

Southern Nevada Regional Housing Authority

INVESTMENT POLICY

Revised July 2017

INVESTMENT POLICY FOR THE SOUTHERN NEVADA REGIONAL HOUSING AUTHORITY (SNRHA)

Section I. Policy Statement

It is the policy of the Southern Nevada Regional Housing Authority (SNRHA), that after allowing for anticipated cash flow requirements and giving due consideration to the safety and risk of investment, all available funds shall be invested in accordance with the investment guidelines issued by the U.S. Department of Housing and Urban Development (HUD) [Attachment: PIH Notice 96-33.] and will adhere to the provisions of HM 7475.1 REV. the HUD Low-Income Housing Financial Management Handbook.

Effective cash management is recognized as essential to good fiscal management. Interest from investment is a source of revenue to the SNRHA. The SNRHA's investment portfolio shall be managed in a manner designed to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Section II. General

A. Investment Purpose

The purpose of this investment policy is to comply with HUD requirements. The SNRHA is required to adopt a written investment policy regarding the investment of its funds and funds under its control. This investment policy addresses the methods, procedures, and practices that must be exercised to ensure effective and judicious fiscal Management of the SNRHA's funds. This investment policy shall be implemented by SNRHA's Board of Commissioners acting through the Executive Director of The SNRHA. The Executive Director shall appoint the Director of Finance, in all instances, to act in accordance with this investment policy and the directives of the Board of Commissioners.

B. Investment Objectives

The SNRHA shall manage and invest its cash with consideration of six objectives Including: safety, yield, liquidity, maturity, amount, and administrative cost. The determination of the best or appropriate types and mixtures of investments is dependent on these objectives. The investment portfolio should be consistent with the goals of the SNRHA's cash management program and directive of the Board of Commissioners.

C. Review of Policy

The SNRHA Board of Commissioners shall review this investment policy and provide direction in regards to investment strategies at least annually. The Board shall adopt a resolution stating that it has reviewed the policy and investment strategies approving any changes or modifications.

D. Responsibility and Control

1. Investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the investment objectives listed in Section II. B. of this policy.
2. In accordance with HUD regulations and the Public Funds Investment Act, the Board designates the Executive Director as the SNRHA's Investment Officer. The Executive Director shall, at his or her discretion, assign investment responsibilities to the Director of Finance, to act as the Investment Officer, on behalf of the Executive Director. An Investment Officer is authorized to execute investment transactions on behalf of the SNRHA. No person may engage in an investment transaction or the management of SNRHA funds except as provided under the terms of this policy as approved by the Board. The investment authority granted to the investing officer is effective until rescinded by the Board.
3. The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Section IV. Cash Management

A. Cash Management by the SNRHA

1. Good cash management, which is an objective of the SNRHA's management, creates responsibilities for the use of funds. The primary goals of cash management are to assure the availability of cash for transaction needs, preserve the value of cash resources and earn the maximum return on funds until disbursed.
2. The SNRHA will monitor returns of the cash managed by agents. If the SNRHA finds that administrative costs of an in-house program are such that the net yield on investments is less than that obtainable through an alternative, the SNRHA will consider that alternative.

Section V. Banking Services

Banking services shall be arranged by selecting a bank through competitive solicitation to assure the SNRHA that it receives the banking services provided at the lowest costs. The SNRHA will designate a single bank account for the deposit of all payments that are received from HUD through direct deposit-electronic funds transfer. Banking services shall be solicited every five (5) years through competitive negotiation.

Section VI. Collateralization

The SNRHA shall require its depositories to continuously and fully (100%) secure all deposits regardless of type (i.e. regular savings, etc.) that are in excess of the \$250,000.00 insured amount. This may be accomplished by the pledging or setting aside collateral of identifiable U.S. Government securities as prescribed by HUD. The SNRHA must have possession of the securities or an independent custodian must hold the securities on behalf of the SNRHA as a bailee, as evidenced by safekeeping receipt and a written bailment for wire contract and will be maintained for the full term of the deposit. Such securities shall be owned by the depository and the manner of collateralization shall provide the SNRHA with a continuing perfected security interest for the full term of the deposit in the collateral in accordance with applicable federal and state laws and regulations. Such collateral shall, at all times, have a market value at least equal to the amount of the deposits so secured.

The investment policy will be forwarded to the investment agents acting on behalf of the SNRHA, when the policy is updated, changed, or if the primary agent changes. This is intended to inform them of the investment policies and guidelines of the SNRHA to ensure that they have implemented reasonable procedures and controls designed to fulfill those objections and conditions. This will include informing the investment agents of the Authority's investment horizons, limitations, and strategy and risk constraints.

Section VI. Internal controls

The Executive Director shall establish an annual process of independent review as part of the annual audit. This review will include internal control by assuring compliance with policies and procedures. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third-parties, unanticipated market changes, or imprudent actions by employees of the SNRHA.

HUD Approved Investment Instruments

1. Direct obligations of the Federal Government backed by the full faith and credit of the United States.
 - a. U.S. Treasury Bills
 - b. U.S. Treasury Notes and Bonds

2. Obligations of Federal Government Agencies
 - a. Federal Financing Bank (FFB)
 - b. Government National Mortgage Association (GNMA) Mortgage-Backed Securities Program Mortgage-Backed Bonds (MBS)
 - c. GNMA Participation Certificates
 - d. U.S. Government Guaranteed New Communities Act Debentures
 - e. U.S. Export-Import Bank Debentures
 - f. U.S. Export-Import Bank Participation Certificates and Certificates of Beneficial Interest
 - g. Farmers Home Administration Farmers Home Insured Note Trust Certificates of Beneficial Ownership
 - h. Maritime Administration Merchant Marine Bonds, Notes, and Obligations
 - i. Small Business Administration Small Business Investment Corporation Debentures
 - j. Tennessee Valley Authority (TVA) Power Bonds and Notes

3. Securities of Government-Sponsored Agencies
 - a. Farm Credit Consolidated System wide Discount Notes
 - b. Federal Farm Credit Banks Consolidated System-wide Bonds
 - c. Federal Home Loan Banks Consolidated Obligations
 - d. Federal Home Loan Mortgage Corporation Guaranteed Mortgage Certificates
 - e. Federal National Mortgage Association Debentures
 - f. FNMA Notes
 - g. FNMA Short-Term Discount Notes
 - h. FNMA Capital Debentures
 - i. Student Loan Marketing Association Obligations

4. Demand and Savings Deposits
 - a. Demand and savings deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions will be permitted for HA funds, provided that the entire deposit is insured by the Federal Deposit Insurance Corporation (FDIC).
 - b. A deposit in excess of the insurance coverage may be made at a depository institution, provided it one-hundred percent (100%) collateralized by the securities listed above Care will be taken that withdrawals may be made on demand, without loss of interest, and without penalty.

5. Certificates of Deposit

Certificates of Deposit at depository institutions that may not be fully insured by the FDIC, NCUSIF, Or FSLIC will be permitted, provided the certificates are fully backed by one-hundred percent (100%) collateral consisting of the securities listed above.

6. Money Market Deposit Accounts
7. Municipal Depository Fund
8. Super NOW Accounts
9. Repurchase Agreements (Special Requirements)
10. Sweep Accounts
11. Separate Trading of Registered Interest and Principal Securities
12. Mutual Funds (Special Requirements)