



INVESTMENT POLICY

I. PURPOSE

This policy is designed to govern the investment of funds held by the Irvine Unified School District (the "District"). The policy also governs the issuance of debt by the District. This policy is based upon federal, state, and local laws, and prudent money management practices. To the extent that this policy conflicts with applicable law, the applicable law shall prevail. The primary goals of this policy are:

- to assure compliance with all federal, state, and local laws governing the investment of monies and the issuance of debt;
- to protect the principal deposits of the District; and
- to generate investment income within the parameters of this policy.

II. POLICY

The District's primary investment objective shall be to maintain the safety and liquidity of its funds. Safety of principal is the foremost objective of the District. The investment factors the District shall consider, in order of descending importance, are the following:

- safety of invested funds;
- sufficient liquidity to meet future cash flow requirements; and
- attain maximum yield consistent with the aforementioned requirements.

In addition, the District shall adopt measures as set forth herein to ensure that the issuance of debt by the District complies with all applicable state and federal laws, including federal and state securities laws.

The ~~Deputy~~ *Assistant Superintendent/Chief Financial Officer* for the District (the "Chief Financial Officer"), under the direction of the Superintendent and Board of Education, shall have the responsibility for all decisions and activities performed under the District's Investment Policy. The Chief Financial Officer shall have the ability to allocate resources or delegate responsibility as necessary to optimize the safety and liquidity of the investment portfolio and to implement this Investment Policy.

III. LEGAL CONSTRAINTS

Pursuant to California Education Code Section 41001, the District shall deposit all funds received or collected from any source into the Orange County Treasury, to be placed to the credit of the proper Fund of the District, except as otherwise provided herein.

Pursuant to California Education Code Section 41015, the District may invest all or part of funds deposited in a Special Reserve Fund or any surplus monies not required for the

immediate necessities of the District in any of the investments specified in California Government Code Sections 16430 or 53601. Special Reserve Funds are defined as those funds which the Board of Education has designated for capital outlay or other purposes, where an accumulation over a period of fiscal years is desired.

IV. AUTHORIZED INVESTMENTS

The District shall make investments in the context of the "Prudent Investor Rule" (Civil Code Section 2261, et seq.), which in substance states that:

"Investment shall be made with the judgment and care, under circumstances 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 capital as well as the probable income to be derived."

The District shall deposit all funds received or collected from any source into the Orange County Treasury, except as provided for through the California Education Code. Those funds maintained in a Special Reserve Fund or any surplus funds not required for the immediate necessities of the District shall be available for investment ("funds available for investment") under the conditions set forth in this policy.

1. The Orange County Investment Pool(s) established by the Orange County Treasurer for the benefit of local agencies and/or schools. The District may invest up to one-hundred percent (100%) of its funds available for investment in the Orange County Investment Pool(s).
2. The Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies and or schools. The District may invest up to one-hundred percent (100%) of its funds available for investment in the Local Agency Investment Fund.
3. To the extent that the District directs the investment of its funds to specific securities, 'those securities shall be limited to the securities identified in California Government Code Section 53601. However, the District will not, under any circumstances, direct the investment of its funds to reverse repurchase agreements, unless such transactions are matched to maturity.

Monies received from the sources, or for the purposes, listed below may be deposited in a bank or other financial institution. Monies so deposited shall be in a fully-insured or collateralized account(s) or instrument(s). Bank accounts maintained outside of the County Treasury shall be limited to the following purposes:

- (a) Revolving Cash
- (b) Associated Student Body accounts
- (c) Self-Insurance funds
- (d) Mello-Roos Bond proceeds *and special tax collections*
- (e) TRANS proceeds *and any set aside payments*
- (f) Cafeteria Fund

V. COMPLIANCE WITH STATE AND FEDERAL SECURITIES LAWS

The District will take reasonable steps to ensure that any debt offerings issued by the District comply fully with all applicable state and federal securities laws. In connection

with all debt offerings issued by the District, the District will retain bond counsel and disclosure counsel to review the offering materials prepared in connection with the debt offering to ensure that disclosures contained in offering materials comply with federal and state securities laws. *The District has implemented procedures to ensure the District maintains compliance with continuing disclosure requirements.* The Chief Financial Officer shall be responsible for reviewing the offering materials regarding the accuracy of information disclosed in such materials.

VI. DEPOSIT OF PROCEEDS FROM THE ISSUANCE OF DEBT

The District shall not issue debt for the sole purpose of generating funds for investment. The District shall limit the issuance of debt for the purposes of meeting short term cash flow needs and to fund capital projects. Debt issuance shall be reviewed by the *Assistant Superintendent/Chief Financial Officer, District hired financial consultants, the Superintendent and the Finance Committee*, when appropriate, and ~~the Superintendent and~~ authorized by the Board of Education.

When depositing proceeds from the issuance of debt, the District shall limit such investments to those authorized investments identified in this policy. Should a trust agreement of a particular debt issued by the District be more restrictive than the District's policy on authorized investments, then the trust agreement will take precedence.

VII. INVESTMENT REVIEWS

The Chief Financial Officer will review ~~quarterly~~ reports on investment performance and present the same to the Superintendent, the Finance Committee and the Board of Education in a timely manner.

VIII. CHANGES TO INVESTMENT POLICY

This Policy will be reviewed at least annually to ensure its consistency with the objectives of income, growth and safety, and changes in applicable laws and financial trends. Any proposed amendments to the Investment Policy will require approval by the Board of Education.

IX. FINANCIAL PROFESSIONALS' COMPLIANCE WITH INVESTMENT POLICY

All outside investment advisors/managers, attorneys and other financial professionals employed or retained by the district and/or its representatives, including without limitation financial advisors, underwriters, bond counsel, and disclosure counsel, must review this policy and sign a "Statement of Compliance" confirming that they have reviewed this Investment Policy and will fully comply with these policies.

Legal Reference:

Education Code Sections 41001, 41015

Government Code Sections 16430, 53601

Policy Adopted: June 4, 1996

Revised: October 1, 2002
