

Indianapolis Public Transportation Corporation (IndyGo)

INVESTMENT POLICY STATEMENT

I. Purpose and Philosophy

This Investment Policy Statement (“IPS”) is set forth to establish the investment objectives and guidelines for Indianapolis Public Transportation Corporation (IndyGo). This IPS also will serve as the primary basis for evaluation of the performance of the investment manager engaged by IndyGo.

The Finance Committee of IndyGo recognizes that the ultimate responsibility for prudent investment decisions and satisfactory investment performance of IndyGo rests with the IndyGo Board of Directors. This responsibility is best achieved by "managing the investment management function" rather than by "being the investment manager." IndyGo believes that the best approach is to:

- A. Establish an investment philosophy.
- B. Set policy guidelines and objectives.
- C. Select a qualified investment manager.
- D. Monitor investment results to assure that policy objectives are being met.
- E. Communicate with those responsible for investment results.

All investment actions and decisions must be based solely on the best interests of IndyGo.

II. Definitions

Finance Committee – subcommittee of the Board of Directors.

Investment Manager – organization that makes investments in portfolios of securities on behalf of clients under the investment objectives and parameters the client has defined. An investment manager may handle all activities associated with the management of client portfolios, from day-to-day buying and selling of securities to portfolio monitoring, transaction settlement, performance measurement, and regulatory and client reporting.

Indiana Code – code of laws for the U.S. state of Indiana. The contents are the codification of all the laws currently in effect within Indiana.

III. Policy Objective

The objective of the policy of IndyGo to invest funds in a manner that will provide the highest investment return possible while maintaining the maximum security of the principal and meeting cash flow demands. All investments will conform to the applicable laws and regulations governing the investment of public funds.

IV. Investment Objectives

The investment objectives of IndyGo are:

- A. Conform to all applicable legal requirements including, but not limited to, IC 5-13.
- B. Shall be undertaken in a manner that seeks to preserve capital. At no time should the safety of the portfolio's principal investment be impaired or jeopardized.
- C. Investment portfolio is to remain sufficiently liquid to enable IPTC to meet those operating requirements that might be reasonably anticipated.
- D. Yield/Return on investment should generate the highest available return without sacrificing the first 3 objectives outlined above.

V. Responsibilities of the Finance Committee

The Finance Committee is responsible for the review and oversight of IndyGo investments. These responsibilities include:

- A. Establishing investment management objectives;
- B. Formulating and adopting investment guidelines and limitations;
- C. Monitoring and evaluating investment managers;
- D. Ensuring and documenting compliance with the IPS.

VI. Investment Manager Responsibilities

The Investment Manager is responsible for making investment decisions. The specific duties and responsibilities of the Investment Manager are:

- A. Implement these guidelines to achieve the objectives of IndyGo as outlined in this IPS;
- B. Notify IndyGo's Finance Committee should circumstances occur in which the Investment Manager believes the guidelines need to be modified to achieve the objectives; and
- C. Outperform the benchmarks which are described herein.
- D. Invest and manage the assets under their supervision in accordance with the guidelines and limitations outlined in this IPS.
- E. Exercise full investment discretion with respect to buying, managing and selling assets held in the portfolio.
- F. Communicate to IndyGo Board all changes pertaining to the portfolio it manages.
- G. The Investment Manager will report any and all occurrences of non-compliance with this IPS.
- H. The Investment Manager will meet in-person with the IndyGo Finance Committee, at minimum, on a quarterly basis.

VII. Duty of Care and Diversification

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 income to be derived.

IndyGo's investment portfolio shall be diversified by institution, investment instruments, and by maturity schedule as much as is practical and prudent.

VIII. Authorized and Suitable Investments**A. United States Government Securities**

1. Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

- a. The United States Treasury.
- b. A federal agency.
- c. A federal instrumentality.
- d. A federal government sponsored enterprise. (IC 5-13-9-2(a)(1))

2. Securities fully guaranteed and issued by any of the following:

- a. A federal agency.
- b. A federal instrumentality.
- c. A federal government sponsored enterprise. (IC 5-13-9-2(a)(2))

B. Municipal Securities - Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase. (IC 5-13-9-2(a)(3))

C. Money Market Mutual Funds - Investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no load, management- type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et. seq.). (IC 5-13-9-2.5(a))

1. *Depositories*. Investments in money market mutual funds, described in IC 5-13-9-2.5(a), shall be made through depositories designated by the State Finance Committee as depositories for state deposits under IC 5-13-9.5. (IC 5-13-9-2.5(b))

2. *Portfolio.* The portfolio of an investment company or investment trust described in IC 5-13-9-2.5 (a) must be limited to the following:

- a. Direct obligations of the United States
- b. Obligations issued by any of the following:
 - i. A federal agency.
 - ii. A federal instrumentality.
 - iii. A federal government sponsored enterprise.
- c. Repurchase agreements fully collateralized by obligations described in subdivisions (a) or (b) directly above. (IC 5-13-9-2.5(c))

