

UTAH COUNTIES INDEMNITY POOL INVESTMENT POLICY

SECTION A EFFECTIVE DATE AND FREQUENCY OF REVIEW

1. The effective date of this policy is May 7, 2003.
2. This policy should be reviewed annually, but not less than every three years by the Board.
3. This policy will also be reviewed any time that changes to laws or rules governing investments of interlocal agencies are amended or recommendations are made by UCIP's Independent Auditors, the UCIP Audit Committee, the UCIP CEO, which would require review and update to this policy.
4. Failure to review this policy in the frequency stated shall not nullify, void, limit or waive this policy or any action taken under this policy.
5. This policy is considered to be amended at the time any new federal or state law becomes effective, which conflicts with this policy, but only to the extent necessary to come into compliance with new law.

SECTION B PURPOSE

1. The purpose of this policy is to assure compliance with all state and federal laws and rules related to the investment of public funds in the state of Utah, including but not limited to the Utah Money Management Act.
2. It is further the purpose of this policy to assure all investments of UCIP funds are made in a prudent manner to protect such funds in the interest of the members of UCIP and taxpayers of the State of Utah.

SECTION C AUTHORITY

1. The Board has authority to adopt this policy under the UCIP Interlocal Agreement and Bylaws.

SECTION D APPLICABILITY AND SCOPE

1. This policy is applicable to all investment of UCIP financial assets. For purposes of this policy, Cash and Cash Equivalents, including funds deposited with the Public Treasurers Investment Fund, are not considered investments.
2. The financial assets of UCIP shall be accounted for in the Annual Financial Report of UCIP.

SECTION E DEFINITIONS

1. Actively Managed Assets: UCIP assets managed by an investment manager. Actively managed assets does not include assets invested in the Utah Public Treasurers Investment Fund.
2. Audit Committee: the Audit Committee of the Board.
3. Board: the Board of Directors of the Utah Counties Indemnity Pool.
4. CEO: the Chief Executive Officer of the Utah Counties Indemnity Pool.
5. President: the President of the Board.
6. Secretary/Treasurer: the Secretary/Treasurer of the Board.
7. Vice President: the Vice President of the Board.

SECTION F POLICY STATEMENTS

1. It is the policy of the Board to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demand of UCIP and conforming to all federal, state and local laws governing the investment of public funds.

SECTION G PROCEDURES AND RESPONSIBILITIES

1. Prudence. Investments shall be made with judgement and care, under the 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 capitol as well as the probable income to be derived.
 - a. The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
 - b. Prohibited practices shall include, but not be exclusive to churning, unnecessary transactions and rebating.
2. Objective. The following objectives shall be in all investment activity:

- a. Safety. Safety of principle is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification will be utilized so potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - b. Liquidity. The investment portfolio will remain sufficiently liquid to enable UCIP to meet all operating requirements which might reasonable be anticipated and documented in the UCIP Annual Operating Budget.
 - c. Return on Investments. The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.
3. Delegation of Authority. The Board's authority to manage the investment program is derived from the UCIP Interlocal Agreement and is delegated by the Board under the UCIP Bylaws and this policy.
- a. The Audit Committee is charged with making recommendations to the Board of the financial affairs of UCIP and may designate appropriate staff to develop written procedures for the operation of the investment program consistent with this investment policy. Procedures will include reference to:
 - (i) Safekeeping;
 - (ii) Purchase and Sales Agreement Repurchase Agreements;
 - (iii) Wire Transfer Agreements;
 - (iv) Banking Service Contracts, including the establishment of a Custodial Bank Agreement;
 - (v) Collateral/Depository Agreements; and
 - (vi) Investment Advisor Selection and Evaluation.
 - b. It is the responsibility of the Chair of the Audit Committee, or their designee, to report to the Board all decisions made by the Audit Committee.
 - c. No person may engage in an investment transaction except as provided under the Utah Money Management Act, the terms of this policy and procedures established by the Audit Committee. The Board may utilize one or more investment advisors or managers as allowed under the Utah Money Management Act to manage investment portfolios. No funds shall be transferred out of or into an investment portfolio without the approval of the Board.

