

Indianapolis Airport Authority

Investment Policy

1.0 Policy:

It is the policy of the Indianapolis Airport Authority (“Authority”) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all state/local statutes governing the investment of public funds. In general, Authority investments must comply with IC 5-13-9 and Indiana Statute overrides any conflicting information in this policy.

2.0 Scope:

This Investment Policy Statement applies to the investment of all public funds by the Treasurer of the Authority or any designated representative thereof. These funds are accounted for in the Authority Comprehensive Annual Financial Report and include:

1. Unrestricted balances
2. Restricted balances

3.0 Prudence:

Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion and intelligence acting in a similar capacity exercise in the management of funds for a similar type organization.

4.0 Objective:

The primary objectives, in priority order, of the Authority investment activities shall be:

1. Preservation of assets
2. Liquidity
3. Yield

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

4.2 Liquidity: The Authority investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The Authority investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

The Authority shall manage the Authority's investments per IC 8-22-3-20 and IC 5-13-9. Management shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, including those identified below.

Responsibility for the investment program is hereby delegated to:

1. Authority Board-Appointed Treasurer

6.0 Ethics and Conflicts of Interest:

The Authority's officers and employees 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.

7.0 Authorized Financial Dealers and Institutions:

No public deposit shall be made except in a qualified public depository as established by state laws. The Treasurer will maintain a list of such qualified institutions.

Prior to making an initial deposit with a qualified institution, the Treasurer will obtain the institution's most recent Tier 1 risked-base capital ratio report. The Authority will not make an initial deposit with an institution whose Tier 1 risked-based capital ratio is less than 6%.

The Treasurer also will maintain a list of financial institutions authorized to provide investment services and a list of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Indiana. These may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: proof of National Association of Security Dealers certification, proof of state registration, and certification of having read entity's investment policy and depository contracts.

An annual review of qualified firms will be conducted by the Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority invests funds. The Treasurer will obtain Tier 1 risk-based capital ratio reports from all depositories with whom the Authority has deposits no less than quarterly. The Treasurer will report to the Authority's Finance and Audit Committee if any institution's ratio falls below 6%.

8.0 Authorized & Suitable Investments:

The Authority is empowered by statute to enter into the following types of investments per IC 5-13-9.

8.1 Securities: The Authority is empowered by statute to invest funds per IC 5-13-9-2 and IC 5-13-9-2.5 in the following types of 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.

(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.

(3) 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.).

(A) Such investments shall be made through depositories designated by the State Board of Depositories as depositories for state deposits under IC 5-13-9.5.

(B) The portfolio of such investments must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
 - (a) A federal agency.
 - (b) A federal instrumentality.
 - (c) A federal government sponsored enterprise.
- (3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2).

(C) the form of securities in such investments must be rated either:

- (1) AAAM, or its equivalent, by Standard and Poor's Corporation or its successor.
- (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

(4) Funds may be invested in deposit accounts offered by a designated depository approved by the State Board of Depositories, or fully collateralized repurchase or resale agreements with such approved depositories. (IC 5-13-4-7)

- (5) 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.

8.2(a) Certificates of Deposit: Per IC 5-13-9-4, the investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository (any financial institution designated by the State Board of Depositories as depositories for state funds per IC 5-13-9.5) will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion.

If all of the designated depositories of a political subdivision decline to issue or receive any deposit account, or to issue or receive the deposit account at a rate of interest equal to the highest rate being offered other investors, investments may be made in the deposit accounts of any financial institution designated for state deposits as a depository by the State Board of Depositories under IC 5-13-9.5.

8.2(b) Syndicated Certificates of Deposit: Per IC 5-13-9-5.3, the investing officer may invest funds in a syndicated certificate of deposit if (1) the investing officer initially invests funds with an approved depository, (2) the depository arranges for deposit of the funds in one or more federally insured financial institutions, (3) the full amount of funds on deposit with each financial institution is insured by a federal deposit insurance agency, (4) the depository acts as custodian of the funds, and (5) the depository receives an amount of insured deposits at least equal to the amount of funds invested by the investing officer.

8.3 Repurchase Agreements: Repurchase agreements, including standing repurchase agreements, commonly known as sweep accounts, must be with depositories designated by the State Board of Depositories as depositories for state funds per IC 5-13-9.5. A repurchase agreement may only be for securities which are issued or fully insured or guaranteed by the United States, a United States government agency, an instrumentality of the United States, or a federal sponsored enterprise. The depository shall determine daily that the repurchase agreements are fully collateralized base on the market value of securities, and the depository shall deliver additional securities to make the agreement collateralized to the applicable level. The collateral involved in a repurchase agreement entered into under this section is not subject to the maturity limitation provided in section 11.

8.4 Forward Purchase Agreements: The Authority may enter into agreements to purchase securities at a fixed rate or indexed rate over a contractual period not to exceed (30) thirty-years, forward purchase agreements (“FPAs”). The Authority may only agree to receive securities specified in sections 8.1(1) and 8.1(2) of this policy under an FPA. Such securities must mature no later than five (5) years after the delivery date of said securities to the Authority.

8.5 Securities Lending: The Authority is authorized by IC 5-13-9-3.5(c) to lend securities provided that such an agreement is collateralized by either cash or interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities. Notwithstanding section 8.5, the Treasurer shall notify the Authority’s Finance and Audit Committee (as established by the Authority Board) prior to engaging in any securities lending.

