



Moscow Urban Renewal Agency Policy Manual

Adopted August 2, 2018

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1.0 Introduction

These policies are intended to guide the operations and activities of the Moscow Urban Renewal Agency (hereinafter 'Agency') so that the Agency undertakes its charge and mission in an appropriate, predictable, and consistent manner. These policies are intended to be guidelines and it is understood that a degree of flexibility in their application is required to address specific circumstances as they arise. This collection of policies is also intended to be a living document to be reviewed, evaluated, and revised as the Board deems appropriate to meet the needs of the Agency.

2.0 Administrative Policies

2.1 BY LAWS

The organization and general governance of the Agency are outlined through the adopted bylaws of the Agency. These bylaws articulate the purpose of the Agency, the membership and method of appointment of the Agency's Board of Commissioners and its officers, standing committees and staff, as well as the general conduct of the Agency's meetings. The bylaws of the Agency should be reviewed periodically to ensure that they are current, comprehensive, and serving the needs of the Agency. The bylaws may be adopted, amended or repealed by the majority of the members of the Board.

2.2 BOARD OF COMMISSIONERS

The Moscow Urban Renewal Agency is comprised of seven Commissioners appointed by the Mayor, and confirmed by the City Council, with terms as specified by the Mayor, as authorized by Moscow City Council Resolution 2008-17. Commission vacancies are filled by appointment of the Mayor, with confirmation by the City Council, and filled for the remainder of the unexpired term.

2.3 BOARD OFFICERS

The officers shall consist of a Chairperson, Vice Chairperson, Secretary and Treasurer. The Chairperson, Vice-Chairperson and Secretary shall be members of the Commission; the Treasurer office may be filled by Commissioners or by staff appointments made by the Commission. Officer terms shall be for one year. Elections will be held at the Agency's first January meeting, with appointments made at that meeting or the following meeting. The Chairperson shall preside over Agency meetings, and shall execute all Agency deeds, bonds, contracts, accounts payable and other

legal documents as authorized by the Commission. The Chairperson shall have the power to vote on any matter under consideration by the Commission. The Vice Chairperson shall perform all duties in the absence of the Chairperson. Duties of the Secretary and the Treasurer may vary, as directed by the Commission.

2.4 EXECUTIVE COMMITTEE

The Executive Committee shall be comprised of the Chairperson, the Vice Chairperson and the Secretary, whose collective responsibilities shall include but not be limited to, the selection, direction and evaluation of Agency staff and support providers.

2.5 EXECUTIVE DIRECTOR

The Executive Director serves and the administrative Director is responsible for providing staff support and executive leadership to the MURA Board of Commissioners through planning, organizing and directing the administrative, financial, and project development activities of the Moscow Urban Renewal Agency. The Director is responsible for the management and coordination of activities within the districts of the Moscow Urban Renewal Agency including the communication and coordination related to activities of the Agency and those of the Agency's partner entities, private developers, and other stakeholders.

The Executive Director shall have the authority to authorize professional service agreements and task orders, seek legal consultation services, authorize financial payments, and conduct similar administrative tasks where such actions have been authorized and approved by the Board either through direct Board approval, or where specified and authorized through the Agency's adopted annual appropriations budget, and where such expenditures are less than Five Thousand Dollars (\$5,000).

The Executive Director shall coordinate and collaborate with the Agency Treasurer and Agency Clerk to ensure that all financial and administrative activities are completed in a timely and appropriate manner. Direct management of the Executive Director shall be provided by the Agency's Executive Committee. In the instance where the Executive Director is an appointed city employee, the Executive Committee shall work with and through the City Supervisor in the management and preparation of annual performance evaluations of the Executive Director.

2.6 ADMINISTRATIVE AND PROFESSIONAL SERVICES AGREEMENTS

The Agency may engage public or private entities, subject to applicable State procurement requirements, to provide required administrative, clerical, financial, legal, design and engineering, and other administrative services deemed necessary by the Board. In seeking such services the Board shall seek to secure such services from qualified providers in the most cost-effective manner while meeting all legal and administrative obligations of the Agency.