3. *Rating.* The form of securities of or interests in an investment company or investment trust described in IC 5-13-9-2.5(a) must be rated as one of the following:

- a. AAAM, or its equivalent, by Standard and Poor's Corporation or its successor.
- b. Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. (IC 5-13-9-2.5(d))

4. *Final Maturity.* The form of securities of an investment company or investment trust described in IC 5-13-9-2.5(a) is considered to have a stated final maturity of one day. (IC 5-13-9-2.5(e))

5. *Transaction Confirmations.* The State Board of Accounts may rely on transaction confirmations evidencing ownership of the form of securities of or interests in an investment company or investment trust described in IC 5-13-9-2.5(a). (IC 5-13-9-2.5(f))

D. Repurchase Agreements - IndyGo may enter into repurchase agreements with depositories designated by the state Finance Committee as depositories for state deposits under IC 5-13-9.5 so long as the agreements involve the political subdivision's purchase and guaranteed resale of any interest-bearing obligations issued, or fully insured or guaranteed, by the United States; a United States government agency; an instrumentality of the United States; or a federal government sponsored enterprise. (IC 5-13-9-3(b))

1. *Definition.* A repurchase agreement is defined as an agreement:

- a. Involving the purchase and guaranteed resale of securities between two parties; and
- b. That may be entered into for a fixed term or arranged on an open or continuing basis as a continuing contract that:

- i. operates like a series of overnight repurchase agreements;
- ii. is renewed each day with the repurchase rate and the amount of funds invested determined daily; and
- iii. for purposes of this article, is considered to have a stated final maturity of one day. (IC 5-13-9-3(a))

2. *Collateral.* The amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by their current market value. This must be determined daily by the depository. (IC 5-13-9-3(b)) If the market value of the obligations being held as collateral falls below the level required under IC 5-13-9-3(b) or a higher level established by agreement, the depository shall deliver additional securities to the political subdivision to make the agreement collateralized to the applicable level. (IC 5-13-9-3(c)) The collateral involved in a repurchase agreement is not subject to the maturity limitation provided by IC 5-13-9-5.6. (IC 5-13-9-3(c))

3. *Ownership.* To ensure that ownership of securities acquired under a repurchase agreement is vested in the governmental unit and to meet the requirements of IC 5-13-9, the repurchase agreements shall be so written as to:

- a. Vest title of securities in the name of the governmental unit;
- b. Described the specific securities acquired; and
- c. Represent a safekeeping receipt for the securities so acquired.

E. Other Authorized Investments

1. Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Redevelopment or the African Development Bank. (IC 5-13-9-3.3)
2. The local government investment pool established by IC 5-13-9-11 and known as TrustINDiana.
3. Certificates of deposits, transaction accounts, and other interest-bearing deposit accounts under the conditions and procedures stated in IC 5-13-9.

IX. Prohibited Investments/Other Restrictions

The investing officer may not purchase securities on margin or open a securities margin account for the investment of public funds. (IC 5-13-9-9)

The total outstanding investments with maturity dates past two (2) years must not exceed twenty-five percent (25%) of the total portfolio of public funds invested by IndyGo, including balances in transaction accounts. (IC 5-13-9-5.7)

X. Maturity of Investments

The investing officer may make investments having a stated final maturity for not more than five (5) years after the date of purchase or entry into a repurchase agreement. (IC 5-13-9-5.7)

XI. Manner of Investing Funds / Interest Earnings

Investments shall be made by fund. All interest devised from IndyGo's investments shall be receipted into the fund of which they are a part unless required otherwise by IC 5-13-9-6. Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to IndyGo at each maturity date and posted to the appropriate fund. Notwithstanding the above, the terms of an existing bond resolution must be followed. The bond resolution should be reviewed, and its terms and conditions adhered to without exception.

XII. Accounting of Investments & Reporting

The Director of Accounting shall maintain an inventory of monthly obligations and securities reports to be made available to the IndyGo Board of Directors upon request clearly provide the following information regarding the investment portfolio; types of investments; depository institutions; principal balances; maturity dates; rates of return; purchases; and sales.

The Director of Accounting shall make an annual written report to IndyGo's Finance Committee summarizing IndyGo's investments during the previous calendar year. The report must contain the name of each financial institution, government agency or instrumentality, or other person with whom IndyGo invested money during the previous calendar year. (IC 5-13-7- 7)

XIII. Investment Policy Term, and Modifications

This Investment Policy terminates four (4) years from the date of enactment. However, the policy shall be reviewed, at minimum, annually by the Finance Committee at which time the board may terminate the policy, readopt the policy, or make modifications thereto. Due consideration will be given to new laws or other conditions that impact this policy and any necessary changes may be made to this policy at any time during the year in response thereto.