



Cash Management
Use of Local Government Investment Pools
Policy 10.1.0

POLICY. The District will consider the following when using Local Government Investment Pools (LGIPs):

- 0.1** The District will confirm LGIPs are eligible investments under governing law and the District's Investment Management Policy.
- 0.2** The District will fully understand the investment objectives, legal structure and operating procedures of the investment pool before placing any money in the pool. When evaluating an LGIP, the District obtains the pool's offering statement, investment policy, and audited financial statements.
- 0.3** Particular attention must be paid to the investment objectives of a pool to determine whether a pool seeks to maintain a constant Net Asset Value (NAV) of \$1.00 or could have a fluctuating NAV. This information is essential in order to determine which pools are appropriate for liquidity strategies (constant NAV) and which ones are only appropriate for longer-term strategies (fluctuating NAV).
- 0.4** The pool's list of eligible securities should be reviewed to determine compliance with the District's Investment Management Policy. Portfolio maturity restrictions and diversification policies should be evaluated to determine potential market and credit risks.
- 0.5** Portfolio pricing practices should be evaluated.
- 0.6** Custodial policies should be reviewed.
- 0.7** The qualifications and experience of the portfolio manager, management team and/or investment adviser should be evaluated.
- 0.8** The earnings performance history should be studied and reviewed relative to other investment alternatives. On constant NAV LGIP funds, the current yield of the portfolio can be compared with competitive institutional money market funds, or overnight repurchase agreement rates. Any pool with consistent above-



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average yields or longer maturities should be further evaluated for risk.

- 0.9** Variable NAV LGIPs should be evaluated in relation to appropriate benchmarks.
- 0.10** Although ratings are not mandatory at this time, the District should seek LGIPs with the highest ratings, where possible or understand the reason a rating is not available.
- 0.11** Procedures for establishing an account, making deposits and withdrawals, and allocating interest earnings should be fully understood.
- 0.12** Any additional services offered by an LGIP should be considered to make use of the fund as effective as possible.
- 0.13** The District will confirm that an LGIP provides regular, detailed reporting to pool participants and follows generally accepted reporting standards.