2.7 ADVISORY COMMITTEES

The Agency may engage the assistance of advisory committees to advise and provide recommendations related to the operations and activities of the Agency. Such advisory committees shall be established in accordance with the Agency Bylaws as may be amended time to time and all such advisory committee meetings shall comply with the public notice and meeting requirements contained herein.

Finance Committee: The Finance Committee is a standing committee comprised of two Commissioners and three Community members, whose names shall be forwarded to the Agency by the Chairperson and confirmed by the Agency as a whole. The Community Member terms shall be at the discretion of the Board. The responsibilities of the Finance Committee shall include the review and provision of recommendations to the Agency's Board of Commissioners regarding the following items:

- The Agency's draft annual capital improvement plan and appropriations budget;
- The consideration of the issuance of bonds or other debt instruments;
- The purchase, sale, or lease of any real property owned or to be acquired by the Agency;
- Any proposed owner participation agreement or other financial contribution to private or public development projects that are;
 - i. Not included within the Agency's capital improvement plan; and
 - ii. Not included within the Agency's annual appropriations budget; and
 - iii. Where such initial financial contribution or future repayment commitment by the Agency is in excess of fifty thousand dollars (\$50,000).

2.8 CONFLICTS OF INTERESTS

It is the policy of the Agency that all Board members shall conduct themselves in a manner that will not result in the creation of an actual or perceived conflict of interest. Where an actual or perceived conflict of interest occurs, the Board member shall seek guidance from the Agency's legal counsel to determine whether an actual or perceived conflict exists. If the Agency's legal counsel determines that an actual or perceived conflict of interest exists, the Board member shall publicly disclose the conflict and shall recuse themselves from participating and acting upon the matter. In order to implement this policy, each Board member and all newly appointed Board members shall submit an annual written conflict disclosure letter to the Office of the Mayor of the City of Moscow by January 31st of each year, or within 60 days of appointment for new Board members, documenting compliance with IC § 50-2017.

2.9 PUBLIC MEETINGS

Public access, observation, and participation is a fundamental public right and is necessary to ensure public transparency and understanding of the activities of the Agency. It is the policy of the Agency to comply with all applicable provisions of the Idaho Code Title 74 Transparency and Ethical Government, and more specifically IC § 74-2 related to the Idaho Open Meetings Act. The Agency shall ensure the public meeting and agenda notice is posted in accordance with all applicable requirements and all meeting materials are made available in the offices of the Agency Clerk and posted upon the Agency's website. All Agency meetings shall be held in publicly accessible locations and, with the exception and any legally appropriate and necessary executive session, shall be open to the public to attend and observe the activities of the Agency.

Under the direction of the Chair, Agency meetings and will be generally, but not strictly, guided by the customary parliamentary rules, such as Roberts Rules of Order Newly Revised. All meetings of the Agency shall require a quorum constituting no less than four of the Board members to be present, either physically or telephonically, to conduct any business of the agency.

The Agency shall make time available at all meetings to receive public comment on items that are not on the published, or thereafter amended, agenda of the meeting. It shall be at the Agency Chair's discretion to allow public comment at all other times during the course of the meeting. The Chair shall have the discretion to allow public comment or testimony pertaining to specific agenda items in

consideration of the length of the meeting, appropriateness of accepting comment at the specific juncture in consideration of past or potential future opportunities for comment to be received, and the efficiency and order of the conduct of the meeting. In all instances the Chair shall have the ability to limit the time allocated for public comment, either in total or per individual seeking to provide comment.

2.10 RECORD RETENTION

Access to public records related to the activities of the Agency ensures accountability and provides public transparency into the operations of the organization. It is the policy of the Agency to fully comply with the requirements and provisions of the Idaho Public Records Act. It is also the policy of the Agency to provide convenient public access to the Agency's meeting agendas, materials, and minutes, contracts and agreements, annual reports, annual audits, annual budgets, resolutions, strategic plans, Board resolutions, and other documents by posting these records upon the Agency's website in a timely manner to ensure that the public has ready access to records related to the activities of the Agency.

