

Advanced Math and Science Academy Charter School (AMSA)

Investment Policy

Purpose

The purpose of this Investment Policy Statement (“IPS”) is to set forth AMSA’s policy for the investment, management and reporting of cash balances in excess of operational needs. All investments covered under this policy will be purchased in U.S. dollars.

I. INVESTMENT OBJECTIVES

AMSA’s investment objectives are, in order of priority:

- **To ensure the safety and preservation of principal:** The safety and preservation of the principal amount shall be achieved through the minimization of default, market rate, and exchange rate risk.
- **To meet the AMSA’s liquidity needs:** Investments shall mature to meet anticipated cash requirements. The timing of maturities will be aligned with liquidity needs on a best effort basis.
- **To optimize yields subject to the constraints of the policy:** The portfolio shall seek to maximize yields consistent with the constraints of these guidelines and overall market conditions.
- **Diversify investments to minimize the risk and inappropriate concentrations of investments with any one entity.**

II. RESPONSIBILITIES AND AUTHORIZATIONS

Board of Trustees

The Board of Trustees of AMSA is responsible for reviewing and approving the school’s investment policy. The IPS shall be adopted after approval of the Board of Trustees. The Board of Trustees shall review the policy annually or as needed.

Finance Committee

The Finance Committee is responsible for assisting the Board of Trustees in carrying out its fiduciary responsibilities. It acts as the in-house advisor to the Board by vetting all key investment issues affecting AMSA. Specifically, the Finance Committee is responsible for:

- Evaluating the Investment Policy to ensure that AMSA will be able to achieve its goals and objectives while matching assets and liabilities.
- Prudently and diligently selecting one or more qualified investment professionals (Investment Advisor)
- Authorize the Investment Advisor recommended trades and rebalancing of the portfolios as necessary.
- Considering recommendations on which asset classes and investment strategies are appropriate for AMSA.
- Appropriately reviewing fund and investment portfolio performance and risk characteristics
- Present to the Board of Trustees proposed changes to the Investment Policy
- Recommend adjustments as necessary.

The Director of Finance and Operations

The Director of Finance and Operations is responsible for the day-to-day activities of cash management and the investment program including:

- Carry out the recommendations made by the Finance Committee including:
 - Executing Investment Advisor and consulting contracts
 - Directing the Investment Advisor and/or the custodian to move assets consistent with decisions made by the Board of Trustees and Finance Committee
- Oversee the day-to-day performance and execution of responsibilities by the Investment Advisor

III. APPROVED SECURITIES

The Director of Finance and Operations is empowered, with the approval of the Board of Trustees, to invest cash reserves in accordance with the constraints outlined in this IPS. Following to the extent possible, M.G.L. Chapter 44 (Municipal Finance) with respect to purchasing investments, the investment vehicles below are acceptable for placement, subject to the maturity, credit quality, and concentration provisions of this policy:

- Obligations issued by the U.S. Treasury, such as treasury bills, notes, or bonds.
- Obligations issued by U.S. Federal agencies.
- Obligations of U.S. commercial banks, limited to U.S. negotiable certificates of deposit, bankers' acceptances within the FDIC Insurance limits or their equivalent.
- Obligations of U.S. corporations and U.S. Dollar denominated obligations of non-U.S. corporations; provided however that they be restricted to no less than A1/P1 short-term items and if the investment rating is lowered after purchase, the disposition of the security may be left to the discretion of the Finance Committee or external advisors.
- Repurchase and reverse purchase agreements collateralized by obligations issued or guaranteed by the U.S. Government or its Agencies.
- Money Market Funds

IV. MATURITY RESTRICTIONS

To the extent possible, the school will attempt to match its investments with anticipated future cash flow requirements. Unless matched to a specific cash flow, the school will not directly invest in securities maturing more than 36 months from the date of purchase. Maturities may be shorter than anticipated cash flows.



V. CONCENTRATION LIMITS

Holdings are further subject to the following limitations:

Type	Maximum Maturity	Maximum % of Portfolio	
U.S. Treasury securities	36 months	100%	

U.S. Federal agency securities	36 months	100%	
U.S. domiciled bank CD's & BA's (Bank Capital/Surplus Min of \$100M)	36 months	25%	
Yankee dollar bank CD's & BA's (Bank Capital/Surplus Min of \$100M)	36 months	10%	
U.S. Corporate commercial paper (Min A1/P1)	36 months	25%	
U.S. Corporate bonds (Min A1/P1)	36 months	100%	
Dollar denominated non-U.S. corporate bonds	36 months	50%	
Money market mutual funds	N/A	100%	
Municipal debt issued by State, City, or local U.S. districts (Min A1/P1)	36 months	100%	

No more than 10% will be in any single security, excluding bank account balances and US Government and agency/Government Sponsored Enterprise securities.

VI. CREDIT QUALITY

Except for U.S. Treasury and Agency obligations, all securities must be rated investment grade quality by at least one nationally recognized security rating organization (NRSRO).

VII. TRADING

All purchases and sales will be executed at the best net price with the principal dealers and banks in the securities. All securities purchased will be in the name of AMSA.

VIII. INVESTMENT ADVISOR

The School's Investment Advisor has the following responsibilities:

- Execute all transactions and reinvest funds as soon as practicable after a security matures, to minimize lost interest.
- Send quarterly summaries of the school's investment holdings and cash usage to the Director of Finance (for distribution to the Finance Committee and/or Board of Trustees).
- Meet semi-annually with the Finance Committee, or more frequently as requested, to discuss the market environment and present the performance results of the portfolio compared to the benchmarks.
- Send the Director of Finance and Operations summaries of the portfolio's performance in

preparation for the annual update to the Board of Trustees

- Recommend any changes to investment strategies as a fiduciary to AMSA's best interests and in accordance with guidance set forth by this policy.
- External investment advisors conducting transactions on behalf of AMSA shall receive the following:
 - A copy of this Investment Policy.
 - Authorization as follows:
 - AMSA employees authorized to direct transaction information to the authorized representatives from the appointed investment advisory firm.
 - AMSA employees who are authorized to wire transfer funds out of AMSA's accounts.
 - Standard wire transfer instructions.

IX. SAFEKEEPING AND CUSTODY

Securities purchased by the school will be held in a custodial safekeeping account. The custodian has the following duties:

- Maintain separate accounts by legal registration.
- Routinely value the holdings
- Collect all income and dividends.
- Settle all transactions.
- Notify the school of each transaction and provide the school access to an electronic record on a timely basis.
- Provide timely and comprehensive statements that detail transactions, cash flows, securities held, and their current value and change in value of each security, and the overall portfolio, since the previous report.