

4416 FINANCIAL INVESTMENT MANAGEMENT

PURPOSE

This Investment Policy sets forth the investment guidelines to guide investment decisions for funds of Grand Island Public Schools (District). The Board of Education Facilities and Finance Committee oversees management of the District's investment activity.

DELEGATION OF AUTHORITY

Authority to manage the investment program is granted to the Chief Financial Officer of the District (which may hereinafter be referred to as the CFO or investment officer). Responsibility for the operation of the investment program is hereby delegated to the CFO, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy. The CFO shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of any subordinate officials.

GENERAL INVESTMENT OBJECTIVES

The primary objectives of investment activities for the District shall be safety, liquidity, and return:

1. Safety

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

The District will minimize credit risk, which is the risk of loss of all or part of the investment due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed under the heading "SUITABLE AND AUTHORIZED INVESTMENTS" of this Investment Policy.
- Pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting individual security maturity as well as the average maturity of the portfolio in accordance with this policy.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Return

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk

constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal;
- Selling a security and reinvesting the proceeds that would improve the quality, yield, or target duration in the portfolio may be undertaken; and
- Unanticipated liquidity needs of the portfolio require that the security be sold.

STANDARDS OF CARE

1. Prudence

The standard of prudence to be used by District officials and employees under these guidelines shall be the "prudent investor rule" and shall be applied in the context of managing an overall portfolio. The District's funds shall be invested in such investments which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another.

2. Ethics and Conflicts of Interest

District officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. District officials and employees involved in the investment of District funds shall disclose any material interests in financial institutions with which they conduct business, in accordance with applicable laws. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. District officials and employees involved in the investment of District funds shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

SUITABLE AND AUTHORIZED INVESTMENTS

District funds will be invested in such investments which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another. Included in permitted investments for the District are the following:

1. Deposits in demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, in amounts (a) not to exceed FDIC insurance limits or (b) which are fully collateralized.
2. United States of America federal government securities or securities backed by the federal government such as treasury bills, treasury notes, treasury bonds, GNMA, etc.
3. United States of America federal government sponsored enterprises such as FNMA, FHLB, FHLMC, FFCB, etc.
4. Mutual funds comprised of any of the above mentioned government backed investments.
5. Investment Grade commercial paper with the highest rating range (AAA through A-) established by Standard & Poor's or Moody's (Aaa through A3) at the time of purchase and which have a maximum duration of twelve (12) months.
6. All investment methods available within the Nebraska Liquid Asset Fund.

MODIFICATION TO POLICY

This policy and its provisions will be reviewed annually by the Board of Education Facilities and Finance Committee.

The Committee may approve minor changes of a housekeeping or corrective nature, or on advice of counsel, that conflict with federal or state laws or regulations. Significant policy changes will be presented to the Board for confirmation.

Grand Island Public Schools

This policy is current as of October 10, 2019, the date of adoption by the Board.

Legal Review – August 12, 2019

BOE Facilities and Finance Committee Review – August 27, 2019

Board Adoption –Thursday, October 10, 2019

Policy Adopted: 02.11.2021