2.11 ANNUAL REPORT

In Accordance with IC § 50-2006 (c), urban renewal agencies within the State of Idaho are to provide an annual report by March 31st of each year to the jurisdiction's governing body which shall include a complete financial statement setting forth its assets, liabilities, income and operating expenses. The agency shall be required to hold a public meeting to report these findings and take comments from the public. The Executive Director shall be responsible for the preparation and presentation of the Annual Report for the Board's approval and transmittal to the City Council.

3.0 DEVELOPMENT PARTICIPATION

The Agency fulfills its mission through the funding of public improvement investments needed to correct and reverse deteriorated or deteriorating areas, incentivize private investment, correct unsanitary or unsafe conditions and strengthen and improve the physical, social, and economic condition of the community. The Agency may implement these public investments through several different public investment programs including the **Streetscape Grant Program**, **General Project Assistance Program**, **Community Partnership Program** or the **Special Projects Program**. Each of these

programs including a general description, eligible expenses, application and approval process, and reimbursement procedures are described below.

3.1 STREETScape GRANT PROGRAM

Program Description: The Streetscape Grant Program is intended to assist smaller-scale projects with the construction of eligible streetscape improvements located within the public right-of-way and which comply with the applicable street standard for the subject street corridor. These funding requests will typically accompany smaller projects such as façade renovation or tenant improvement projects. Funding for the Streetscape Grant Program shall be limited to \$50,000 per project and shall be provided upon a first-come, first-served basis until the allocated program funding has been fully utilized.

Eligible Expenses: Eligible expenses within the Streetscape Grant Program include the following elements in accordance with the adopted streetscape standards:

- Curb, gutter, sidewalks and public storm water facilities
- Public lighting fixtures
- Street trees, tree wells and tree grates
- Benches, planters, trash receptacles, bollards, bike racks, art plinths and installations, and similar public furnishings and fixtures
- Underground public utility mains including water, sanitary sewer, storm water and publicly owned fiber optic systems

Ineligible Expenses: The following expenses shall not be eligible for reimbursement:

- Engineering and design expenses
- Financing expenses
- Permits, overhead, traffic control
- Any other expenses beyond materials and direct labor

Application Process: Participants seeking financial assistance with qualifying streetscape improvements shall submit a completed program application including a streetscape project design prepared by a properly licensed design professional, detailed projects cost estimate, summary of

project funding sources, project construction schedule, and a detailed list of the specific project elements requested to be funded by the Agency including element description, unit quantities, unit costs, project contingency and total funding assistance requested.

Approval Process: All Streetscape Grant Program requests will be reviewed by Agency Staff to determine eligibility of expenses, compliance with adopted streetscape standards, reasonableness of project costs, and availability of program funding. Following Agency Staff review, the request and any recommendations of Staff will be considered by the Agency Board for consideration for approval or denial. If approved, the Agency and participant will enter into a Streetscape Grant Program reimbursement agreement documenting the agreed upon reimbursement and obligations of both parties.

Reimbursement Process: Once the participant has completed the approved improvements, the participant shall submit a request for reimbursement including detailed documentation to clearly establish that the reimbursable expenses were actually incurred and paid for by the participant including a contractor's final release and waiver of lien to ensure that all expenses have been fully paid. Agency Staff will verify that the constructed improvements have been completed and inspected, and accepted by the agency having jurisdiction over subject public improvements. Upon satisfaction of the foregoing, Agency Staff shall process and issue the reimbursement payment in accordance with the executed reimbursement agreement.

