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 District shall invest public funds only as authorized by NRS Chapters 355 and 356 and Investment Management Practice 11.2.0, with safety of principal as its foremost objective, followed by liquidity and then a reasonable return. 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, in that order of priority.

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

0.3 Considering stakeholders' views toward risk and the Board's approved risk tolerances Political or other secondary considerations shall not require acceptance of lower credit quality or additional uncompensated risk.

0.4 Ensuring liquidity to meet ongoing obligations by investing a portion of the portfolio in readily available funds, such as the State of Nevada Local Government Pooled Investment Fund (NRS 355.167), government money market funds meeting NRS 355.170(1)(n), or overnight repurchase agreements meeting NRS 355.170(2)..

0.5 Establishing limits on positions in specific securities to protect against default risk, consistent with the percentage limits of NRS 355.170 and 355.171 and any more restrictive limits adopted by the Board.

0.6 Limiting investments in securities that have higher credit and/or market risks, and prohibiting any investment not authorized for local governments by NRS 355.170 or not permitted by Practice 11.2.0 (including the District's own securities and interim warrants, NRS 355.177).

0.7 Defining parameters for maturity/duration ranges that do not exceed the statutory maximum maturities in NRS 355.170.

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.

0.9 Requiring that District securities be held by a qualified custodian under NRS 355.172 and that uninsured deposits be collateralized as required by NRS Chapter 356.

0.10 Requiring that investment activity, compliance and exceptions be reported to the Board of Trustees at least quarterly, and that this policy and Practice 11.2.0 be reviewed by the Board at least annually.