



May 19, 2016

Mr. Matthew Horning  
Treasurer, City of Ann Arbor  
Mr. Michael Pettigrew  
Deputy Treasurer, City of Ann Arbor

Delivered via email: [mhorning@a2gov.org](mailto:mhorning@a2gov.org) [mpettigrew@a2gov.org](mailto:mpettigrew@a2gov.org)

Dear Mr. Horning and Mr. Pettigrew:

We understand that as a result of state laws and regulations, you are required to ensure that the entities with whom we execute trades on your behalf (typically broker/dealers), acknowledge receipt of your Investment Policy and agree to comply with its terms. In the past, this has been achieved by obtaining an annual certification to this effect from such broker/dealers.

Over the past few years a number of broker/dealers have refused to execute the annual certification and, therefore, we have been forced to eliminate these broker/dealers from the list of those with whom we can trade for your portfolio, and this is a trend that we are concerned will continue. Maintaining access to a wide panel of qualified broker/dealers is critical to seeking best execution for portfolio transactions so, as discussed when we met recently, we have been working to find a solution for you.

As the City of Ann Arbor's investment advisor, we are responsible for conducting investment activities for your portfolio in a manner that is consistent with the portfolio's Investment Policy guidelines. We take this responsibility very seriously and commit significant resources to maintaining a robust compliance testing platform through software and staffing, with pre-trade and post-trade guideline testing.

In light of this, we are requesting that the City of Ann Arbor adopt a change in its Investment Policy to allow Insight Investment to certify that our investment management activities for your portfolio are conducted in a manner that is consistent with the portfolio's guidelines. Allowing us to provide this certification will enable your portfolio to benefit from a larger group of top-tier broker/dealers, which we believe will lead to more competitive prices and greater access to appropriate security types and structures.

Accordingly, the City of Arbor's Investment Policy with redlined changes reflecting our recommendation is attached for your review and approval. In addition to these changes, the updates to the policy we discussed at our recent meeting are reflected for your review. Also included is the certification that will be signed by Insight Investment's Chief Compliance Officer and submitted to you on an annual basis or upon policy revision.

If you have any questions on this information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Mary Donovan" followed by a horizontal line.

Mary Donovan, CFA  
Senior Portfolio Manager