3.2 GENERAL PROJECT ASSISTANCE PROGRAM

Program Description: The General Project Assistance Program is intended to assist larger projects that generally include the development of undeveloped property or significant redevelopment of existing buildings or structures which advances and/or aligns with identified urban renewal district goals and objectives. General Project Assistance is generally funding through the use of Owner Participation Agreements (OPA) where the Agency agrees to reimburse agreed-upon eligible expenses from tax increment revenues received from the participant's development or redevelopment project.

Eligible Expenses: Eligible expenses within the General Project Assistance Program include:

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- Streetscape within the public right-of-way including curb, gutter, sidewalks, street trees, public lighting fixtures, street tree wells and tree grates, benches, planters, trash receptacles, bollards, bike racks, art plinths and installations, and similar public furnishings and fixtures
 - Public infrastructure located within the public right-of-way including public street or alley repair or construction, intersection improvements, and underground public utility mains including water, sanitary sewer, storm sewer, and publicly owned fiber optic systems.
 - Other public amenities such as public pedestrian pathways and similar facilities deemed to be demonstrably a public benefit.
 - Limited site remediation work as approved on a case-by-case basis and where necessary to mitigate a public health risk or where contamination exists within or presents a risk of entering the public right-of-way, public waters or other similar conditions.

Ineligible Expenses: The following expenses shall not be eligible for reimbursement:

- Soft costs including engineering and design expenses, environmental assessments of private property, financing expenses, permits, overhead, traffic control and any other expenses beyond materials and labor.

Application Process: Participants seeking General Project Assistance shall submit a completed program application including a summary of the proposed development project, summary of square footage of proposed land uses and site improvements, architectural and civil project designs prepared by a properly licensed design professional, detailed projects cost estimate, summary of project funding sources, project construction schedule, and a detailed list of the specific project items requested to be funded by the Agency including general description, unit quantities, unit costs, project contingency, total funding assistance requested, and an estimate of the anticipated assessed valuation of the project. At the discretion of the Board, the Board may accept conceptual level design drawings when full architectural and civil designs are not available, and provide conditional approval contingent upon the review and approval of the development/redevelopment final construction design documents.

Approval Process: General Project Assistance Program requests will be reviewed by Agency Staff to determine eligibility of expenses, the development/redevelopment project alignment with adopted district goals and objectives, compliance with adopted streetscape, zoning and other applicable

development standards, reasonableness of project costs, and feasibility of the Agency's ability to reimburse the requested expenses in consideration of estimated project valuation. Following Agency Staff review, the request will be considered by the Agency Board for consideration for approval or denial. If approved, the Agency and participant will enter into an OPA documenting the agreed-upon reimbursement and obligations of both parties.

Reimbursement Basis: Reimbursement under the General Project Assistance program are funded through an annual reimbursement of fifty percent (50%) of the tax revenues received by the Agency specifically from and as a result of the subject development/redevelopment project. The Agency Board may approve different terms of reimbursement where the Board finds that:

- The proposed development/redevelopment project presents an exceptional public benefit that warrants a deviation from the standard reimbursement agreement; or
- The proposed public improvements that would be funded by the Agency's financial participation presents an exceptional public benefit that warrants a deviation from the standard reimbursement agreement; or
- The scale of the proposed development/redevelopment project relative to the cost of the proposed public improvements warrants a deviation from the standard reimbursement agreement; or
- The Agency's ability to reimburse the Participant in consideration of the project valuation or duration remaining within the district warrants a deviation from the standard reimbursement agreement.

Reimbursement Process: Once the participant has completed the development/redevelopment project and associated public improvements the participant shall submit a request for reimbursement including detailed documentation to clearly establish that the reimbursable expenses were actually incurred and paid for by the participant including a contractor's final release and waiver of lien to ensure that all expenses have been fully paid. Agency Staff will verify that the constructed improvements have been completed and inspected, and accepted by the agency having jurisdiction over subject public improvements. Upon satisfaction of the foregoing, Agency Staff shall prepare a Limited Promissory Note which reflects the terms and conditions of reimbursement as approved by the Board and document within the project OPA. Upon approval and execution of the Limited

Promissory Note the Agency shall commence with reimbursement payments in accordance with the executed promissory note.