8.6 Joint Investment Funds and Investment Pools: The Authority may invest in a joint investment fund with one or more political subdivisions located within the county by entering into a written master agreement that defines the rights and obligations of the participating political subdivisions per IC 5-13-9-10. The Authority must have the investing officer serve on the administering board of the fund. The administrator of the investment fund must have experience in the investment of public funds for governmental entities and be registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (15 U.S.C. 80a-9 et seq.), with public funds under management in the amount of at least one hundred million dollars (\$100,000,000).

The Authority may invest in a local government investment pool established within the office of the treasurer of state per IC 5-13-9-11 and administered by the treasurer of state or another local government investment pool established under IC 36-1-7.

8.7 Other Investments: The Authority is authorized to make any other investment permitted by IC 5-13-9. Notwithstanding section 8.7, the Treasurer shall notify the Authority’s Finance and Audit Committee prior to investing in any investment not specifically allowed in sections 8.1, 8.2, 8.3, 8.4, or 8.6.

9.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Authority shall be conducted either (1) on a delivery-versus-payment (DVP) basis or (2) on a cash basis with an approved broker-dealer. Securities purchased on a DVP basis will be held by a third party custodian designated by the Treasurer and evidenced by a monthly statement. Securities purchased on a cash basis will be held in a safekeeping account with the approved broker-dealer and evidenced by a monthly statement.

10.0 Diversification:

Maturities shall be time diversified over a schedule determined by known liabilities and/or to achieve a target duration or weighted average maturity for the portfolio based on the judgment of the Treasurer.

The Authority may invest available deposits subject to the following restrictions:

Security	Percent of Portfolio Eligible
Deposit Accounts	100%
U.S. Treasuries	100%
Government Agencies	100%
Government Sponsored Enterprises	100%
<i>No more than 50% in a single GSE</i>	
Money Market Mutual Funds	100%
Certificates of Deposit	25%
Repurchase Agreements	100%
Forward Purchase Agreements	50%
Investment Pools	
TrustIndiana	75%
All Others	25%
Municipal Securities	100%
<i>No more than 15% in a single issuer</i>	
<i>No more than 5% aggregately with:</i>	
(1) <i>issuers that are unrated or</i>	
(2) <i>issuers that are rated below investment grade</i>	

For purposes of this policy, the following bonds, if not rated, shall be deemed investment grade: (a) bonds that are secured by lease payments of school corporations payable by the collection of ad valorem property taxes and is further subject to the State Intercept Program and (b) bonds that are secured by a utility that is regulated by the Indiana Utility Regulatory Commission and is required to set rates at a sufficient level to pay debt service.

11.0 Maximum Maturities:

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. The Authority will not directly invest in securities maturing more than five (5) years from the date of purchase per IC 5-13-9-5.6 and IC 5-13-9-5.7. However, no more than twenty-five percent (25%) of the Authority's funds shall be invested in securities that mature more than two years from the date of purchase.

12.0 Reporting and Record Keeping:

The Treasurer or the highest-ranking Authority staff person acting in a Treasury capacity shall provide quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include investment performance, comments on the fixed income markets and economic conditions, compliance issues, possible changes in the portfolio structure and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

1. A listing of individual securities held at the end of the reporting period
2. Average life and final maturity of all investments
3. Coupon, discount or earnings rate
4. Par value, Amortized Book Value and Market Value
5. Percentage of the Portfolio represented by each investment category

The Authority shall keep thorough records of all investment activity, including monthly interest reports, trade data, and account statements and maintain such records in accordance with Indiana records retention requirements.

The Treasurer shall submit an annual investment report to the Marion County Board of Finance per IC 5-13-7-7.

13.0 Definitions

Government Agency is an institution established by and controlled by the Federal Government of the United States. Examples of an agencies are: the Tennessee Valley Authority, Government National Mortgage Association (Ginnie Mae), Small Business Administration, and United States Agency for International Development.

Government Instrumentality is, for purposes of this policy, the same as a Government Sponsored Enterprise.

Government Sponsored Enterprise is a privately held corporation with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Examples of GSEs for purposes of this policy include: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), Federal Agricultural Mortgage Corporation (Farmer Mac), Federal Farm Credit Bank, and the Resolution Funding Corporation.

TrustIndiana is a local government investment pool open to any Indiana local unit of government in the State of Indiana, authorized by the Indiana General Assembly's passage of Indiana Code § 5-13-9-11 during its 2007 session.

14.0 Expiration of Policy:

This policy shall have an initial expiration of December 31, 2029.

IAA's Finance and Audit Committee (FAC) will oversee this policy by the terms of the FAC Charter. The FAC may extend this policy for a term not exceeding four years from the date of adoption.

15.0 Policy Approval/Revision History:

Adopted: September 18, 2009
Amended: June 18, 2010
Amended: April 15, 2011
Amended: April 20, 2012
Amended: March 15, 2013
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Amended: October 21, 2016
Amended: October 20, 2017
Amended: October 19, 2018
Amended: December 13, 2019
Amended: December 11, 2020
Amended: December 16, 2022

This Investment Policy for the Indianapolis Airport Authority has been approved by the Authority's Board of Directors and is effective as of the 16th of January 2026.

Signed: _____

Robert B. Thomson, Treasurer