

UTAH SYMPHONY & OPERA  
INVESTMENT POLICY STATEMENT

I. INTRODUCTION.

This statement of investment policy is set forth in order that:

- A. Policies and procedures are established to safeguard the investment funds of the Utah Symphony & Opera (USO).
- B. There is a clear understanding on the part of the Utah Symphony & Opera Investment Committee (Committee) and the USO Board of Trustees (Board) of the investment policies established for the investment funds.
- C. Investment advisors, appointed by the Committee, are given specific investment guidelines to which they are to adhere.
- D. The Committee will have a basis for evaluation of the investment performance of the investment advisors.

II. INVESTMENT COMMITTEE.

The Committee is appointed by the Board and is responsible for managing the investments of the USO. The Committee reports to the Board through the Executive Committee.

The Committee will have a minimum of three and a maximum of nine members, including the Chairman. Committee members, including the Chairman, will be appointed by the Chief Executive Officer, the Chairman and Vice Chairman of the Board and approved by the Executive Committee. The Chief Executive Officer and the Chief Financial Officer will serve as ex-officio members of the Committee. The Chairman of the Committee will serve for a term of one year. However, such term may be extended at the election of the Executive Committee.

The Secretary of the Committee will be the Chief Financial Officer of the USO.

The responsibilities of the Committee are as follows:

- A. Establish written investment objectives.
- B. Establish investment policies and procedures which should be set forth in writing and reviewed annually.
- C. Appoint and/or discharge investment advisors
- D. Determine allocation of funds to investment advisors.
- E. Monitor financial reports relating to investment funds together with investment performances.

- F. Provide periodic reports to the Executive Committee and to the Board of investment objectives, policies and procedures which have been established, the status of investment funds and investment performance.
- G. Act upon special investment requests received from investment advisors, the Executive Committee or the Board.
- H. Arrange for the management or liquidation of non-cash assets contributed to the USO, which would include such items as real estate, gifts in kind, illiquid securities, etc.

### III. INVESTMENT FUNDS.

The investment funds of the USO are comprised of the following:

#### A. Utah Symphony Donor Restricted Endowment Fund.

- 1. Qualifying Funds: Endowment funds held for which the donor has restricted the use of principal.
- 2. Guidelines and Restrictions:
  - a. The principal of this endowment fund shall be invested in accordance with the investment policy established by the Committee and approved by the Board.
  - b. Except as provided in paragraph III. A. 2. c. below, the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO, nor shall loans to the Annual Operating Fund be made from this endowment fund.
  - c. Unless otherwise designated by donor, a 5% annual draw from the Donor Restricted Endowment Fund for operations is established per USO's board resolution dated November 21, 2002. This annual draw shall equal 5% of the average fair market value of the Donor Restricted Endowment Fund on the 12 completed calendar quarters before the commencement of a new Symphony Fiscal Year, i.e. the quarter ending June 30. USO management will be responsible for annually calculating the amount of the 5% draw and working with the Investment Account Custodian on the timing of the fund transfers to achieve the 5% draw. It is anticipated that actual dividends and interest received by the Donor Restricted Endowment Fund will be transferred monthly to the General Fund with a fiscal year end transfer adjustment made to make the total transfer for the year equal to the 5% annual draw calculation.

In 2007 the Utah legislature adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, any expenditure (draw) over seven percent (7%) of the fair market value of an endowment fund creates a rebuttable presumption of imprudence. Therefore, USO's annual draw for operations from its endowment funds is restricted under Utah law to a maximum of 7% of the fair market value of the funds.

B. Utah Symphony Board Restricted Endowment Fund.

1. Qualifying Funds:

- a. All other endowment funds donated to the Utah Symphony which are not specifically restricted by the donor as to the use of principal.
- b. Other Funds that may be designated by the board for long term investment.

2. Guidelines and Restrictions:

- a. The principal of these funds shall be invested in accordance with the investment policy established by the Investment Committee and approved by the Board.
- b. Except as provided in paragraph III. A.2. c. above the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO. However, with the approval of 90% of the voting members of the Board, loans to the Annual Operating Fund may be made from these funds. Such loans shall be repaid without interest within five (5) years from future annual operating surpluses of the USO.

