Cash Management
Investment Management
Policy 11.1.0

POLICY. The District will properly manage the risk in its portfolios to achieve investment objectives and comply with investment constraints. The use of diversification in the District's portfolio is an important strategy for managing risk. Diversification strategies will consider the following:

0.1 Carefully and clearly defining what the objectives mean for safety, liquidity, and return to the District.

0.2 Preparing a cash flow projection to determine liquidity needs and the level and distribution of risk that is appropriate for the portfolio.

0.3 Considering political climate, stakeholders' view toward risk, and risk tolerances.

0.4 Ensuring liquidity to meet ongoing obligations by investing a portion of the portfolio in readily available funds, such as Local Government Investment Pools, money market funds, or overnight repurchase agreements.

0.5 Establishing limits on positions in specific securities to protect against default risk.

0.6 Limiting investments in securities that have higher credit and/or market risks.

0.7 Defining parameters for maturity/duration ranges.

0.8 Establishing a targeted risk profile for the portfolio based on investment objectives and constraints, risk tolerances, liquidity requirements and the current risk/reward characteristics of the market.