

Adopted: 1974

Saint Paul Public Schools Policy 701.00

Revised: 5/2/1995;
6/17/2008;
2/13/2013;
4/21/2026

701.00 INVESTMENT AND BANKING POLICY

I. POLICY PURPOSE

This policy provides a framework for managing the District's financial assets and banking relationships responsibly. It ensures investments align with strategic goals and risk tolerance, promotes transparency and accountability, and defines measures for selecting and overseeing banking services and investment vehicles.

II. GENERAL STATEMENT OF POLICY

This policy establishes a structured framework for managing the District's financial assets and banking operations. It defines investment objectives, risk management standards, and roles for financial oversight. It also sets criteria for selecting banking partners and outlines requirements for monitoring, reporting, and compliance. The policy ensures financial stewardship, regulatory compliance, and alignment with strategic objectives. By doing so, the policy protects public resources, supports stable cash flow for District operations, and promotes long-term financial sustainability to support the District's educational mission.

III. DEFINITIONS

- Depositories - An institution or location where assets, valuables, documents, or funds are held in custody or stored securely.
- Liquidity - is the ease with which something can be turned into cash.
- Safety - in investments refers to the level of protection from loss of principal (the money originally invested).

- Yield - is the income earned from an investment, expressed as a percentage of the amount invested.
- Investment Pool Concept - is a combined fund made up of money from multiple contributors, managed together to achieve shared investment goals.
- Borrowing - is the act of receiving money, goods, or resources from another party with the promise to repay them in the future—usually with interest.
- Annuities - is an investment that pays the investor a steady stream of income over time.

IV. DEPOSITORIES

The Board shall designate depositories for the School District funds each year at its organizational meeting in January.

V. ELECTRONIC FUND TRANSFER (EFT)

1. The School Board shall annually delegate the authority to initiate electronic fund transfers to the Superintendent or designee.
2. A copy of the delegation, as recorded in the official Board meeting minutes, shall be provided to the District's disbursing bank and retained on file by the bank.
3. Each individual authorized to initiate an EFT shall be clearly identified in the District records.
4. Documentation shall include the initiator's name, title, and scope of authority, and be maintained by the Financial Services Department.
5. Prior to initiating any EFT, the initiator must:
 - Document the request, include the purpose, amount, and recipient.
 - Obtain written approval from the Superintendent or designee, in accordance with the District's internal control policies.
6. No EFT shall be processed without this documented approval.
7. Written confirmation of each EFT transaction shall be retained by the District within one business day of the transaction.

8. A list of all EFT transactions shall be included in the Monthly Operating Authority report submitted to the School Board at the next regular Board meeting following the transaction.
9. The Superintendent or designee shall ensure compliance with this policy and recommendation updates as needed to reflect changes in law, technology, regulations, or District operations.

V. NAMING CUSTODIANS

At the annual meeting, the School Board shall designate several banks to act as custodians for safekeeping of the collateral pledged to secure School District deposits.

VI. INVESTMENTS

1. The Board authorizes the Superintendent or designee to invest any and all surpluses of School District funds, when, in his/her judgement, the investments are an advantage to the School District.
2. Such investments shall be made in conformity with this policy and shall be for a term no longer than five (5) years.
3. The School District shall align investments with adopted Resolution Mandating the Divestment of and Preventing Further Investment in Fossil Fuels, and Resolution Preventing Investment in Private Prisons (see cross-reference).

VII. INVESTMENT OBJECTIVES (Formerly 705.00)

The investment policy of School District shall include the following five (5) objectives:

1. **Liquidity** - The Superintendent or designee shall in all transactions consider liquidity as a priority in order to supply cash when needed to support the educational programs of the School District.
2. **Safety** - The School District shall do business with those firms that offer the School District protection in regard to safekeeping, delivery and receipt of investments. Firms that do not meet these standards shall not be considered. Local financial institutions shall be given priority over non-local institutions.

3. ***Yield*** - The School District shall maximize its yield on investment of available cash.
4. ***Pooled Investment Concept*** - Whenever possible, the School District shall combine available cash from various accounts and funds in order to maximize yield. Earnings on pooled investments shall be allocated to accounts and funds based on the cash balances in those accounts.
5. ***Borrowing:***
 - a. The School District shall utilize the services of a municipal bond consultant when issuing either short- or long-term obligations or when funding existing obligations.
 - b. The investment activities of the District shall include short-term cashflow analysis. The Superintendent or designee shall manage the investment of the public monies so that the maturity coincides with expenditure needs.
 - c. The monthly and annual activities of the District shall include long-term projections. In November of each year, the Superintendent or designee shall make a cash projection that covers the current calendar year plus subsequent calendar years. The long-term projections shall identify monthly cash balances over this two-year period.

The management of the District's funds shall be monitored on a daily basis.

VIII. ANNUITIES (Formerly 703.00)

As permitted by law, the School Board authorizes the purchase of tax-sheltered retirement annuities for employees who wish to acquire such annuities with monies allocated and deducted from their salaries.

LEGAL REFERENCES:

Minn. Stat. § 118A.02	Depositories; Investing; Sales, Proceeds, Immunity.
Minn. Stat. § 118a.04	Investments
Minn. Stat. § 118a.05	Contracts And Agreements
Minn. Stat. § 118a.06	Safekeeping; Acknowledgements
Minn. Stat. § 118A.07	Additional Investment Authority

Minn. Stat. § 123B.02, Subd. 15	General Power of Independent School Districts; Annuity contract; payroll allocation
<u>Minn. Stat. § 471.38, Subd. 3</u>	Claims; Electronic Funds Transfer
Minn. Stat. Sec 471.6175, Subd. 5(d)	Trust for Postemployment Benefits; Investments
Minn. Stat. Sec 356A.06, Subd. 7	Investments; Additional Duties; Expanded list of authorized investment securities
Federal Internal Revenue Code 403(b)	Tax-Sheltered Annuity Plans

CROSS REFERENCES:

Board File 33016:	Adopting a Saint Paul Public Schools Resolution Preventing Investment in Private Prisons
Board File 33017:	Adopting a Saint Paul Public Schools Resolution Mandating the Divestment of and Preventing Further Investment in Fossil Fuels