3.3 COMMUNITY PARTNERSHIP PROJECTS

Program Description: Community Partnership Projects include joint projects undertaken with various public agency partners, including but not limited to, the City of Moscow, Idaho Transportation Department and/or other similar public entities. Community Partnership Projects often work to leverage the intergovernmental cooperation to secure state or federal grant funding for needed community public transportation, public utility, public facility and similar community infrastructure projects that achieve mutual goals of both entities.

Eligible Expenses: Eligible expenses within the Community Partnership Program include:

- Streetscape within the public right-of-way including curb, gutter, sidewalks, street trees, public lighting fixtures, street tree wells and tree grates, benches, planters, trash receptacles, bollards, bike racks, art plinths and installations, and similar public furnishings and fixtures
- Public infrastructure located within the public right-of-way including public street or alley repair or construction, intersection improvements, and underground public utility mains including water, sanitary sewer, storm sewer, and publicly owned fiber optic systems.
- Other public amenities such as public pedestrian pathways and similar facilities deemed to be demonstrably a public benefit.
- Public facilities and buildings, subject to the funding limitations of IC § 50-2905A
- Engineering, design, and other studies and reports necessary to support an approved Community Partnership Project

Application Process: Community Partnership Projects may be identified by the Board, the Executive Director, or by request from a partner agency. The Board shall evaluate each request on a case-by-case basis to assess the project alignment with district goals and objectives, community impact, and available Agency funding.

Approval Process: Proposed Community Partnership Projects requests will be reviewed by Agency Staff to determine eligibility of expenses, the project alignment with adopted district goals and objectives, compliance with adopted streetscape, zoning and other applicable development

standards, reasonableness of project costs, and feasibility of the Agency’s ability to fund the request. Following Agency Staff review, the request will be considered by the Agency Board for consideration for approval or denial. If approved, the Agency and partner entity will enter into a project agreement documenting the obligations of both parties and timing and method of financial contribution.

3.4 SPECIAL PROJECTS AND INITIATIVES PROGRAM

Under certain circumstances the Agency may undertake special projects that the Board finds to be appropriate and necessary to advance adopted district goals and objectives. Such projects may include activities such as the acquisition and preparation of properties for redevelopment, environmental remediation or demolition of structures and properties deemed to be demonstrably for public benefit, and other similar activities. All Special Projects and Initiatives will be considered on a case-by-case basis to assess the project’s alignment with adopted district goals and objectives, support of partner agencies goals and objectives, significance of public benefit achieved, and alignment with adopted Agency policies and procedures.

3.5 DEVELOPMENT PARTICIPATION CONTRACTS AND AGREEMENTS

Development assistance from the Agency is a discretionary incentive and not an entitlement. When assistance is requested from the Agency, the requestor shall understand and agree that the Agency shall require the use of the contracts and agreements that have been developed by the Agency for use in the Agency’s development participation programs. Except for limited exceptions, the Agency does not intend to expend staff time and/or financial resources toward the negotiation and amendment of these documents.

The Agency may adopt a schedule of values, as may be amended from time to time, to be utilized in the assessment of the reasonableness of public improvement reimbursement expenses. The application of and any deviation from an adopted schedule of values shall be at the discretion of the Board in consideration of construction cost inflation, specific project construction conditions and other applicable considerations.

4.0 Financial Controls

4.1 GENERAL PRINCIPALS

The Agency recognizes its important responsibility to carefully manage and utilize the public funds that the Agency receives for the purposes of the betterment of the social, physical and economic condition of the City of Moscow. The Agency strives to be a responsible steward of these public resources through the development and implementation of accurate financial accounting, application of appropriate financial controls, development and management of annual appropriation budgets, and careful long-term financial planning. To that end, the policies established herein are intended to document the Agency's financial management policies to ensure that the Agency's operations are transparent, understood and accountable.

