

CHAPTER 4 INVESTMENT

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PREFACE

This Chapter of the P&P is intended to be consistent with applicable sections of the State Money Management Act, Utah Code Ann. Title 51, Chap. 7 (“MMA”), and applicable Rules of the Money Management Council, Utah Admin. Code R628 (“MMC Rules”). The MMA and MMC Rules are intended to protect public investments by addressing safety of principal, diversification, liquidity and accountability. The Board may set policies and procedures that provide greater protections of District investments, but not lesser protection. Any inconsistencies between this Chapter and the MMA or the MMC Rules should be resolved accordingly.

4-1 INTENT

- 1) This Chapter is intended to assist the District in lawfully depositing and investing appropriate, available District funds to obtain reasonable security, appropriate liquidity, and reasonable yields.

4-2 CUSTODY OF SECURITIES

- 1) The Treasurer shall have custody of all securities purchased and held by the District or deposited with a qualified depository, bank, or trust company. All securities transactions, including collateral for repurchase agreements entered into by the District, shall be conducted on a delivery-versus-payment basis to either the Treasurer or to a qualifying safekeeping bank or trust company. The direct holding of title of book-entry-only securities by either the Treasurer or a qualifying custodial bank or trust company, for the benefit of the District, must be represented by a receipt, confirmation, or statement issued by the custodian of the book-entry-system. The Treasurer shall maintain appropriate documentation of all deposits, withdrawals and investments.

4-3 AUTHORIZED INVESTMENTS FOR DISTRICT FUNDS

- 1) All investment transactions of the District shall be made in conformance with the MMA, MMC Rules and any directives or guidelines approved by the Board upon recommendation of the Finance Committee. All purchases and sales of securities are to be settled within 15 days of the trade date. The Treasurer may invest or deposit District funds only in the securities or financial instruments in conformance with the MMA, MMC Rules and any directives or guidelines of the approved by the Board upon recommendation of the Finance Committee. The Treasurer shall prepare and submit reports as required by the MMA and MMC Rules and timely provide copies to the Finance Committee. The Treasurer shall prepare and submit any additional reports

requested by the Finance Committee or Board. The Finance Committee shall review the District's investments and deposits at least semi-annually.

4-4 INVESTMENT ADVISOR(S)

- 1) Investment advisor agreements shall comply with the MMA and MMC Rules. Agreements require Board approval, which may include consideration of a recommendation from the Finance Committee. The performance of investment advisors shall be reviewed by the Finance Committee at least annually.

4-5 MAINTENANCE OF A FIDELITY BOND

- 1) The District is required to maintain a minimum Treasurer's fidelity bond in compliance with the MMA and MMC Rules. The Finance Committee shall review the bond at least annually and may recommend additional bond coverage to the Board.

4-6 INVESTMENT OBJECTIVES

- 1) The Treasurer shall consider and meet the following objectives when depositing or investing District funds:
 - a) Safety of Principal - Investments shall be made in a manner which first seeks to ensure the preservation of principal. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Market risk shall be reduced by limiting the average maturity of the portfolio, the maximum maturity of any one security, and by performing cash flow analysis to avoid the need to sell securities prior to maturity.
 - b) Liquidity - In an effort to ensure that the District's portfolio will be sufficiently liquid to meet current and anticipated operating requirements, a cash flow analysis will be performed on an ongoing basis. Investments shall be made so that the maturity dates are compatible with cash flow needs and safety of principal.
 - c) Yield on Investment - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity.