

SISC INVESTMENT POOL GUIDELINES

STATEMENT OF PURPOSE

The purpose of this statement is to establish a clear understanding between the agency investing funds and the SISC Investment Pool regarding investment objectives, goals and guidelines. The SISC Investment Pool is designed to provide investment services for SISC I, II or III member districts. Each of these entities has different and separate cash flows and cash requirements. However, a common link for these agencies is the need for excess monies to be secure, accessible, and earn a respectable yield. The goal of the SISC Investment Pool is to retain safety of investment principal, with sufficient liquidity to meet withdrawal needs of districts, and earn an acceptable return on investment. The following sections provide details of our investment objectives.

OBJECTIVES

The primary investment objective shall be maximum security of principal invested. The secondary objective is the liquidity of capital to meet expenditure requirements. The third objective shall be to achieve a rate-of-return greater than the rate earned by California Local Agency Investment Fund (LAIF). Investments shall conform to all applicable State statutes governing the investment of public funds. (CA SB 564, SB 866)

The SISC Investment Pool will follow the Investment Policy adopted by the SISC Board on October 16, 1996. SISC staff will select and continue to closely monitor and evaluate the credit worthiness of the institutions with whom funds are invested. In accordance with the investment objectives stated above, assets in the portfolio will be managed in a conservative manner.

PERFORMANCE STANDARDS

Although return on investment is the most visible result of SISC's investment program, the achievement of a high rate-of-return will always be considered secondary to the safety of invested principal. Based on the investment objectives stated above, the investment portfolio will be designed to obtain a positive market rate of return, taking into account the investment risk constraints outlined in SISC's Investment Policy. The benchmark to determine whether satisfactory market returns are being achieved in the Investment Pool, shall be the rate-of-return earned by the California Local Agency Investment Fund (LAIF).

ACCESSIBILITY

All assets selected for the portfolio must have a readily available market value and be marketable. The portfolio shall be designed to generate adequate income and remain sufficiently liquid to meet ongoing quarterly withdrawal needs.

PROCEDURES TO ESTABLISH AN INVESTMENT
FUND WITH THE SISC INVESTMENT POOL

A. Initiate Investment Process

1. The governing body of the school district or educational agency must adopt a resolution authorizing investment of excess funds with the SISC Investment Pool.

B. Deposit of Funds

1. Deposits in increments of \$25,000 can be made on a quarterly basis. The educational agency must provide notice of intent to deposit funds. Notice can be made by either mailing your Transaction Request to the SISC office, or by faxing it to (661) 636-4063. The Transaction Request must be received by the SISC office at least five business days prior to deposit.
2. All deposits must be received by the SISC office two business days before the last business day of the quarter for inclusion in the following quarter's investments. Deposits can be made by: 1) wire transfer, or 2) check made payable to SISC Investment Pool.
3. All deposits shall be invested in the SISC Investment Pool.
4. All investments shall conform to applicable State statutes governing the investment of public funds. (CA SB 564, SB 866)

C. Minimum Balances

1. Each district or agency must maintain a minimum balance of \$50,000 at all times, unless the agency is liquidating its account.

D. Interest Earnings

1. Each quarter an independent auditing firm will apportion interest earned on funds deposited by the agency.
2. Net interest earned will be re-invested in the Pool, unless the agency is withdrawing from the program.

E. Cost of Investments

1. Actual investment costs incurred by the Pool will be deducted each quarter.

F. Reports

1. Within 60 days from the end of a quarter, the SISC office will provide an unaudited net earning statement and detail report of investments to the agency. An audited statement will follow from the accounting firm selected to do the quarterly audit.

G. Withdrawal of Funds

1. Withdrawals in increments of \$25,000 can be made on a quarterly basis with 10 days written notice. Notice can be made by either mailing your Transaction Request to the SISC office, or by faxing it to (661) 636-4063.
2. Upon receipt of notice to withdraw funds, SISC will instruct a check to be mailed or a wire transfer to be made to the agency on the last business day of the quarter.
3. Accrued interest shall not be remitted to the agency at the time of withdrawal, but shall be remitted 4 weeks after the end of the calendar quarter.

H. Dissolution of the Pool

1. If the Pool is dissolved, all Pool assets will be allocated based on each district's pro-rata share of the total assets of the Pool.

SUMMARY

All investments are to be made in a prudent manner. It is expected that the SISC Investment Pool assets will be managed so that the results will meet the objectives as set forth in this statement.

This statement is intended to be used as a guideline rather than a rigid statement of policy from which there will be no deviation. Modification of the stated objectives and goals may be made by the governing Boards of the SISC I, II and III Joint Powers Authorities.