4.2 ANNUAL APPROPRIATIONS BUDGET

Pursuant to Idaho Code §50-2006(3)(d), the Agency will adopt an annual balanced budget for filing with the local governing body, for informational purposes. The annual appropriations budget will appropriate sufficient funds for operating, capital and project administration expenditures necessary to maintain established quality and scope of Agency services.

Agency staff shall maintain a budgetary control system which will enable adherence to the adopted budget. This includes a centralized accounting and record keeping system from which monthly financial reports shall be provided for review to Agency staff no later than the second Thursday of each month, and for presentation to the Board of Commissioners no later than the third Thursday of each month.

4.3 ANNUAL AUDIT PROCESS

Pursuant to Idaho Code 50-2006(3)(d), the Agency is subject to an annual financial audit, for which a qualified, independent auditor shall be contracted to perform an audit in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable contained in Government Auditing Standards issued by the Comptroller General of the United States.

Agency staff shall prepare audit work papers and schedules including the transmittal letter and Management's Discussion and Analysis. Upon completion of the annual audit and acceptance of the

audited financial statements by the Board of Commissioners, agency staff shall submit the required documentation to the Idaho Local Governing Entities Central Registry.

4.4 REVENUES

This revenue policy is designed to ensure that increment revenues generated as a result of increased property tax value from projects within a Moscow, Idaho urban renewal district are sufficient to provide Agency services and/or programs equitably.

Revenues shall be budgeted based on expected resources. This includes existing revenue, any new revenue sources and the potential use of fund balance and/or debt financing

All incremental tax revenues relating to each individual project area (district) shall be deposited into the associated fund and shall be used only for the following purposes and in the following order of priority:

- First to pay the interest on bonds and notes payable relating to the associated project.
- Second, to pay the principal of the bonds and notes payable relating to the associated project.
- Third, to fund the general fund.
- Fourth, to fund construction in the project areas for plans as legally approved by the Board of Commissioners
- Fifth, for any lawful purpose of the Agency.

The Agency shall utilize City of Moscow's finance department's staff and internal controls to receipt, post and deposit all Agency revenues in compliance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board statements.

To ensure proper segregation of duties and transparent and timely communication of revenue activity, the Treasurer shall reconcile all revenue accounts and prepare a revenue analysis report, to be reviewed and approved by the Executive Director and Board of Commissioners each month.

4.5 OPERATING EXPENDITURES AND PAYABLES

Expenditures shall be budgeted and monitored so as to not exceed current revenues, and shall be utilized to obtain the objective of maximizing the benefit of available resources.

All Agency invoices shall be submitted to the City of Moscow's accounts payable staff each Wednesday, to be paid that Friday. All invoices shall have documented authorization from both the Executive Director and Treasurer. The Treasurer shall ensure sufficient budget appropriation prior to approval.

The Agency shall utilize City of Moscow's finance department's staff and internal controls to process invoices and post related expenditures, record accounts payable and subsequent payments of invoices, in compliance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board statements.

The Executive Director shall direct and oversee agency projects for compliance with contracts and efficiency.

To ensure proper segregation of duties and transparent and timely communication of expenditure activity, the Treasurer shall reconcile all accounts payable/expenditure accounts and prepare an expenditure vs. budget analysis report, to be reviewed and approved by the Executive Director and Board of Commissioners each month.

4.6 CAPITAL EXPENDITURES

For each District of the Agency, a multi-year Capital Improvements Plan will be developed and updated annually. The Agency shall make all capital improvements in accordance with the Plan, unless otherwise directed by the Board of Commissioners. The Plan will identify all projects likely to be constructed within a five (5) year horizon. The Plan will reflect, for each project, the total project cost, anticipated Agency contribution and construction year.

Capital projects will be assessed to ensure they fall within the purpose of the Agency and be funded by current and projected increment revenues, as well as other funding sources including but not limited to:

- Grant Funding
- Owner Participation Reimbursement Agreements

The Agency will determine and use the most effective and efficient method for financing all new capital projects.

