

Southeast Wisconsin Professional Baseball Park District Investment Policy

**Adopted:
June 11, 2019**

I. DELEGATION OF AUTHORITY

- A.** The Southeast Wisconsin Professional Baseball Park District (“District”) hereby delegates the responsibility and authority for the investment of District funds to the District Treasurer. The Treasurer may delegate all or any portion of the authority granted herein to the Chairperson of the Finance Committee or the District's Executive Director.
- B.** The Treasurer and any other authorized persons acting in accordance with the District’s written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes. The Treasurer will be responsible for ensuring that sufficient liquidity exists to meet District obligations and to maintain District operations in the event of adverse market conditions.
- C.** The Treasurer may engage the services of outside professionals, pursuant to any applicable District policies, so long as the Treasurer reasonably believes that a net financial advantage or necessary financial protection of the District’s resources will be attained. The Treasurer will develop a list of approved Investment Advisors after completing a thorough review of their services and qualifications.

II. OBJECTIVES

The District’s objectives in adopting this policy are to:

- A.** Preserve capital and protect investment principal;
- B.** Maintain sufficient liquidity to meet anticipated disbursement and cash flows;
- C.** Manage the investment portfolio to maximize investment return without compromising the first two objectives;
- D.** Invest as much of the District's funds as is prudent within the five county areas comprising the District.

III. PRUDENCE

In acquiring, investing, reinvesting, exchanging, retaining, selling and managing property for the benefit of the District, the Treasurer or his or her agent shall invest and manage assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the District's Funds. In satisfying this standard, the Treasurer or his or her agent shall exercise reasonable care, skill, and caution.

IV. PERMITTED INVESTMENTS

All investments will be made in accordance with applicable statutes and regulations including, without limitation, Section 66.0603 of the Wisconsin Statutes governing the investment of public funds and as further restricted by this Investment Policy Statement. Permitted investments are:

- A. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association that is authorized to transact business in this state if the time deposits mature in not more than 3 years.
- B. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- C. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.
- D. Bonds issued by a local exposition district under subch. II of ch. 229, Stats., a local professional baseball park district under subch. III of ch. 229, Stats., a local professional football stadium district under subch. IV of ch. 229, Stats., or a local cultural arts district under subch. V of ch. 229, Stats.
- E. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.
- F. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's Investors Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- G. Bonds or securities rated in the top two rating categories, by a Nationally Recognized Statistical Rating Organization (NRSRO) at the time of purchase. If any such security falls below the minimum rating category,

AA-/Aa3, the Southeast Wisconsin Professional Baseball Park District Treasurer will be notified by the District's Investment Manager and asked to approve or reject their recommendation to hold or liquidate. In the absence of the District Treasurer, the decision will be made by the Chairperson of the Finance Committee. Factors, in addition to the Investment Manager's recommendation to be considered, are the dollar value of the investment, the gain or loss that will be incurred by the decision to sell and the length of time before maturity of the investment. The Finance Committee will be notified of the sell or hold decision at its next scheduled meeting.

- H.** Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the investment company act of 1940, and if the portfolio of the investment company or investment trust is limited to the following:
- 1.** Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
 - 2.** Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
 - 3.** Repurchase agreements that are fully collateralized by bonds or securities under H(1) and/or H(2) above.

V. DIVERSIFICATION

It is the District's intent to diversify the investments made under this policy to avoid exposure to unreasonable risks associated with the volatility of any single, particular investment. The allocation of the investment portfolio, however, shall be flexible depending upon the District's anticipated cash flow needs and the outlook for the economy and securities markets.

Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U. S. Government issues and issues of U.S. Government agencies fully guaranteed as to both principal and interest by the U. S. Government.

VI. MATURITIES

- A.** Maturities of individual securities must be in compliance with Section 66.0603 of Wisconsin Statutes. Maturities may be further restricted by guidelines set forth below.

- B. Individual issues that are guaranteed as to principal and interest by the United States Government or its agencies or a Wisconsin municipality shall not exceed 10 years in maturity from the date of purchase. However, individual issues guaranteed as to principal and interest by the United States Government or its agencies with maturity dates greater than 10 years may be purchased if it is designated for a specific future liability and is held in an Asset – Liability Matching Fund as authorized by the Board of Directors.
- C. For floating rate securities, the time to coupon reset shall be used as the effective maturity.
- D. For paydown securities, the average life shall be considered the effective maturity date.

