

THE CHIEF EXECUTIVE OFFICER RECOMMENDS:

Policy.

POLICY TEXT:

CHICAGO PUBLIC SCHOOLS INVESTMENT POLICY - INTRODUCTORY

The Board of Education of the City of Chicago (the Board) hereby adopts the attached Chicago Public Schools Investment Policy, which defines the parameters within which funds are to be managed. This Policy is referred to as the Board's Investment Policy (the Investment Policy) and shall be referred to as the Board, the Chicago Public Schools, or the CPS. The Board is responsible for the day to day operations of the Board. CPS recognizes its responsibility to maintain the day to day operations of the Board. CPS recognizes its responsibility to maintain the day to day operations of the Board.

The comprehensive policy will define the following:

- I. Purpose
- II. Investment Objectives and Standards
- III. Scope of Policy
- IV. Ethics and Conflicts of Interest
- V. Authority
- VI. Authorized Financial Dealers and Institutions

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I. Purpose .. - page

This document specifies policies, guidelines, and other provisions regarding investments of all

Portfolio Management

The Board shall establish a portfolio management committee... The committee shall meet at least quarterly... The committee shall report to the Board... Investment Committee as appropriate but at least annually.

III. Scope

This investment Policy generally applies to all funds of the Chicago Public Schools.

Internal accounts are financial institutions, which institutions do not need to be included in the City of Chicago's approved depository listing.

Certain funds may be subject to additional restrictions. Such funds are generally subject to this policy, except for the selection of financial institutions.

Participants in this investment Policy shall refrain from personal business activity that could potentially conflict with proper execution of this Investment Policy or impair their impartial decisions. The Treasurer shall implement an annual attestation process to be completed by all persons authorized to trade securities.

The Treasurer shall collect and review such attestations and file them with the internal audit function.

Under no circumstances shall a participant in the investment process receive any...

**VI. Authorized Financial Dealers and Institutions
Depositories**

NOW accounts and certificates of deposit, checking accounts, savings accounts, and other accounts of financial institutions of the City of Chicago, as designated by the Board, must be made with a primary listing. In compliance with the Investment Act, reasonable efforts shall be made to deposit money in minority owned banks.

The Chicago Public Schools Treasurer shall maintain a list of approved security

approved securities. If approved securities are not available, the Treasurer and the Investment Committee shall make every effort to purchase securities with the best available effort.

4.5 Short term obligations of corporations organized in the United States, including but not limited to Student Loan Marketing Association (SLM), bonds and discount notes, commercial paper, corporate bonds, and master notes, if: 1) assets of the corporation exceed \$500,000,000, and 2) such obligations mature not at a time more than 180 days from the time of purchase, and 3) such purchases do not exceed 10% of the corporation's outstanding debt

one of which must be S&P or
at the time of purchase as follows:

and 4) such obligations are rated by at least 2 rating agencies
Moody's with rating, maturity, and asset allocation limits at the

Asset Allocation: < 20% of total funds

funds and maturities of < 180 days

description of investment portfolio structure

practical approach to the investment of its funds.

The Treasurer is responsible for ensuring that cash flow forecasts are created, updated and reviewed as necessary to ensure liquidity needs are identified and met. This strategy must provide for portfolio liquidity and safety of principal above all other considerations.

investment philosophy with the following tier structure: Liquidity, Cash Management, and Enhanced Cash Management.

The Chicago Public Schools shall maintain liquid balances that reflect the cash flow needs. If the Chicago Public Schools funding structure or revenue and disbursement cycles require the Chicago Public Schools to maintain a reserve for liquidity needs, the Chicago Public Schools shall maintain a reserve for liquidity needs. The Chicago Public Schools shall maintain a reserve for liquidity needs. The Chicago Public Schools shall maintain a reserve for liquidity needs.

LIQUIDITY CASH MANAGEMENT FUND

Objective: To provide for all operating needs of the CPS on a day to day basis

Guidelines: The purchase of securities outlined in the authorized listing of securities shall be limited to the following:

Asset Allocation Range: The market value of this pool should reflect the cash flow requirements at the direction of the Treasurer with a maximum of 10% of cash flow needs.

Merrill Lynch 3 Month Treasury Bill Index or similar index
ENHANCED CASH MANAGEMNT (ECM)

Evaluation Benchmark:
NAME:

Objective: To provide for the longer term investment of funds using established investment approaches as well as money management firms under contract with the Chicago Public Schools.

The duration of the investment should not exceed the duration of the Merrill Lynch Government 1-5 Index or similar index adjusted duration will not exceed 10 years. Average portfolio maturity will not exceed 5 years. Maximum maturity of any single issue will not exceed 10 years.

Asset Allocation Range: The market value of this pool should reflect the excess cash flow requirements

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Evaluation

On a quarterly basis, the performance of each investment tier will be compared to the

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Control Technique - the Bureau of Treasury will limit investments to the safest types of securities, pre-qualify the financial institutions, broker/dealers, intermediaries and

with which the U. S. Direct Lending Scheme will do business, and govern the

YV Investment Performance and Reporting

ment reports and providing

The Treasurer is responsible for preparing monthly invest

reputations, providing information to the Board of Finance and the Board of Education, and providing information to the Treasurer and other members of the Board of Finance and the Board of Education. The Treasurer is responsible for providing the following types of information:

1. Mark-to-market adjustment on the portfolio by security type
2. Commentary on general direction of the market
3. Market exposures and position balances by investment type

4. Credit exposures arising from derivatives, swap agreements, etc.

5. Current cash balances, projected future cash flows, and other financial data.

6. Comparison of actual return to forecast and to appropriate evaluation benchmark returns.

7. Changes in the perceived or actual risk of any component of the Chicago Public Schools' portfolio.



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Monitor use of all CPS funds for administrative funds to ensure accuracy and compliance with GDS Investment Policy and objectives.

Manage the portion of the on-behalf-of-schools investment portfolio in accordance with the policy objectives and guidelines as established.