4.7 CAPITAL ASSETS

The Executive Director, in consultation with Agency staff as necessary, shall annually review and monitor the state of the Agency’s capital assets, including but not limited to: land, infrastructure and buildings.

The Agency’s capitalization threshold shall be five thousand dollars (\$5,000) per item and an expected useful life in excess of one (1) year.

4.8 FUND BALANCES

The Agency maintains a general fund balance to provide a stable funding source for operating expenditures that pertain to the general Agency operations. The general fund balance is supported by inter-fund transfers from the District funds as a result of the allocation of general agency administration and operation costs.

It is the intent of the Agency to transfer from the district funds to the general fund, an amount equal to total general fund operating expenses at the end of each fiscal year. Agency staff may, with Board approval, reduce or increase this transfer depending on the financial position of the Agency at fiscal year-end.

The District fund balances are to provide a stable funding source for operating and capital expenditures within the District that fluctuate significantly each year.

Reserves, contingencies and ending fund balances of all funds of the Agency shall be maintained at levels sufficient to protect the Agency’s financial position and support a healthy working capital in the amount greater than or equal to:

<u>Fund</u>	<u>Working Capital Balance Requirement</u>
General Fund	Three (3) months of the ensuing fiscal year operating budget
District Funds	Two (2) months of the ensuing fiscal year operating budget

On an annual basis, as part of the year-end closing procedures, Agency staff shall evaluate ending fund balances to ensure compliance with stated working capital policies. The Executive Director and Treasurer may make changes to such policies in the use of financial reserve and/or use of any surplus based on the needs identified in the schedule. The Agency Board has final authority to allocate and appropriate these funds either by amending the current year budget or by appropriating funds in the ensuing budget year.

Any surpluses in the General Fund at year-end shall be used to fund any or all of the following, in no specific order:

- Capital asset maintenance/related selling or disposal expenditures
- Capital projects for aging infrastructure or new projects;
- Retirement or refinancing of existing debt.

The Agency will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Agency, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to arrest the future use of fund balance for operating expenditures.

4.9 CASH MANAGEMENT AND INVESTMENTS

The purpose of this policy is to present the guidelines by which the Agency manages cash and invests funds, in order to maximize the efficiency and effectiveness of the Agency's cash balances and investment funds.

The Agency Treasurer shall make use of every available tool to collect and disburse funds as efficiently and effectively as practical to ensure that the maximum amount of cash is made available for purposes of investment and to avoid unnecessary borrowing.

The Agency Treasurer shall be responsible for the investment of available funds. The Treasurer shall prioritize investments based on safety, liquidity, and yield. The primary responsibility of the Treasurer is to maintain the safety of the Agency's cash and investments entrusted to him/her by the Board of

Commissioners and citizens within each established Moscow Urban Renewal Agency District. Secondly, the liquidity of investments is important in order to maintain a sufficient amount of liquid investments that can be converted to cash quickly to cover disbursement requirements. The final priority of investments, after safety and liquidity, is yield. The Treasurer's actions will be within the constraints that are in conformity with state statutes, local laws, and Agency Bylaws and Policies.

Scope: This investment policy applies to all who act as agents for the Agency in making investment decisions. Those involved would include the Treasurer and those who the Treasurer has delegated responsibility too, hereafter investment officers. On occasion and, where possible, in consultation with or at the direction of the Treasurer, the Executive Director may participate in or transact financial matters on behalf of the Agency, subject to this Investment Policy and only where he/she exercises judgment in the same or similar manner as is generally accepted in the public investment industry and pursuant to Idaho law.

This investment policy applies to all financial assets of Agency and applies to the following funds, which are accounted for in the Agency's comprehensive financial reports:

- General Fund;
- Legacy Crossing;
- Any new fund(s) created by the Agency unless specifically exempt.

Monies from funds can be pooled in order to facilitate the efficient investment of monies. All monies shall be invested by the Treasurer in accordance with Idaho Code Section 50-1013.