- d. The Audit Committee may choose to select an Investment Advisor to manage the investment of assets. Those assets would include funds not required by cash flow projections to meet the immediate needs of UCIP. In the event that the Audit Committee decides to select an Investment Advisor, such selection may be made through a formal Request for Qualifications/Request for Proposal process, or, by recommendation of the Audit Committee and CEO and approval of the Board, the CEO may negotiate directly with an Investment Advisor and make recommendation to the Audit Committee and Board to enter into an agreement with an Investment Advisor. Investment Advisors must be certified by the Utah Management Council. The Investment Advisor would be charged with the following responsibilities:
 - (i) Adopting an investment philosophy which is compatible with the policies of UCIP as set forth in Paragraph 1. above;
 - (ii) Selecting appropriate investment instruments to implement the designated philosophy;
 - (iii) Selecting broker/dealers for the purpose of executing investment trades, who meet the requirements set forth in Paragraph 5 below;
 - (iv) Executing trades at market prices most advantageous to UCIP;
 - (v) Reporting on a regular basis to the Audit Committee on the performance of assets under management as set forth in Paragraph 12 below;
 - (vi) Reporting to the Audit Committee in a timely manner, any material changes in the financial or staffing conditions of the management firm.
4. Ethics and Conflict of Interest. 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. Employees and investment officials shall disclose to the Audit Committee, any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of funds, particularly with regard to the time of purchases and sales.
5. Authorized Financial Dealers and Institutions. The Investment Advisor shall maintain a list of financial institutions desiring and authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Utah. Broker/dealers must be certified by the Utah Money Management Council. Funds shall be deposited only in a qualified public depository as certified by the Utah Money Management Council.

6. Authorized and Suitable Investments. UCIP has resolved that its investments be limited to those securities authorized by U.C.A. §51-7-11, 1953 as amended, as that Section pertains to the investment of funds.
7. Collateralization. Collateralization will be required on two types of investments; certificates of deposit and repurchase agreements and will also be required on checking accounts if there is a balance of over \$100,000 therein. Balances in non-interest bearing checking accounts will be kept at the minimal amount required by the financial institution in order to reduce fees charged by the financial institution. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two (102) percent of market value of principal and accrued interest. State law rules for collateralization will be adhered to. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity retained.
8. Safekeeping and Custody. All security transactions, including collateral for repurchase agreements, entered into by UCIP shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian designated by the Audit Committee and evidenced by safekeeping receipts.
9. Diversification. UCIP will diversify its investments by security type and institution to the degree that such diversification is permitted. Investment in commercial paper, corporate bonds and shall not exceed 30 percent of UCIP's actively managed assets.
10. Maximum Maturities. To the extent possible, UCIP will attempt to match its investments with anticipated cash flow requirements as determined by the Audit Committee. For funds not specifically matched to cash flow, UCIP will invest in securities not exceeding the terms to maturity as set out in U.C.A. §51-7-11, 1953 as amended. For funds not specifically matched to cash flow, UCIP will invest in securities not exceeding the terms to maturity as set out in U.C.A. §51-7-11, 1953 as amended. The maximum maturity will not exceed five years.
11. Performance Standards. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of UCIP. As UCIP's investment strategy is restricted by U.C.A. §51-7-11, 1953 as amended, the benchmark used by the Audit Committee to determine whether market yields are being achieved shall be the Utah Public Treasurers Investment Fund or other appropriate index as designated annually by the Audit Committee.
12. Reporting. The CEO is charged with the responsibility of providing a market report on investment activity and returns on a regular basis to the Audit Committee and to the Board on at least an annual basis. This responsibility may be delegated to the Investment Advisor utilized by UCIP. Reports to the Audit Committee will include, but not be limited to:

- a. Performance;
- b. Volatility (as measured by effective duration);
- c. Interest earnings;
- d. Number of trades;
- e. Average maturity;
- f. Market sector breakdown.

