

Title: DEPOSIT AND INVESTMENT	Code: B0106
Authority: Wis. Stats. § 66.04 (2); Investment Company Act of 1940; 15 USC 80a-1 through 80a-64; Board Minutes, 8/22/95; 11/26/96; 4/27/04	Original Adoption: 8/22/95 Revised/Reviewed: 4/27/04 Effective: 4/28/04

STATEMENT OF PURPOSE

The purpose of this policy is to establish guidelines for deposits and investments which are comprehensive enough to allow the investment officer to function properly within the parameters of statutory responsibility and authority. The policy assumes that the district is an unsophisticated investor. Also, the policy assures that the fundamental principles concerning an investment program involving public monies have five basic concerns:

1. Legality of investment instruments,
2. Safety of funds invested,
3. Adequate liquidity,
4. Achieving appropriate yields on all funds invested, and
5. Full and timely investment of available funds.

SCOPE

This policy applies to the financial assets of all funds of the district, including the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund, Proprietary Funds, and Fiduciary Funds.

The goals of the policy are to ensure that: (1) the district's funds are legally deposited and invested, (2) managed in a manner which minimizes the risk of loss of the principal, (3) managed in a manner which ensures the ready availability of funds to meet District obligations when required, and (4) invested to attain a market-average rate of return.

1. Legality: All investments shall be made in conformity with Wis. Stats. § 66.04 (2).
2. Safety: Investments shall be undertaken in a manner that seeks to ensure the preservation of the principal of all invested funds. Speculation is prohibited.
3. Liquidity: Investment maturities shall not extend beyond any recognized cash flow needs of the district. When considering the appropriate maturities for investments, the investment officer shall assure that funds are continuously available to meet the immediate payment requirements of the district including payroll, accounts payable and debt service.

SCOPE (Continued)

4. Return: The investment of all funds shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics and requirements of the district.

DELEGATION OF AUTHORITY

The vice president, Finance is designated as investment officer of the district board and is responsible for cash management and investment decisions and activities. The controller and/or coordinator, Cash Management, are authorized to act in accordance with this policy at the direction of or in the absence of the vice president, Finance.

PRUDENCE REQUIRED

Investments shall be made with judgment and care, under circumstance then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their principal as well as the probable return to be derived.

The standard of prudence to be used by the investment officer shall be the "prudent person" and shall be applied in the context of managing the overall portfolio. The investment officer acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's performance provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

INVESTMENT INSTRUMENTS

The district may invest its funds not immediately needed in the following instruments:

1. Bonds or securities issued or guaranteed as to principal and interest by instrumentality of the federal government.
2. Insured or collateralized certificates of deposit.
3. Wisconsin School District Liquid Asset Fund.

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INVESTMENT INSTRUMENTS (Continued)

4. Local Government Pooled-Investment Fund.
5. Wisconsin Cooperative Liquid Asset Security System (CLASS)
6. Wells Fargo Public Funds Premium Market Rate Account
7. Repurchase agreements that comply with statutory requirement are documented by a written agreement, and are fully collateralized.
8. Any security with the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Services or other similar nationally recognized rating agency or if the security is senior to, or on a parity with, a security of the same issue which has such a rating.
9. Other prudent investment approved prior to purchase by the Board, conforming to sec. 66.04(2) of the Wisconsin Statutes.

QUALIFYING INSTITUTIONS

The board designates as public depositories all banks, savings and loan associations, and credit unions with an office in this state, plus the Local Government Pooled-Investment Fund. Additionally, investment in bonds and securities of the federal government may be made through public depositories or broker/dealers or banks reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as "primary government securities dealers" (brokers).

Of the eligible public depositories and brokers, the investment officer will develop a list of depositories and brokers the district will regularly solicit investment quotations from based on an institution's request to do business with the district and upon satisfactory investigation of the institution. The investigation may include questionnaires, social responsibility, review of rating agency reports, review of call reports and review of audited annual financial statements. All depositories and brokers shall agree to undertake reasonable efforts to preclude imprudent transactions involving the district's funds and shall be required to familiarize themselves with the district's investment policy.

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INVESTMENT PLACEMENT

From the list of depositories and brokers the investment officer will select certain depositories and dealers from which to solicit investment quotations. As a general rule, at least three quotations will be solicited before placing investments requiring quotation solicitation. Investments shall be awarded to the depository or broker producing the highest yield.

If equivalent yields are quoted, a depository or broker operating within the district or with affiliations within the district shall be awarded the investment. An exception can be made to the three-quotation rule when the district is contacted by a depository or broker having a history of providing good rate quotations with an investment opportunity requiring an immediate decision. Any decision in this regard will be in compliance with Wis. Stats. § 66.04 (2) and this policy.

RISK CONTROL

The investment officer shall diversify use of investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

Liquidity shall be assured through matching investment maturities with anticipated cash flows. Default risk will be controlled by the use of collateralization, registration and insurance. In addition, the following specific controls will be observed:

1. Maturities of certificates of deposit shall be one year or less.
2. Maturities of bonds or securities of the federal government and its agencies shall be limited to one year or less.
3. Maturities of securities with the highest rating shall be one year or less.
4. All deposits will either be insured or collateralized with pledged collateral secured through third-party safekeeping and custody.
5. The district's banking services will be competitively bid at least every five years.
6. The district's investments will be reported to the district board on a monthly basis.

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DEVIATIONS

Any deviations from this policy will require specific prior approval by the board.