C. Utah Opera Endowment Fund.

1. Donor Restricted Endowment Funds.

- a. Qualifying Funds: Endowment funds held for which the donor has restricted the use of principal.
- b. Guidelines and Restrictions:
  - i. The principal of this endowment fund shall be invested in accordance with the investment policy established by the Committee and approved by the Board.
  - ii. Except as provided in paragraph III. A. 2. c. above, the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO, nor shall loans to the Annual Operating Fund be made from this endowment fund.

2. Board Restricted Endowment Funds.

- a. Qualifying Funds: All other endowment funds donated to the Utah Opera which are not specifically restricted by the donor.
- b. Guidelines and Restrictions:
  - i. The principal of these funds shall be invested in accordance with the investment policy established by the Investment Committee and approved by the Board

- ii. Except as provided in paragraph III. A.2. c. above, the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO. However, with the approval of 90% of the voting members of the Board, loans to the Annual Operating Fund may be made from these funds. Such loans shall be repaid without interest within five (5) years from future annual operating surpluses of the USO.

D. Utah Symphony & Opera Endowment Fund.

1. Donor Restricted Endowment Funds.

- a. Qualifying Funds: Endowment funds held for which the donor has restricted the use of principal.
- b. Guidelines and Restrictions:
  - i. The principal of this endowment fund shall be invested in accordance with the investment policy established by the Committee and approved by the Board.
  - ii. Except as provided in paragraph III. A. 2. c. above, the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO, nor shall loans to the Annual Operating Fund be made from this endowment fund.

2. Board Restricted Endowment Funds.

- a. Qualifying Funds: All other endowment funds donated to the USO which are not specifically restricted by the donor.
- b. Guidelines and Restrictions:
  - i. The principal of these funds shall be invested in accordance with the investment policy established by the Investment Committee and approved by the Board.
  - ii. Except as provided in paragraph III. A.2. c. above, the principal of this endowment fund shall not be used as part of the Annual Operating Fund of the USO. However, with the approval of 90% of the voting members of the Board, loans to the Annual Operating Fund may be made from these funds. Such loans shall be repaid without interest within five (5) years from future annual operating surpluses of the USO.

E. Utah Symphony & Opera General Fund.

The USO General Fund consists of the annual operating funds of the USO, as well as investment assets, such as real estate, art, and securities, which have not been designated for one of the above specified endowment funds.

F. Temporarily Restricted Assets.

Temporarily Restricted Assets are primarily donations or other revenues that are restricted to a future fiscal year for special projects such as future period sponsorships of concerts or tours, and grants from the Board of Education and Utah Arts Council that are related to the next fiscal year. Unless otherwise donor or Board restricted, any income from Temporarily Restricted Assets may be used for current operations.

IV. INVESTMENT PERFORMANCE OBJECTIVES.

The investment performance objectives of the endowment funds will be as follows:

- A. To attain a maximum total rate of return consistent with a prudent degree of risk, which rate of return is to include all earnings, capital appreciation or depreciation, less fees charged by the investment advisors and custodians. However, non-marketable assets, as defined and agreed upon by the Committee, will be excluded in this calculation.
- B. As a basis for measuring relative performance, the funds managed by the investment advisors will be expected to perform in the upper quartile on an annual basis as compared to the investment performance of a universe of other tax exempt investment funds with a similar asset mix and objectives, as reported by organizations such as Merrill Lynch, Wilshire Associates, and the Standard & Poor's 500 Index.
- C. The investment portfolio should be diversified within each investment category to avoid undue risk.
- D. Not more than 10% of the total investment funds should be invested in non-liquid investments for which an immediate market does not exist.

V. INVESTMENT ADVISORS.

The Committee, with approval of the Executive Committee, is empowered to appoint investment advisors to whom will be delegated the responsibility of daily management of funds assigned to them according to the following terms and conditions:

- A. Investment managers must be registered with the Securities and Exchange Commission pursuant to the Investor Advisor's Act of 1940, as amended.
- B. Investment advisors will be given the discretion to execute trades without prior approval, subject to pre-established policies and guidelines.
- C. Agreements with investment advisors are to be in writing and should be drawn so that the manager can be terminated without prior notice, with or without cause. The Investment Committee shall annually review Investment Advisor Agreements and any reports advisors are legally required to submit to the committee.

