

# BETHLEHEM AUTHORITY

## INVESTMENT POLICY

ADOPTED FEBRUARY 11, 2016  
LAST AMENDED MARCH 14, 2024

The investment of Bethlehem Authority funds in i) certificates of deposit, time deposits, money market funds, as well as money market fund investments maintained in the Pennsylvania Local Government Investment Trust ("PLGIT") or other local government investment pools ("LGIPs"), U.S. Treasury Securities (including State and Local Government Series (SLGS) Securities), and Agency Securities and in ii) other Investment Securities permitted as investments under Pennsylvania law and the Trust Indenture, whether they are Operating Funds or Capital Funds, shall be governed by the following:

### Investment Objectives

The primary objectives of investment activities, in priority order, shall be safety of principal, liquidity to meet required expenditures, and maximizing yield. For funds such as proceeds of tax-exempt bonds that are subject to the arbitrage regulations, yield should be maximized to the extent permitted under the regulations, which includes (~~SLGSs~~). The Authority will minimize credit risk by limiting investments to highly rated, fixed-rate securities, certificates of deposit, time deposits, money market funds, and investments maintained in PLGIT, LGIPs or other similar funds that are permitted under Pennsylvania law; and in the case of all amounts maintained by the Trustee under its Trust Indenture, investments permitted under the Trust Indenture. The Authority will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet projected cash requirements and by using a combination of investments or by structuring laddered maturities over a period of time.

### Standards of Care

Investments shall be made with the 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. Individuals who are involved in the investment process shall refrain from personal business activity that could conflict with the proper management of the portfolio or which could impair their ability to make impartial investment decisions.



## **Permitted Investments**

Investment Securities as defined under the Indenture include a wide variety of fixed income and other investments, including but not limited to U.S. Treasury securities including both Time Deposit and Demand Deposit State and Local Government Series (SLGS) Securities for eligible funds, U.S. Agency securities, certificates of deposits, bank deposits, bankers' acceptances, commercial paper, money market funds, certain municipal securities, repurchase agreements, shares of an investment company, time deposits, local government investment pools and investment contracts. Investments in certificates of deposit, time deposits or money market deposit accounts shall be limited to: i) the then current F.D.I.C. Federal Deposit Insurance Corporation (FDIC) insured maximum limit (as of 3/1/2025<sup>54</sup> of \$250,000) in any one financial institution, or ii) such higher limit permitted hereunder if secured under Act 72 in accordance with the Indenture and secured in a manner satisfactory to the Board. Act 72 collateral shall have a market value of at least 102% of the amounts invested, be marked to market daily, be custodied with a third-party custodian and with a perfected pledge to the Authority or to the custodian for the benefit of the Authority, and the Authority should receive a report listing pooled collateral at least monthly. IntraFi Network Deposits (formerly ICS and CDARS) investment programs that pool the individual bank limits, and investment advisors who ensure compliance with the insured maximum limits, qualify under this criteria. To the extent the insured maximum limit is reduced, the Treasurer and Executive Director promptly shall take such actions reasonably necessary, if any, to ensure the Authority is secured by the FDIC, to the largest extent possible. Investments in instruments other than certificates of deposit may include appropriate investments at PLGIT or any similar cash management funds managed by the Treasurer of the Commonwealth or investment advisors who manage a significant amount of assets of other governmental bodies within the Commonwealth of Pennsylvania.

## **Bid Requirements**

For all investments (other than money market investments, SLGSs, PLGIT and LGIPs) of greater than \$250,000 in value and longer than a term of three months at least three quotes should be solicited.

The institution offering the highest yield shall be awarded the investment, unless there are investment objectives the Authority is seeking to achieve such as diversification of credit risk, improved liquidity, or other recognized value derived from the institution offering a lower yield.

Money market investments, including PLGIT and LGIPs, shall be rated in the highest rating category by a national independent rating agency that rates money market investments and local government investment pools.

## Avoiding Concentration Risk

Concentration risk is the risk of investing an inappropriate portion of funds with one financial institution or issuer or overly investing in one security type. The Authority should be guided by the following limits for both the Security Type and the maximum amount of a particular financial institution or issuer of a Security Type.

<b>Security Type</b>	<b>Minimum/Maximum Allocation</b>	<b>Maximum Aggregate Amount in any one Financial Institution,</b>
U.S. Treasury Obligations including SLGS	0-100%	N.A.
U.S. Government Agencies & Instrumentalities	0-80%	50%*
CDs, Time Deposits or money market deposit accounts (not secured under Act 72)	0-50%	Current FDIC Limit.
CDs, Time Deposits or money market deposit accounts (secured under Act 72)	0-35%	Current FDIC Limit or 10%
Negotiable Certificates of Deposit	0-50%	Current FDIC Limit.
SEC-Registered Money Market Funds and Local Government Investment Pool Money Market Funds	5-50%	50%*

\*The percentage represents an investment of particular financial institution or issuer compared to the Authority's total investment amount. For example, Fannie Mae Government Agency securities should not exceed 50% of the Authority's total investment portfolio.

**The above limits shall be measured at time of purchase.**

The Authority's investments shall be diversified by limiting investments to avoid over-concentration in securities from a specific issuer or business sector, limiting



investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as LGIPs, or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

### **Delegation of Authority**

All investments shall be made by the Board Treasurer and the Executive Director of the Authority consistent with this investment policy and will be reported to the Board at the next Board meeting to occur. In the event the Treasurer and Executive Director determine it is in the Authority's best interest to make one or more investments that do not meet this Investment Policy, the Board Treasurer and Executive Director shall bring their recommendation to the Board for prior approval. Upon approval of the Board, this Investment Policy shall be modified accordingly, and the investment may be made.

### **Policy Review**

This investment policy should be reviewed at least annually by the Board.