

## **INVESTMENT POLICY**

1.0 This policy shall apply to the investment of all District funds. In order to effectively make use of the District's cash resources, all cash shall be pooled into one account and accounted for separately. The investment income derived from this account shall be distributed to the various District funds as directed by the Superintendent in accordance with state law.

1.1 All District cash allocated to a specific use but temporarily not needed for disbursements shall be invested by the Chief Financial Officer, his/her designee or other administrator appointed by the Superintendent in accordance with state law. Cash shall be invested in a manner designed to accomplish the following objectives:

1.1.1 To ensure the safety of the moneys invested;

1.1.2 To ensure that adequate cash is available to meet the daily financial obligations of the District;

1.1.3 To earn a market rate of return on the investments; and

1.1.4 To ensure that all cash is deposited and invested in accordance with state law and this policy.

1.2 The Chief Financial Officer will be guided by the "prudent investor rule" which states that investments "shall be made using the judgment and care, under circumstances then prevailing, which [persons] of prudence, discretion and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital."

**INVESTMENT POLICY, cont.**

1.3 The Chief Financial Officer, provided he or she acts within the guidelines of Superintendent policy and state law and exercises due diligence, shall not be held personally responsible for loss of public funds resulting from specific investment transactions. The Chief Financial Officer and designee will be held responsible for insuring sufficient liquidity of investments so that District operations can be maintained with minimal borrowing requirements in the event of bank or other institutional failures.

2.0 Investment Advisory Services. The Chief Financial Officer may use the services of an investment adviser selected through a request for proposal process.

2.1 The investment adviser shall be a registered investment adviser as defined in state law and regulated by the Securities and Exchange Commission (SEC) and be registered in the State of Colorado.

2.2 The investment adviser shall be either completely independent of any financial institution or securities brokerage firm or shall fully and continuously disclose any such relationships with such financial institution and/or securities brokerage firm relevant to the investment adviser's relationship with the District and shall refrain from any transactions with such affiliated firm.

3.0 Eligible Depositories. The following institutions shall be designated as eligible depositories for District investments:

3.1 All state and national banks which are insured by the Federal Deposit Insurance Corporation (FDIC) and which are approved as eligible public fund depositories by the State Banking Commissioner.

3.2 All state and federally chartered savings and loan associations which are insured by the FDIC and which are approved as eligible public depositories by the State of Colorado Division of Financial Services.

4.0 Eligible Securities Brokers/Dealers. The following will be designated eligible brokers/dealers for securities purchases allowed under this policy and state law:

**INVESTMENT POLICY, cont.**

4.1 Securities dealers that are designated as a primary dealer by the Federal Reserve Bank of New York or have a minimum net capital of \$10,000,000 and a ten year history of providing broker/dealer services to public entities.

4.2 National and state banks which have their principal offices in Colorado.

5.0 Eligible Investments. At all times, the District's portfolio will include investments in securities that conform to Colorado statutes. (C.R.S. 24-75-601.1).

6.0 Safekeeping or Trust Account. The District will establish a safekeeping or trust custody account with a bank to be a custodian for marketable securities owned by the District. Institutions issuing certificates of deposit will keep the certificates and send the District a safekeeping receipt.

7.0 Allocation of Assets. Assets held in the investment account shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue, a specific class of securities, or a specific institution.

7.1 The following general procedures and constraints shall guide the District's diversification strategy.

7.1.1 Portfolio maturities shall be staggered in such a way that avoids undue concentration of assets in a specific maturity range. Maturities shall be selected which provide for stability of income and reasonable liquidity.

7.1.2 Liquidity shall be preserved through practices that ensure that the District's financial obligations are covered through maturing investments or marketable securities.

**INVESTMENT POLICY, cont.**

7.2 The composition of the portfolio will vary according to market opportunities. The following guidelines are intended to ensure proper diversification:

<u>INSTRUMENT</u>	<u>PERCENTAGE OF PORTFOLIO ALLOWED</u>	<u>MAXIMUM PERCENT PER ISSUE</u>
U.S. Treasuries	100%	100%
U.S. Agencies	75%	50%
Repurchase Agreement*	100%	50%
Certificates of Deposit**	25%	5%
Money Market Acct. and Investment Pools	100%	100%
Other Allowed Investments	35%	5%

\* Collateralize at a minimum of 102% by U.S. Treasuries and U.S. Agencies under a tri-party master repurchase agreement

\*\* PDPA collateralization required for deposits above FDIC insurance limits

8.0 **Maturity Schedule** – The Chief Financial Officer shall develop a cash flow forecast at least annually as part of the budget process which will provide a guideline of how to structure the maturing investments to meet the cash flow needs of the District.

9.0 **Competitive Quotes** – The District will seek competitive quotes on all investments. Investments will be made on the basis of the safety, legality, liquidity and yield of invested cash.

10.0 **Reporting** – The Superintendent shall receive quarterly reports listing all the investments of the District. The report will include a summary of investment earnings during the reporting period. The report will be presented so as to show the amount of investments in securities and various investment institutions and compliance with the policy. An annual report shall be provided which also will give the rate of return for the period compared to the yield of a designated local government investment pool organized under the Colorado Revised Statutes.

**INVESTMENT PROCEDURES, cont.**

11.0 **Auditing** – The District shall conduct regular and/or unscheduled reviews of all of the investment transactions through the regular annual independent audit. Problems or concerns found in the review will be reported to the Superintendent. The District's Comprehensive Annual Financial Report shall, in addition to all other requirements, include a supplemental listing of all investments held by the District at the date of the financial statement. The Chief Financial Officer shall divest the District of any investment not specifically authorized by law as provided by statute.

LEGAL REFERENCES  
C.R.S. 15-1304  
C.R.S. 24-75-601.1  
C.R.S. 24-75-601.3  
C.R.S. 24-75-601.4  
C.R.S. 24-75-701(5)(a)

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