VI. INVESTMENT ADVISOR GUIDELINES.

Investment advisors are to be provided written guidelines and instructions to govern their portfolio management.

VII. LIQUIDITY.

The Committee will be responsible for providing the investment advisors with an estimate of any planned cash withdrawals from portfolios on an annual basis in order to avoid any forced sales of securities. However, as overall portfolio liquidity is considered to be important to facilitate the portfolio changes necessary to adapt to changing economic conditions, marketable securities for which a ready market exists are expected to be the most suitable type of investment for the USO's investment funds. Illiquid investments should not be acquired except with the expressed written approval of the Investment Committee.

VIII. ACCOUNTING AND REPORTING.

The USO staff is responsible to provide and to maintain a complete set of accounting records, recording all transactions relating to the USO Investments in accordance with Generally Accepted Accounting Principles.

A report shall be prepared by the USO staff quarterly for review by the Committee, which shall contain the following:

- A. Itemized listing of investment by investment category showing both cost and current market value and current dividend and interest income.
- B. Summary of changes in the fund balance showing contributions added, withdrawals, expenses, etc. for the current period and year-to-date.
- C. Investment performances of the total fund, and each portfolio manager identifying both the current income yield and the total rate of return.
- D. Purchases and sales.
- E. Itemized listing of any income past due.
- F. Itemized listing of investment assets not included in professionally managed portfolios.

Reports prepared by the Custodian of the USO's funds and by an independent evaluator of the investment performance of the funds may be submitted in lieu of quarterly reports by the USO staff to the extent the above required information is included in such externally prepared reports.

IX. BROKERAGE.

Brokerage shall be allocated so as to achieve a combination of best net price and greatest service to the funds considering:

- A. Ability to execute the trade.
- B. Price and execution.
- C. Negotiated commission rate.

D. Investment research and other services.

All other factors being equal, preference should be given to brokers with Salt Lake City based offices.

X. CUSTODIANSHIP.

All assets under management of the investment advisors are to be maintained in a custodial account at a major bank or brokerage designated by the Committee.

XI. REVIEW MEETINGS.

The Committee, or representatives there from, are to meet at least annually with the USO's investment advisors to evaluate compliance with established guidelines, review investment performance, respond to investment advisor inquiries and on an overall basis evaluate the investment advisor relationship.

XII. NON-CASH CONTRIBUTIONS.

Non-cash contributions must be approved by the Committee. Acceptance of noncash contributions should be evaluated carefully and accepted only when a ready market for disposition exists, or a certain future disposition date exists, which warrants the acceptance of the gift. Under the direction of the Investment Committee, the USO staff shall dispose of non-cash contributions according to the following guidelines:

- A. Marketable Securities. Marketable securities should be sold promptly and the proceeds added to the endowment or general funds. The USO, through its authorized representatives, shall promptly direct in writing the sale of such securities.
- B. Non-marketable Assets. The disposition of non-marketable assets should be determined individually by the Committee. Normally such property should be converted to cash as soon as possible, unless special conditions warrant holding the property.
- C. Valuation of Non-Cash Assets. Neither the Committee, the Board, or the USO is empowered to provide the donor of a non-cash gift with an appraisal of value. However, for record keeping purposes such gifts will be valued on USO's books half way (1/2) between the high and low appraisals prepared by external appraisers. Such appraisals are to be provided upon acceptance of the gift by the USO from the most qualified available appraiser without undue expense.
- D. Real Property Contributions. Real property will not be accepted without an indemnification from the donor concerning any and all liability associated with ownership of said property.

XIII. PROCEDURES FOR THE DISPOSITION OF MARKETABLE SECURITIES.

A. Securities Delivered in Physical Form:

All securities delivered to the Custodian by the USO in physical form must be accompanied by:

1. Stock or Bond Power.
2. Current Corporate Authorization.
3. Written instructions to sell, hold or transfer the securities.

B. Securities Delivered Electronically to the USO's Custody Account:

Upon receipt of any securities received electronically, the Custodian shall immediately advise the USO's Chief Financial Officer and shall dispose of the securities as directed in writing.

XIV. GIFTS SUBJECT TO LIABILITIES.

The Committee is to carefully evaluate any gift subject to liabilities or other commitments to ascertain that there is sufficient value in the gift to more than offset obligations to be assumed by the USO.

