

## MIDA INVESTMENT POLICY

### P6. INVESTMENT POLICY

#### P6-1. Purpose.

MIDA seeks to invest public funds in securities and deposits that provide a high degree of safety and liquidity along with a competitive yield based on prevailing market conditions while meeting the daily cash flow demands. All investments and deposits are placed subject to all applicable state and federal laws pertaining to investment of public funds in the State of Utah.

#### P6-2. Scope.

- (1) This investment policy covers investment of all financial assets of MIDA.
  - (a) Pursuant to the MIDA statute, Section 63H-1-706, property tax allocation funds, municipal services revenue, and appropriations that MIDA receives from the state are public funds as defined by Utah law and are subject to the State Money Management Act.
  - (b) Other financial assets that MIDA may receive, including but not limited to other taxes, utility fees, and bond proceeds, should be prudently invested along with the public funds consistent with MIDA Resolution 2022-14.
  - (c) Funds held by MIDA in a payment-in-kind (PIK) account shall be invested as directed by the United States of America ("Government") subject to any terms of the agreement with the Government establishing the PIK account. Absent any direction from the Government, MIDA may invest PIK funds in accordance with the Utah Prudent Investor Statute, exercising care to not co-mingle PIK funds with funds from any other source for the purpose of making investments.

#### P6-3. Prudence.

- (1) The standard of prudence applied by MIDA's CFO/Treasurer is the "prudent person" and/or "prudent investor" rule. "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well, as the probable benefits to be derived, and the probable duration for which such investment may be made, and considering the investment objectives of MIDA.
- (2) This standard shall be applied in the context of managing the overall investment portfolio of MIDA. The CFO/Treasurer acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for any individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**P6-4. Objectives.**

- (1) The investments shall be made in accordance with the State Money Management Act and MIDA's objectives. These in order of priority are:
  - (a) Safety of Principal: Safety of principal/capital is the foremost objective of the investment program. Investments shall be made to ensure the preservation of capital in the overall portfolio. Investments will be diversified by security type, by industry, by issuer, and maturity date to spread potential investment risks.
  - (b) Liquidity: The investment portfolio shall remain sufficiently liquid to enable MIDA to meet all operating requirements, which might be reasonably anticipated. Efforts to achieve this objective will be focused on matching the term to maturity of investments with the period of availability of funds.
  - (c) Return on Investment: The investment portfolio shall be designed with the objective to earn a market rate of return throughout budget years and economic cycles, taking into account investment risk, legal requirements, and cash flow needs.

**P6-5. Delegation of Authority.**

Authority to manage MIDA's investment program is delegated to the CFO/Treasurer by Resolution 2022-14. The CFO/Treasurer is responsible for investment decisions and activities pursuant to this policy.

**P6-6. Ethics and Conflicts of Interest.**

Those involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The overall program shall be designed and managed with a degree of professionalism worthy of the public trust.

**P6-7. Authorized and Suitable Investments.**

- (1) MIDA may place public money in investments/deposits pursuant to this policy. In general, subject to the limitations of Utah State Money Management Act, Section 51-7-11, these investments can be any of the following security types:
  - (a) U.S. Treasuries;
  - (b) federal agencies and instrumentalities;
  - (c) commercial paper;
  - (d) bankers Acceptances;

- (e) publicly traded fixed rate corporate obligations;
- (f) certain variable rate securities and negotiable certificates of deposit;
- (g) deposits with the State Public Treasurer's Investment Fund; and
- (h) certain fixed rate negotiable deposits with a certified depository.

**P6-8. Investment Pools/Money Market Mutual Funds.**

- (1) MIDA upon thorough investigation of the pool/fund shall require the following from the Utah Public Treasurers' Investment Fund or similar qualified pool/fund prior to any investing with said pool:
  - (a) Monthly statement detailing all transactions on each investment account held by MIDA such as:
    - (i) Date and account number for each account.
    - (ii) Reference date for each transaction.
    - (iii) All deposits and withdrawals listed by date.
    - (iv) Report period covered.
    - (v) Balance for each account.
    - (vi) Account Summary: Beginning balance, deposits in the period, withdrawals in period, ending balance, gross earnings, fee, net earnings, average daily balance, gross earnings rate, net earnings rate.
  - (b) Every six months, provide a statement of how the Pool/Fund invests said funds and how often the securities are priced and how often the Pool/Fund is audited.
  - (c) A current copy, at least annually, of the State Money Management Act and Rules of the State Money Management Council.
  - (d) Receive quarterly, a copy of the approved list of depository institutions that have been Qualified as depositories to receive public funds. Also included will be a listing of the allowable Maximum Amount of Public Funds allowed per institution.
  - (e) Receive quarterly a copy of the listing of Certified Dealers and their Agents who are certified to receive Public Funds.

**P6-9. Diversification.**

Investments entered into by MIDA shall be diversified by security type, industry, institution, and maturity to spread potential investment risk and return among many classes of investments. As measured by cost, the portfolio shall be invested no more than 50% in any one class of investments (This restriction does not apply to U.S. Treasury Bonds, Notes, and Bills; U.S. Government Agency and Instrumentality Obligations; and the Utah State Public Treasurer's Investment Fund).

**P6-10. Internal Control.**

The CFO/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the funds of MIDA are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

**P6-11. Performance Standards.**

Market yields shall be sought throughout the budget and economic cycle consistent with the overriding objectives stated. In keeping with applicable laws and MIDA's investment strategy, funds will be placed for investment and not speculation, (i.e., technically referred to as a passive investment strategy). The benchmark standard for rate of return on MIDA's portfolio shall be the average rate of return on similar investments and portfolios such as 6-month U.S. Treasury bills and the Utah State Public Treasurer's Investment Fund.

**P6-12. Reporting.**

Management reports on MIDA's portfolio are generated and distributed quarterly to the Executive Director and reported to the Board.

**P6-13. Investment Advisors.**

The CFO/Treasurer shall follow RULE 19 of the Rules of the Money Management Act when retaining an Investment Adviser.

**P6-14. Policy Adopted.**

Per Resolution 2022-14 this is deemed adopted upon approval of the Executive Director.