SECTION H REVISION HISTORY

- 1. Adopted: May 7, 2003
- 2. Revised: February 16, 2017
- 3. Revised: February 15, 2018
- 4. Revised: June 21, 2018
- 5. Revised: June 18, 2021
- 6. Revised: April 20, 2023
- 7. Revised: June 9, 2023

SECTION I APPENDICES

- 1. Zions Capital Advisors Investment Policy Statement

Investment Policy Statement

ACCOUNT NAME: Utah Counties Indemnity Pool
ACCOUNT NUMBER: Click or tap here to enter text.
DATE: April 10, 2023

Summary

The purpose of this Investment Policy Statement (IPS) is to foster a clear understanding of how the UCIP account will be invested.

An effective IPS is a dynamic document that changes as the client's situation and/or goals require. The IPS establishes the investment objective and defines the policies and guidelines necessary to implement the investment strategy that Zions Capital Advisors will follow when working towards that objective.

Investment Objectives

The investment objective of this account is to provide preservation of principal, maintain liquidity necessary for disbursements, and to maximize total return.

Liquidity

To meet liquidity needs, Zions Capital Advisors will make reasonable efforts to maintain a money market sweep or cash equivalent (not to exceed 90 days) amount of approximately \$50,000.

The money market fund utilized will provide income that is Taxable.

Acceptable Investments and Investment Allocation

The investment objective of this account can be best met by a capital preservation strategy. Over time, individual assets outperform or underperform other assets, which will affect the overall asset allocation. Replacements of investment vehicles can also have an effect. Small cash balances may accumulate before the portfolio is rebalanced and is again fully invested. Client additions and withdrawals of cash can also cause the allocation to be above or below prescribed limits. The long-term target asset allocation ranges for this account are:

Allocation Parameters

Fixed Income	95%	to	100%
Cash and Equivalents	0%	to	5%

The account may be invested in the following asset types:

<input checked="" type="checkbox"/>	US Government and Government-sponsored Securities <ul style="list-style-type: none"> • Direct Obligations of the US government • Government Sponsored Agency securities as follows: <ul style="list-style-type: none"> – Federal National Mortgage Association (FNMA) – Federal Home Loan Bank (FHLB) – Federal Home Loan Mortgage Corporation (FHLMC) – Federal Farm Credit Bank (FFCB)
<input checked="" type="checkbox"/>	Corporate Debt Securities: Taxable <ul style="list-style-type: none"> • Commercial Paper • Bank Certificates of Deposit • Notes and Bonds
<input checked="" type="checkbox"/>	Municipal Securities Limited to: Taxable or Tax-exempt <ul style="list-style-type: none"> • Notes and Bonds • Commercial Paper
<input checked="" type="checkbox"/>	Money Market Funds/Mutual Funds Limited to: Investment is restricted to any such funds that invest in securities deemed acceptable for outright purchase.

Duration

The Duration for this portfolio will be between 0 and 5 years.

Duration is used as an indicator of a bond's price volatility resulting from changes in interest rates. The greater the duration of a security, the greater its price volatility. Further defined, duration is the number of years required to receive the present value of future payments, both of interest and principal, of a bond.

Maximum Final Maturity

The maximum final maturity of individual securities purchased will not exceed 5 years .

Safety of Principal: Ratings & Credit Risk

The minimum credit rating at time of purchase will be A3/A-/A- by two Nationally Recognized Statistical Rating Organizations (NRSROs). The minimum credit rating for commercial paper will be A1/P1/F1. The minimum average rating for the entire portfolio will be A3/A-/A-.

State Specific Requirements (Utah Money Management Act)

The state of residence for the client of the account is Utah. All investments will meet the requirements of the most recent version of the Utah Money Management Act (Utah Code 51-7). The portfolio holdings will concentrate on issues that will generate Federal and State tax-free income. If applicable, the portfolio can purchase bonds with reciprocal agreements. Unless otherwise notified, the general practice will be to avoid municipal debt issues subject to Alternative Minimum Tax (AMT).

Asset Allocation Descriptions

Cash and Equivalents

"Cash equivalent" is the term used for an individual short-term, highly liquid investment that can be converted to cash within one day in most market situations. A money market fund invests in "money market instruments", which by regulation have a maturity of less than one year. A money market fund offers daily liquidity even though the underlying portfolio will have a longer average maturity.