UTAH SYMPHONY & OPERA  
INVESTMENT ADVISOR GUIDELINES

Until amended in writing, Investment Advisors are to manage the funds of the Utah Symphony & Opera (USO), which are assigned to them, according to the following guidelines and instructions:

1. Discretionary Account. The investment advisors shall have full discretion in the purchases and sales of investment securities subject to these guidelines.
2. Nature of Portfolio. The investment objective for the USO's portfolios is to obtain the maximum total return, including both current income as well as capital appreciation, consistent with a prudent degree of risk. Performance will be evaluated relative to a universe of pension and tax exempt institutional funds. The principal, capital gains and income of the USO's investment funds shall be handled as specified in the Utah Symphony & Opera Investment Policy Statement (November 20, 2008) – Section IV. INVESTMENT PERFORMANCE OBJECTIVES.
3. Types of Assets. In order to provide the Investment Advisors with freedom to make investments of various types, the following types of securities are expressly approved for investment:
  - a. Money Market Funds
  - b. Obligations of the U.S. Government and the U.S. Government guaranteed agencies
  - c. Federally insured Bank and Savings and Loan Association deposits
  - d. Commercial Paper, rated A/1 or P/1 or better
  - e. Corporate Bonds, rated BBB or better
  - f. Preferred Stocks, rated A or better
  - g. Convertible Securities convertible into Common Stocks
  - h. Common Stocks
  - i. Hedge Funds.

Securities selected for the portfolio should be readily marketable and have an easily ascertainable market value.

The following types of assets or transactions are prohibited without the expressed written approval of the Investment Committee, except when part of a fund of funds:

- a. Commodities
  - b. Derivatives - except for Convertible Securities convertible into Common Stocks (3. G. above)
  - c. Letter Stock
  - d. Options
  - e. Precious metals or gems
  - f. Selling Short
  - g. Private Placements
4. Diversification. The Investment Advisors are expected to diversify the portfolio to take advantage of current and anticipated economic conditions as well as to control risk. In so doing, they may determine the appropriate weighting of funds to be invested in the various types of investments enumerated above. In no event, however, should more than 70% nor less than 30% of the portfolio be maintained in common stocks or securities convertible into common stocks

without the written approval of the Investment Committee. The international portion of the portfolio is to be 100% invested in international securities.

5. Limitation of Investments. The following specific limitations shall apply to the invested funds:
  - a. Money Market Funds – no limitations.
  - b. Obligations of the U.S. Government or U.S. Government guaranteed agencies – no limitations.
  - c. Federally insured bank and savings and loans deposits, both demand and time: not to exceed the federally insured levels.
  - d. Commercial Paper, rated A/1 or P/1 or better – not to exceed 5% of total portfolio assets for any single entity.
  - e. Corporate Debt instruments, rated BBB (per Standard & Poors, Moody's, or similar service) or better – not to exceed 5% of total portfolio assets for any single entity.
  - f. Common stocks – the investment advisors may not invest more than 6% of the portfolio at cost or 8% at market, whichever is less, in the common stock of any one company, which common stock must be listed on a major stock exchange or on NASDAQ.
  - g. International stocks – no more than 10% of the portfolio shall be invested in International securities.
6. Brokerage Purchases and Sales. Investment advisors are expected to place orders with brokers who provide competitive commissions, the best prices and execution of trades, as well as investment research and other services. All other factors being equal, in exchange for Merrill Lynch's consulting services to the USO, preference should be given to Merrill Lynch, Inc. Salt Lake City office.
7. Investment Reports. The Investment Advisors are expected to make a written report to the Investment Committee at least quarterly containing the following information:
  - a. Listing of securities reflecting cost and current market value.
  - b. Purchases and sales during reporting period.
  - c. Investment performance for the quarter, year-to date, and for the past three years (if applicable).
  - d. Comments of special interest to the Committee.

Reports prepared by the Custodian of the USO's funds and by an independent evaluator of the investment performance of the funds may be submitted in lieu of the quarterly reports by the Investment Advisors to the extent the above required information is included in such externally prepared reports.
8. Manager Visits. Investment Managers are expected to be available to meet personally with members of the Investment Committee at least once each year.
9. Custodianship. All assets relating to the USO's investment funds are to be held in a custodial account in a bank designated by the Investment Committee.

Board Approved: November 20, 2008