prohibited investments, avoid illiquid investments, and provides clarity about permitted investments.
G	Clarify Benchmarks	Incorporated readily available, replicable benchmarks (30 day T-Bills and 3 month FTSE to be consistent across types of investments
H	Reference Authorizing Statutes	Incorporates updated statutes and relevant information to remain current
I	Eliminate duplicate references to Community Deposits but updated the amount approved by the SIC	Eliminates duplicate policy references to Community Deposits to avoid redundant references to program



Continuous Improvement Cycle: Enhance Policy and Optimize Returns



Questions?



pfm

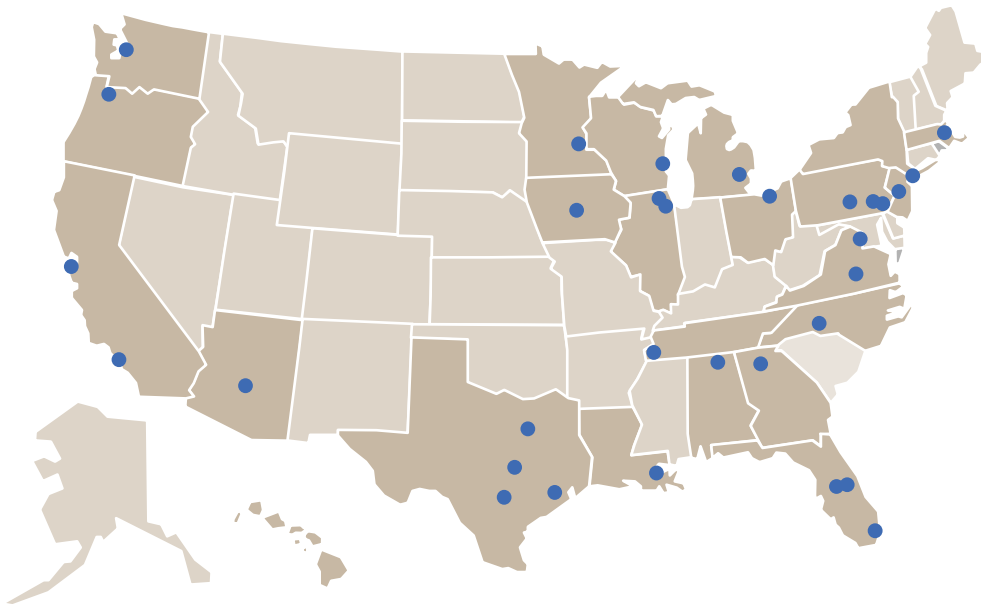


Appendix: More About PFM



National Presence with Local Expertise

- PFM¹ currently has over 300 employees² located in 32 offices and locations across the United States.³
- We leverage our strong market presence, expertise and access to information for the benefit of our clients on every engagement.
- PFM has been ranked the #1 financial advisor for the last 29 years⁴ in the public finance industry, maintaining an expansive national presence.



³According to PFM Internal Resources as of June 30, 2024



300
EMPLOYEES

²Estimated according to PFM internal resources as of June 30, 2024



⁴Ranked by Ipreo in terms of par amount as of December 31, 2023



PFM's Treasury Consulting Group

Choosing the right mix of treasury services and a banking provider for your cash management program often requires significant staff time and experience. PFM's treasury consulting services can improve treasury operations and simplify the process of rebidding and transitioning banking services.

- PFM has been providing treasury consulting services since 1989.*
- Team of eight treasury consulting professionals with practitioner and banking experience.
- We are not affiliated with any bank or trust company.
- We are independent and give independent advice.

Organizational
Treasury
Assessment

Banking Services
RFP
Transition/Project
Partner

Fee analysis and
Negotiation

Investment
Program Advisory

Over the last 5 years, our clients have achieved average **fee savings of 43%** through competitive procurements for general banking services.

*On July 8, 2021, PFM announced that it had entered into a definitive agreement to sell its asset management business, PFM Asset Management LLC ("PFMAM"), to U.S. Bancorp Asset Management ("USBAM"), a subsidiary of U.S. Bank. The transaction settled on December 7, 2021. The treasury consulting practice was a division within PFMAM prior to settlement; however, the treasury consulting business was not a part of the USBAM transaction and has continued to operate independently of any bank or trust company within PFM Group Consulting LLC.

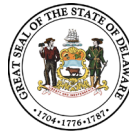
Our Work, Your Mission



State of Hawaii



State of New Mexico



State of Delaware



State of Rhode Island



State of Maine

Banking Services RFP

Treasury Assessment
Banking Services RFP
Transition
Bank Monitoring Tool

Treasury Assessment
Banking Services RFP
Transition
Ad Hoc Treasury Tasks

IPS
Treasury Assessment
Banking Services RFP
Bank Monitoring Tool

Banking Services RFP



Disclosures

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