



ADDISON NORTHWEST SCHOOL DISTRICT POLICY

SECTION	Non-Instructional Operations	CODE	F46
TITLE	Investment Policy		

A. Role of Superintendent

The Superintendent is responsible for investing District funds. The Superintendent shall invest District funds in a manner designed to achieve the objectives of safety, liquidity, and return on investment as described in this policy. The Superintendent shall invest all District funds in a prudent manner in compliance with all applicable laws. The Superintendent is also responsible for the efficient and secure operation of the District's cash and its short and long-term reserve funds. The Superintendent shall provide a copy of this policy to any institution with which the District opens a deposit or investment account and to any party who provides investment advice to the District and shall require all such parties to acknowledge that they shall comply with this policy. The Superintendent may delegate any of the responsibilities under this policy to the Director of Finance & Operations to the fullest extent permitted by law.

B. Investment Objectives

For all District cash and reserve funds, safety of principal and maintenance of sufficient liquidity are the primary investment objectives and achieving a market rate of return is a subsidiary investment objective.

Long-term reserve funds are District funds that are not expected to be utilized within a 12-month period.

The Board recognizes that in order to achieve a rate of return for long-term reserve funds that equals or exceeds inflation, invested long-term reserve funds of the District may be subject to loss and the long-term reserve fund's principal is not guaranteed. The Superintendent shall take into consideration the timeframe in which the District will need the funds, and the investment of long-term reserve funds is otherwise subject to all other investment objectives and requirements of this policy.

1. Safety

The Superintendent shall deposit short-term (cash or monies expected to be expended within a 12-month period) District funds only in, and enter into repurchase agreements only with, FDIC-insured financial institutions that are adequately capitalized and are

otherwise in compliance with the requirements of the federal agency responsible for the safety and soundness of that institution.

The Superintendent shall manage risk through diversification, structuring maturities to meet anticipated cash needs, collateralization, and selection of investment grade securities.

2. Liquidity

The Superintendent shall structure investments so that an adequate amount is maintained in short-term securities or deposits that can be converted to cash without loss to meet all reasonably anticipated needs.

3. Return

The Superintendent shall structure investments to seek an average rate of return equal to inflation throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance to the safety and liquidity objectives described above.

C. Role of School Board

On a quarterly basis, the Superintendent will report to the Board on all District funds' investments. The report shall include all District funds invested, description of the investment, realized and unrealized gains/losses, any other significant adverse matter or change affecting the safety, liquidity or return on investment of the District's funds, and any action taken or proposed to address such loss or such adverse matter.

D. Ethics and Conflicts of Interest for Investments

The Superintendent, the Director of Finance & Operations, and Addison Northwest School Board members shall refrain from personal business or investment activity that could conflict with the District's investments, impair their ability to make impartial investment decisions, or impair public confidence in the District's investment decisions. They shall disclose to the Board any material financial interests in or employment by financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District's investments. They shall subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchase and sales. They shall otherwise comply with all applicable conflict of interest laws and the Board's Conflict of Interest Policy A1.

Date Warned: March 4, 2021

Date Adopted: March 15, 2021

References: Policy Reviewed by RHR Smith & Co. 4/22/19