

Keller ISD
220907

OTHER REVENUES:
INVESTMENTS

CDA
(LOCAL)

INVESTMENT
OBJECTIVES

The investment policy of the District shall be to:

1. Assure the safety of the invested funds of the District.
2. Maintain sufficient liquidity to provide adequate and timely working funds.
3. Attain the highest possible rate of return while providing necessary protection of principal consistent with District operating requirements as determined by the Board.
4. Match the maturity of investments to the daily cash flow requirements.
5. Diversify investments as to maturity, instruments, and financial institutions as permitted under state law.
6. Actively pursue portfolio management techniques.
7. Make no investment for speculation.

INVESTMENT
AUTHORITY

The Superintendent or other person or persons designated by Board resolution shall serve as the investment officer of the District. The Board shall also appoint an investment committee consisting of at least three individuals: the Superintendent, the designated investment officer and at least one additional person as designated by the Board. The investment officer and the investment committee shall recommend appropriate legally authorized and adequately secured investments, and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. The investment officer shall be bonded or shall be covered under a fidelity insurance policy. All investment transactions shall be executed only upon majority consent of the investment committee, and all shall be executed on a "delivery versus payment" basis, except investment pool funds and mutual funds.

AUTHORIZED
INVESTMENTS

From those investments authorized by law and described further in CDA(LEGAL), the Board shall permit investment of District funds in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of the U.S. or Texas or its agencies and instrumentalities and political subdivisions includes collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. Banker's acceptances of only the highest possible rating as permitted by Government Code 2256.012 and with Board of Trustee approval.
5. Commercial paper with the highest possible rating by Standards & Poors and/or Moody's investment rating services as permitted by Government Code 2256.013 and with Board of Trustee approval.
6. Public funds investment pools as permitted by Government Code 2256.016-2256.019.

SAFETY AND INVESTMENT MANAGEMENT

The main goal of the investment program is to ensure its safety, as well as to maximize financial returns within current market conditions in accordance with this policy. The investment officer shall observe financial market indicators, study finance trends, and utilize available educational tools in order to maintain appropriate investment managerial expertise. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio and offsets, during a 12-month period, any market price losses resulting from interest rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

LIQUIDITY AND MATURITY

Assets of the District shall be invested in instruments whose maturities do not exceed one year from the time of purchase, subject to the following exceptions:

1. A shorter maturity is required by law. [See CDA(LEGAL)].
2. A longer maturity may be specifically authorized by the Board for a given investment, provided legal limits are not exceeded.
3. Any internally created pool fund group of the District has a maximum dollar weighted maturity of 180 days.
4. In keeping with the concept of minimizing risk, bond proceeds may be invested at a maturity range in excess of one year consistent with maximization of yield with consideration of cash flow needs.

The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements, projected on a weekly, monthly and annual basis. The District shall have procedures to determine cash flow requirements according to generally accepted accounting procedures.

DIVERSITY

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

MONITORING MARKET PRICES

Monitoring shall be done monthly and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment. The investment officer shall keep the Board informed of significant declines in the market value of the District's investment portfolio. Information sources may include: financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds.

FUNDS / STRATEGIES

Appropriate investments for each fund listed shall include only the securities described in this policy as authorized and suitable investments.

Investments of the following fund categories shall be consistent with and in accordance with the strategies defined below:

GENERAL FUNDS

Investment strategies for general funds (including any commingled pools containing general funds) shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. A diversified strategy shall be followed using suitable high-credit-quality and highly marketable securities to assure required liquidity and preservation of capital while providing a market yield. The portfolio shall have a maximum weighted maturity not to exceed 180 days.

SPECIAL REVENUE FUNDS	Investment strategies for special revenue funds (including any commingled pools containing special revenue funds) shall have as their primary objectives safety investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. A diversified strategy shall be followed using suitable high-credit-quality and highly marketable securities to assure the required liquidity and preservation of capital while providing a market yield to enhance these funds. The portfolio shall have a maximum weighted maturity not to exceed 180 days.
TRUST AND AGENCY FUNDS	Investment strategies for trust and agency funds shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. A diversified strategy shall be followed using suitable high-credit-quality and highly marketable securities to assure the required liquidity and preservation of capital while providing a market yield to enhance these funds. The portfolio shall have a maximum weighted maturity not to exceed 180 days.
DEBT SERVICE FUNDS	Investment strategies for debt service funds shall have as their objective sufficient investment liquidity timely to meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded. A diversified strategy shall be followed using suitable high-credit-quality and highly marketable securities to assure the required liquidity and preservation of capital while providing a market yield to enhance these funds.
CAPITAL PROJECTS FUNDS	Investment strategies for capital projects funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations. If the District has funds from bond proceeds, they shall be invested in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded. A diversified strategy shall be followed using suitable high-credit-quality and highly marketable securities to assure the required liquidity and preservation of capital while providing a market yield to enhance these funds.
SAFEKEEPING AND CUSTODY	The cash, collateral, and investments of the District shall be held by an independent third party with whom the District has a current custodial agreement. The District shall retain clearly marked receipts providing proof of the District's ownership, or the District may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with District funds.
BROKERS / DEALERS	Prior to handling investments on behalf of the District, brokers/dealers must submit required written documents and annual audited financial statements to the District and be in good standing with the National Association of Securities Dealers. [See SELLER OF INVESTMENTS, CDA(LEGAL)] Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC).
SOLICITING BIDS	In order to get the best return on its investments, the District may solicit bids and/or offers in writing, by telephone, or electronically.

INTERNAL
CONTROLS

A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and record keeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the District's independent auditing firm.

PORTFOLIO
REPORT

In addition to the quarterly report required by law and signed by the District's investment officer a comprehensive report on the investment program and investment activity shall be presented annually to the Board. This report shall include a performance evaluation which may include, but not be limited to, comparisons to 91-day U.S. Treasury bills, six-month U.S. Treasury bills, the Fed Fund rate, the LIBOR bond index, and rates from investment pools. The annual report shall include a review of the activities and total yield for the preceding 12 months, suggest policies, strategies, and improvements that might enhance the investment program, and propose an investment plan for the ensuing year.

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