

## BULLOCK PEN WATER DISTRICT

### INVESTMENT POLICY

WHEREAS, the Bullock Pen Water District (“District”) intends to establish guidelines for the investment of surplus funds pursuant to KRS 66.480, and

WHEREAS, the District by Resolution of its Board of Commissioners hereby adopts and ratifies the following Investment Policy.

1. **Statutory Authorization.** This Investment Policy is established and adopted by the District pursuant to the provisions of KRS 66.480.

2. **Permitted Investments.** The District shall only be permitted to invest surplus funds in the following:

- a. Obligations of the United States and its agencies and instrumentalities as permitted under KRS 66.480(1)(a);
- b. Obligations and contracts for future delivery and purchase of obligations backed by the full faith and credit of the United States or a United States government agency as permitted under KRS 66.480(1)(b);
- c. Obligations of any corporation of the United States government as permitted under KRS 66.480(1)(c);
- d. Certificates of deposit or other interest-bearing accounts issued by any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity which are collateralized to the extent uninsured by any obligations including surety bonds permitted under KRS 41.240(4);
- e. Uncollateralized certificates of deposit issued by a bank or savings and loan institution rated in one (1) of the three (3) highest categories by nationally recognized rating agency as permitted under KRS 66.480(1)(e);
- f. Bankers acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency as permitted under KRS 66.480(1)(f);
- g. Commercial paper rated in the highest category by a nationally recognized rating agency as permitted under KRS 66.480(1)(g);

- h. Bonds or certificates of indebtedness of this state and its agencies and instrumentalities as permitted under KRS 66.480(1)(h);
- i. Securities issues by a state or local government or any instrumentality or agency thereof in the United States and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency as permitted under KRS 66.480(1)(i); and
- j. Shares of mutual funds each of which shall have the following characteristics:
  - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940 as amended;
  - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
  - (iii) All of the securities in the mutual fund shall be eligible investments pursuant to this section. As permitted under KRS 66.480(1)(j).

3. **Board Approval.** Any investment authorized by the District shall require a Resolution of its Board of Commissioners. Any investment authorized by the Board of Commissioners shall be in strict conformity with Section 2 of this Investment Policy. Any authorized investment approved by Resolution of the Board of Commissioners shall be accompanied by a written agreement governing the complete terms and conditions of the proposed investment.

4. **Limitations on Investments.** The investment authority provided in paragraph 2 herein shall be subject to the following limitations:

- a. The amount of money invested at any time by the District in one (1) or more of the categories of investments authorized herein shall not exceed twenty percent (20%) of the total amount of money invested by the District; and
- b. The District shall not purchase any investment authorized under paragraph 2 on a margin basis or through the use of any similar leveraging technique.

5. **Designated Officer.** The Chairman of the District shall be the authorized agent of the District to invest and oversee the investment funds provided, however, any such investment of the District shall first be approved by its Board of Commissioners.

6. **Board of Commissioners Authorizing Resolution.** At the July 21, 2016 meeting of the District, the foregoing Investment Policy was discussed. After discussion, upon motion of Charles Givin and second by Rodger Bingham it was unanimously resolved that the foregoing

