

Dallas School District 2

Code: **DFA-AR**
 Adopted: 5/13/02

Investment of Funds

The District will maintain a listing of financial institutions and primary broker dealers which are approved for investment purposes. Written criteria for qualification includes:

1. licensed to do business in Oregon;
2. four out of five years demonstrated profitability; and
3. minimum assets of \$500 million.

It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific class of securities, or a specific issuer.

Diversification of Maturity The custodian of funds shall schedule maturities so that projected cash flow needs are met. Thus, at any given time of the year, the length of time to maturity of individual investments within the portfolio may vary from a few days to a year or more. No portion of the portfolio may be invested beyond 18 months except as specified under ORS 294.135 (1)(b) for which maturities will not exceed 36 months.

Diversification by Class of Securities The funds of the District may be invested in the following instruments up to the percentages indicated. All listed investments comply with Oregon Revised Statutes.

	<i>Maximum Percentage of Portfolio</i>
U.S. Treasury obligations (Bills, Notes, and Bonds maturity in 36 months or less)	100%
Obligations of the following U.S. Government-sponsored enterprises:	
Federal Homeowners Loan Bank (FHLB)	100%
Federal Home Loan Mortgage Corporation (FHLMC)	
Student Loan Marketing Association (SLMA)	
Federal National Mortgage Association (FNMA)	
Resolution Funds Corporation (REFCORP)	
Federal Farm Credit Bank System (FFCB)	
<i>*Note: No more than 50% of the total portfolio may be invested in any one of these enterprises.</i>	
Local Government Investment Pool	100%
Banker's Acceptance	50%
Repurchase Agreements	50%
<i>*Note: Must be collateralized at 102% of market value in U.S. Treasury Obligations</i>	

Certificates of Deposits	25%
Commercial Oregon banks insured by FDIC	
Oregon Savings and Loans Associations	25%
Only up to \$100,000 FDIC insurance amount at any one institution	
Commercial Paper	25%
<i>Note: As limited by ORS 299.035 (12) and (13)</i>	

Diversification by Financial Institution

The combination of certificates of deposit, banker's acceptances, and repurchase agreements with any one financial institution shall not exceed 50% of the total portfolio.

Banker's Acceptances (BA's) No more than 33% of the total portfolio with any one institution.

Certifications of Deposits (CD's) No more than 25% of the total portfolio with any one institution.

Repurchase Agreements (Repo's) No more than 25% of the total portfolio with any one institution.

Local Government Investment Pool For short periods of time up to 100% of the portfolio may be invested in the Pool. However, the amount so invested may not exceed \$20 million with the exception of pass-through funds (in and out within 10 days).

Before investing funds, the custodian of funds shall solicit written quotes from at least two (2) qualified financial institutions or brokers. The officer shall select the instrument which provides the highest rate of return provided that instrument is consistent with all the terms of the investment guidelines.

All investment securities purchased by the District shall be held in third party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the District listing the specific instrument, rate, maturity, and other pertinent information.

Deposit-type securities (i.e. certificates of deposit) shall be collateralized through the state collateral pool as required by ORS for any amount exceeding FDIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

The custodian of funds will submit a quarterly schedule of investments to the School Board. Staff will maintain the necessary cash flow projections and schedules as well as historical weekly records of expenditures and receipts.

Any modifications to this standard practice will be submitted for School Board approval prior to implementation.