

# LEXINGTON FAYETTE URBAN COUNTY AIRPORT BOARD

## INVESTMENT POLICY

In compliance with the Kentucky Revised Statutes, the Board of Directors of the Lexington Fayette Urban County Airport Board (LFUCAB) has adopted the following “Investment Policy” which will be reviewed periodically. In general, the investment objectives of the Board of Directors are as follows:

- A. The specific investment objective of the investment program shall be the investment of the Airport’s assets in securities which shall provide a reasonable rate of total return with a primary emphasis placed upon the preservation of the capital assets of the LFUCAB. (Not included in Airport asset’s and likewise, not subject to this investment policy, are bond proceeds whose investment shall be determined by the bond indenture and Internal Revenue Service regulations)
- B. Establish an investment portfolio that remains sufficiently liquid to enable the LFUCAB to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

It is the policy of LFUCAB to invest funds in accordance with the provisions of KRS 66.480, as more fully described hereinafter.

### **I. Authority and Control of Investments**

- (a) The Board of Directors of LFUCAB will designate, by name, those officers and employees of LFUCAB and/or employees of investment advisory firms retained under written contract to manage investments for LFUCAB who are authorized to invest and oversee the investment of funds;
- (b) All monies and securities shall be under the possession or control of a qualified custodian, which custodian shall be a bank or trust company including, but not limited to, banks and trust companies chartered in Kentucky. It shall be the duty of the custodian to maintain control of all investments of LFUCAB, to collect interest on said investments, and to account for the investments and the income thereon in a manner satisfactory to LFUCAB;
- (c) All brokers, dealers, investment banks and any other entities selling permitted investments to LFUCAB must be approved by the Board of Directors.
- (d) The Board of Directors may enter into contracts with one or more investment advisors to oversee the investment of funds;

- (e) Those persons or firms responsible for investment and oversight of LFUCAB funds shall report to the Board of Directors on a quarterly basis, in person at meetings of the Board of Directors or in writing, or both, as required by the Board of Directors; and,
- (f) The Staff shall present or cause to be presented at least annually for consideration by the Board of Directors of LFUCAB, evidence that all investments have been made in accordance with the stated investment objectives.

## **II. Permitted Investments**

The Board of Directors may invest funds in:

1.
  - (a) Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources, including, but not limited to, national or state banks chartered in Kentucky;
  - (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
    1. United States Treasury;
    2. Export-Import Bank of the United States;
    3. Farmers Home Administration;
    4. Government National Mortgage Corporation; and
    5. Merchant Marine bonds;
  - (c) Obligations of any corporation of the United States government, including but not limited to:
    1. Federal Home Loan Mortgage Corporation;
    2. Federal Farm Credit Banks;
    3. Bank for Cooperatives;
    4. Federal Intermediate Credit Banks;
    5. Federal Land Banks;
    6. Federal Home Loan Banks;
    7. Federal National Mortgage Association; and
    8. Tennessee Valley Authority;
  - (d) Certificates of deposit issued or other interest-bearing accounts issued by any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or which are collateralized, to the extent uninsured, by direct obligations of the United States government;
  - (e) Commercial paper rated in the highest category by a nationally rated rating agency;

- (f) Bonds or certificates of indebtedness of the state of Kentucky and its agencies and instrumentalities;
  - (g) Shares of mutual funds, each of which shall have the following characteristics:
    - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
    - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
    - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
  - (h) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized agency;
2. The investment authority provided by subsection (1) of this section shall be subject to the following limitations:
- (a) The amount of money invested at any time in one (1) or more of the categories of investments authorized by subsections (1)(e), (f), and (h) of this section shall not exceed twenty percent (20%) of the total amount of money invested by LFUCAB; and
  - (b) All investments will be made with cash, without the use of margin or any other leveraging technique.

Inception Date of Investment Policy: 08/09