General Objectives:

Safety: It is the first objective of Agency, requiring the Treasurer to make prudent investment decisions in order to maintain the safety of monies of the Agency. Investments are not to be made as speculation, and they are to be made in accordance with the Prudent Investor Rule (see section 4 of this policy).

Interest Rate Risk: The Agency will mitigate interest rate risk (i.e., risk that the market value of securities will fall due to changes in market interest rates) through:

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- Limiting the weighted average maturity of the investment portfolio

Credit Risk: The Agency shall mitigate Credit Risk (i.e., risk of loss due to the failure of the security issuer or backer) through:

- Only using pre-qualifying Financial Institutions, Depositories, and Broker/Dealers who qualify according to the “Suitable and Authorized Investments” section of this policy; and
- Diversification (see “Diversification” section of this policy) of investments in order to minimize the impact of potential losses from any one type of external investment pool, security or one issuer.

Liquidity: The investment portfolio shall remain sufficiently liquid so that when necessary, investments can and will be liquidated in order to cover current operating requirements which may be reasonably anticipated. No investment, unless specifically matched with an anticipated cash flow requirement or purpose, shall be made in securities that exceed an estimated or effective length of five (5) years or more unless the Treasurer is specifically granted authority to do so by the Agency.

Securities are expected to be held until maturity except:

- When a security has declining credit and its sale before maturity will minimize loss of principal;
- When a security swap would improve the quality, yield, or target duration in the portfolio;
- The selling of a security converts an advantage of a capital gain on the investment;
- When liquidity needs of the portfolio require that the security be sold prematurely

Ethics and Conflicts of Interest: All those involved in making investments for Agency shall refrain from personal business activities that could impair their investment decisions. Any material interest in a financial institution that the Agency conducts business with, as well as, any personal investments that may be related to the performance of Agency’s portfolio shall be disclosed by the Treasurer and investment officers.

Delegation of Authority: The Treasurer is ultimately responsible for the performance of Agency’s portfolio. He/she has the authority to delegate responsibilities to subordinates. The system of internal controls and standard operating procedures has been developed to help facilitate and regulate the actions of all involved in making investments for Agency.

Suitable and Authorized Investments: All monies shall be invested only in securities that are allowed by Idaho Code Section 50-1013. These provisions are as follows:

- Revenue bonds issued by the revenue bond act.
- Local improvement district bonds provided for under Chapter 17, Title 50, Idaho Code.
- Time deposit accounts with public depositories.
- Bonds, treasury bills, interest-bearing notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- General obligation bonds of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.
- General obligation bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this state.
- External investment pool accounts of the state.
- Savings accounts including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- Time deposit accounts and other savings accounts of state or federal savings and loan associations located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the federal savings and loan corporation, including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- Share, savings and deposit accounts of state and federal credit unions located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the national credit union share insurance fund and/or any other authorized share guaranty corporation, including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- Prime banker's acceptances.
- Prime commercial paper.
- Money market funds, mutual funds, or any other similar funds whose portfolios consist of any allowed investment as specified in this section.

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- Bonds, debentures or notes of any corporation organized, controlled and operating within the United States which have, at the time of their purchase, an A rating or higher by a commonly known rating service.

Investment Parameter:

Diversification: Agency'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 local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Maximum Maturities: the Agency shall endeavor to match maturities of investments with liquidity requirements and cash flow needs.

Competitive Bids: The Agency investment officer shall seek competitive bids from at least two brokers/financial institutions on purchases of investment instruments purchased on the secondary market.

Reporting: The Agency Treasurer shall reconcile each deposit and investment account on a monthly basis. A bank and investment reconciliation report will be prepared and a balance sheet report shall be submitted monthly to be reviewed and approved by the Executive Director and Board of Commissioners.

Approval and Amendments of Investment Policy: This policy shall be reviewed annually by the Treasurer and Executive Director, and if changes are desired they shall need to be approved by the Agency Board.