Potential risks: In extreme market environments, a money market fund might not be able to immediately meet all redemption requests. Because of their short maturity profile, cash-equivalent and money market investments are unlikely to change significantly in value if interest rates rise or fall. However, the cash flow received from these investments can vary significantly in response to changes in interest rates and/or general market and economic conditions. The credit quality of cash-equivalent or money market investments is generally high but varies from instrument to instrument and fund to fund. In general, yields are higher when credit quality is lower, or maturities are longer.

Fixed Income

Fixed-income securities – sometimes called bonds or debt securities – typically offer returns in the form of variable or fixed periodic cash flows; the principal is returned when the instrument matures. The major categories of fixed-income investments include domestic and foreign government bonds, US government agency bonds, mortgage- and asset-backed bonds, investment-grade and high-yield corporate bonds, and other classes of foreign and domestic bonds. You can invest in fixed-income securities directly or through pooled vehicles such as actively managed mutual funds, exchange traded funds, or passive index-based funds.

Potential risks: The value of these securities will usually be affected by changes in interest rates. Fixed-rate bonds with longer maturities/durations will usually be more affected by changes in interest rates than ones with shorter maturities/durations. In addition to interest-rate sensitivity, most bonds also have price sensitivity to credit quality – the market value of an issuer's debt will be affected by real or perceived changes in the ability of the issuer to make interest and/or principal payments. Finally, many investors rely on rating agencies to assess the credit quality of fixed-income securities. If ratings move up or down, market prices are likely to respond.

Portfolio Risk Summary

In this fixed-income strategy, portfolio managers from Zions Capital Advisors seek to deliver current income and, over time, capital preservation by investing in a portfolio of bonds targeting specific goals.

This strategy carries the risk that a bond in the portfolio will default or cease to make timely payments of interest and/or principal or that its perceived creditworthiness will decline, causing a fall in its market price (credit risk), and the risk that interest rates will rise, rendering the bonds within the portfolio less valuable relative to their purchase prices (duration or interest-rate risk).

Secondary risks can include trading or execution-related risks (such as illiquidity or wide bid/ask spreads within the bond market when buying or selling), bond-structure characteristics (such as bond calls and puts, which can lead to early retirement of an issue, or, alternatively, the risk that it might be extended). With certain types of bonds – for example mortgage securities – another risk is convexity, the possibility that the expected life of a security may change in response to changes in interest rates. For example, when interest rates rise, fewer people typically refinance mortgages; this may extend the life of lower-yielding mortgage securities in a pool of investments.

Guiding Principles

Zions Capital Advisors will review the target asset allocation ranges at least once a year to confirm or adjust the targets. Market value fluctuations and/or large cash inflows or outflows may necessitate rebalancing the portfolio regardless of whether target asset allocation ranges have been modified.

Monitoring Objectives and Results

This investment policy statement will be in effect until modified by Zions Capital Advisors and client. Together we share responsibility for reviewing this IPS periodically to ensure its appropriateness.

In agreeing to this IPS, all parties acknowledge that every asset class is subject to certain risks, including but not limited to declines in market value, volatility, illiquidity, and delay or default of cash flow payments.

Investment Restrictions

If the client has defined investment policies or are restricted by state statutes and/or guidelines, a copy of the Investment Policy or State guidelines MUST be attached hereto.

Are there additional account specific restrictions? ☒ Yes ☐ No

Other account specific restrictions:

All Investments must comply with: Utah Money Management Act section 51-7-11.

Authorized deposits or investments of public funds.

Noting that UCIP is a “public agency insurance mutual”, as defined in Subsection [31A-1-103\(7\)\(a\)](#) whereby they are allowed to invest in securities with a maximum maturity of 20 years or less;

However, per this IPS agreement: The maximum maturity will not exceed 5 years; unless otherwise directed by and authorization received from the CEO, CFO, UCIP Treasurer or Deputy Treasurer.

Signatures

Johnnie Miller

Sonya White

Date

SCOTT BURNETT

Date

Zions Capital Advisors
Attn: ILM
One S Main St, 12th Floor
Salt Lake City, UT 84133
800-608-3202