

INVESTMENT POLICY

Investment Authority

The Board of Education shall, each month, set aside funds to an operating account and to an investment account. The District Treasurer is by the Board of Education to invest the full amount of the investment account in those investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities. The Board of Education shall authorize the District Treasurer and Deputy Treasurer to conduct and sign transactions necessary to invest District Funds. Except as otherwise provided by law, payments for investments or receipt of liquidated investments may be made by check, wire transfer or other instrument or method through the Federal Reserve System.

The District Treasurer shall limit investments to:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged, provided a treasurer of the school district, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
2. Obligations to the payment of which full faith and credit of this state is pledged;
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above including obligations of the United states, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
6. County municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes money

judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;

7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs through 6 above;
8. Warrants, bonds or judgments of the District;
9. Qualified pooled investment programs, the investments of which consist of those items specified in paragraphs 1 through 8 above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the District's budget. To be qualified, a pooled investment program for school funds must be governed through and interlocal cooperative agreement formed pursuant to 70 O.S 5-117b and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education; or
10. Any other investment that is authorized by law.

Investment Philosophy

This policy shall be based upon a "prudent investor" standard. The Board of Education recognizes that those charged with the investment of public funds act as fiduciaries for the public, and, therefore the Treasurer is directed to exercise the judgment and care that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs as to the permanent non-speculative disposition of their funds, with due consideration of probable income earnings and probable safety of capital. In investing the District's funds, the Treasurer shall place primary emphasis on safety and liquidity of principal earnings thereon.

1. Liquidity: Available funds will be invested to the fullest extent practicable in interest bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonably anticipated operating requirements.
2. Diversification: The investment portfolio will be diversified to avoid one class of investment having a disproportionate impact on the portfolio. Provided this

restriction will not apply to securities of the United States Treasury backed by the full faith and credit of the United States Government.

3. **Safety of Principal:** Although investments are made to produce income for the District, investments will be made in a manner that preserves principal and liquidity.
4. **Yield:** The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.
5. **Maturity:** Investments may have maturities extending to 36 months, provided sufficient liquidity is available to meet major outlays, and except that general fund investments may not exceed 12 months.
6. **Quality of the Instrument and Capability of Investment Management:** The Superintendent of Schools shall be responsible for seeing that the Treasurer and Deputy Treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete and investment education programs required by state law or by the Board of Education.

Safekeeping and Custody

To determine that school funds are properly secured, the Treasurer shall, on a monthly basis, obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the market value of such collateral.

1. Securities purchased from a bank or dealer, including any collateral required by state law for a particular investment, shall be placed under an independent third party custodial agreement. The Trust Department of a financial institution will be considered to be independent from the financial institution.
2. All securities will be in book entry form, and physical delivery of securities will be avoided.
3. Telephone transactions may be conducted, but such transactions must be supported by written confirmation, which may be made by way of a facsimile on letterhead with authorized signatures of the safekeeping institution.
4. Written transactions and confirmations of transactions by computer connections will be kept in the Treasurer's office.

Reporting and Review of Investments

The Treasurer shall prepare an investment report to be submitted to the Board of Education on at least a monthly basis. The report will include:

1. A list of individual securities held at the end of the reporting period
2. The purchase and maturity dates of these securities
3. The name and fund for these securities
4. The yield rate of these securities
5. Any collateral pledged by a custodian

The Board of Education shall review the Treasurer's investment performance on a regular basis that is no less frequent than monthly.

Depositing of Interest

Unless otherwise directed by the Board of Education through policy or by special directive, by the Oklahoma Constitution, or by the federal government, income earned from General Fund investments shall be deposited in the General Fund, income earned from Building Fund investments shall be deposited in the Building Fund, and income earned from the investment of activity funds shall be deposited as directed by the Activity Fund Custodian.