



**Massachusetts Bay  
Transportation Authority**

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## **Investment Policy Update**

**May 20, 2019**



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## Investment policy was last updated in 2017, requires biennial board review and approval

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- MBTA Investment Policy establishes guidelines for investment of operating funds, bond proceeds, debt service funds and debt service reserve funds. Ensures effective and judicious management of public funds.
- Substantial policy update in 2017 was first in 15+ years. Current version incorporates only minor changes.
- Updates to Investment Policy:
  - **Clarifies Future Governance:** Includes accountability to FMCB successor Board post 2020 (in addition to MassDOT Board).
  - **Broadens Market Risk Description:** Introduces concept of interest rate risk and encourages mitigation.
  - **Strengthens Third Party Audit Requirements:** Adds SOC 2 requirement for third parties, ensuring data security, confidentiality and privacy.
  - **Clarifies Investment Horizon:** Policy is to hold investments to maturity unless a liquidity need arises, or to improve quality or rate of return of portfolio in response to market conditions.



## Primary objectives are unchanged: Safety, Liquidity, Return and Sustainability

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### Safety

- Safety of principal 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.

### Liquidity

- The investment portfolio shall remain sufficiently liquid to meet all cash flow requirements that may be reasonably anticipated.

### Return

- The portfolio shall seek to attain a reasonable market rate of return throughout budgetary and economic cycles, taking into account the nature of funds being invested and the previously stated priorities of safety and liquidity.

### Sustainability

- Wherever possible, investment decisions shall take into account environmental, social and governance ("ESG") factors.
- Minority, women and veteran-owned enterprises shall receive additional consideration in the selection of external asset managers.



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## Adopt updated investment policy

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### **MASSACHUSETTS BAY TRANSPORTATION AUTHORITY FISCAL AND MANAGEMENT CONTROL BOARD**

VOTED: That the members of the Fiscal and Management Control Board (the “FMCB”) hereby approve the Investment Policy of the Massachusetts Bay Transportation Authority in the form presented at this meeting.