



Huntington Beach Union High School District Board Policies and Administrative Regulations

BP 3430
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Business and Non-Instructional Operations

Investment Policy

I. PURPOSE:

To establish a policy for investment of funds held by the Huntington Beach Union High 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. 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
- 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 District Superintendent of Schools ("Superintendent"), or designee, under the direction of the Board of Trustees, shall have the responsibility for all decisions and activities performed under the District's investment policy. The Superintendent 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 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 may deposit all funds received or collected from any source into the Orange County Educational Investment Pool(s) or Orange County Treasurer's Extended Pool, 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 Department shall be available for investment ("funds available for investment") under the conditions set forth in this policy in:

1. The Orange County Treasurer's Extended Pool(s) and the Orange County Educational 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 Treasurer's Extended Pool(s) or Orange County Educational Investment Pool(s).
2. The Local Agency Investment Fund (LAIF) established by the California State Treasurer for the benefit of local agencies. 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.

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 fully insured or collateralized account(s) or instrument(s), or deposited with a bank or financial institution that is highly rated by Standard & Poor's and Moody's Rating Service. In this situation, a separate agreement must be in place which clearly establishes steps to protect the interests of the District in case of a decline in the rating of the financial institution below a specified level (e.g. an "immediately due" clause). Bank accounts maintained outside of the County Treasury shall be limited to the following purposes:

(a) Cash Clearing Account.

Purpose: To process accounts receivable checks, then write check to County Superintendent once checks have cleared.

(b) Revolving Cash.

Purpose: Emergency transactions for payroll and accounts payable.

(c) Self-Insured Trust Accounts.

Purpose: To pay various insurance claims

- (d) Cafeteria Monies.
- (e) TRANS Proceeds
- (f) Reserves/deposits required in connection with the issuance of debt instruments
(e.g. Certificates of Participation, General Obligation Bonds)

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 Assistant Superintendent for Business Services 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 to the purposes of meeting short-term cash flow needs and to fund capital projects.

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:

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 Trustees.

Policy Adopted:	1-13-87	Education Code:	
Revised:	12-10-96		41001 42840
Revised:	9-19-02		41015
Revised	11-09-04	Government Code:	
			53600 et seq