VII. INVESTMENT PROCEDURES

Investment transactions will be competitively transacted between those institutions or brokers authorized by the District. For each transaction other than investments in Local Government Investment Pool for the State of Wisconsin, at least two quotes shall be obtained. Such quotes shall disclose all fees, costs, and interest rates associated with the transaction. The transaction representing the best value for the District will be executed.

VIII. SELECTION OF SAFEKEEPING AND DEPOSITORY INSTITUTIONS

The District will approve a list of authorized banks and financial institutions which may provide depository and other financial services for the District. To be eligible for authorization, a bank must be a member of the FDIC and meet minimum credit criteria as determined by the District Treasurer. To be eligible for designation as a safekeeping and custodian financial institution it shall have an acceptable rating by an independent rating agency as determined by the Treasurer. Any financial institution currently providing depository or other financial services to the District shall be subject to these same requirements. The Treasurer will maintain a list of eligible institutions.

Each financial institution authorized under this section will be required to submit annual audited financial statements or an SEC Form ADV Part II to the Treasurer. The Treasurer shall cease conducting business with any authorized financial institution which fails to submit reports as herein required. Each authorized financial institution shall attest in writing that it has received a copy of this policy.

The District shall retain the services of only depository and safekeeping institutions as authorized above.

VIX. REPORTING REQUIREMENTS

The Treasurer or designated Bank Trustee Firm will submit to the Finance Committee a quarterly report indicating investment activities for the preceding quarter and year. The Trustee will prepare the report for the District Board on the investment portfolio earnings and performance results of the District's investment portfolio. The report will detail all investments held by or for the District and the cost, book value, and most recent market value of the portfolio.

X. SAFEKEEPING

INVESTMENTS

The safekeeping and custody of securities owned by the District will be managed in accordance with Wisconsin law. Prior to transacting business with the District, financial institutions will:

1. be approved by the Treasurer in accordance with District policies;
2. if deemed necessary by the Treasurer, execute a Safekeeping or Custody Agreement; and
3. Provide evidence of professional liability insurance and a fidelity bond for any collateralized deposits in excess of the amounts guaranteed by the FDIC or any guarantee program of the State of Wisconsin.

Securities will be held by a third-party safekeeping institution if the District employs the services of a Registered Investment Advisor. The safekeeping institution shall provide a copy of its most recent report on internal controls – Service Organization Control Report prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16. If the District uses a Trust Company as investment manager, the assets may also be held with that trust company if the firm is authorized to do business in the State of Wisconsin and is regulated by either the Office of the Comptroller of the Currency (National Charter) or the Wisconsin Department of Financial Institutions (State Charter). The trust company shall provide a copy of its most recent Independent Service Auditors Report.

Custodian banks will be selected on the basis of their ability to provide service to the District's accounts and their relative pricing of safekeeping related services.

All securities purchased by the District will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by a District approved custodian bank.

All registered securities held by a custodian shall be registered in the name of the District or in the name of a nominee of the District or in the name of the custodian or its nominee or, if in a clearing corporation, in the name of the clearing corporation or its nominee.

The custodian will be required to furnish the District with monthly reports of holdings of custodied securities as well as an account analysis report of monthly securities activity.

BANK DEPOSITS

The Treasurer shall ensure that amounts on deposit do not exceed collateralized amounts guaranteed by the financial institution, consistent with this policy. The custodian shall send to the Treasurer statements of pledged collateral on a quarterly basis or as changes occur. Collateral held by a trust institution supporting investments permitted hereunder must meet the following requirements:

1. Collateral must be equal to at least 100% of market value of the amount invested plus interest to be earned at the time of investment. Collateral shall be mark-to-market on a quarterly basis or as changes occur.
2. Collateral will include:
 - a. Securities of the U.S. Treasury or a Governmental Agency as defined by the Federal Reserve.
 - b. U.S. Government securities which are fully guaranteed by that government agency.
 - c. General municipal obligations that are rated second higher or higher by Standard and Poor's Corporation or Moody's Investors Service, Inc.

Amounts on deposit in excess of FDIC and State Deposit Guarantee Fund guaranteed amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. Acceptable collateral for such purposes shall include that identified in paragraph 2 above.