

CASH MANAGEMENT AND INVESTMENTS

The Laureate Academy Charter School, in accordance with BESE Bulletin 126, may deposit and invest any funds that belong to the Charter School in any bank or credit union that is insured by the Federal Deposit Insurance Corporation (FDIC) or by the National Credit Union Administration (NCUA).

Adherence to the adopted policy shall be reviewed and measured as part of the annual independent audit of the financial statements. The audit shall note if the charter operator holds any unsecured cash as of the end of the fiscal year, as well as the amount.

OBJECTIVES

The primary investment objective of the Laureate Academy Charter School shall be to ensure that the current and future expenditure obligations are adequately funded in a cost-effective manner. The goal of this cash management and investment policy is to protect public funds by minimizing the amount of unsecured funds to the extent practical.

Preservation of capital and the realization of sufficient total return to ensure the ongoing financial integrity of the funds are essential. Preservation of capital encompasses two goals: (1) Managing the risk of loss of principal for the fund, and (2) Managing the erosion of principal value through inflation.

DEPOSITORY BANK

Selection of the depository bank with which funds are deposited shall be a stock-owned federally insured depository institution organized under the laws of this state or of any other state of the United States, or under the laws of the United States, as may be selected by the depositing authority.

The Charter School CEO shall obtain Board approval of the depository bank subject to the following conditions:

1. A financial institution that is domiciled or having a branch office located in the parish where our charter school is located,
2. A financial institution that secures deposits up the amounts insured by the Federal Deposit Insurance Corporation (FDIC) or by the National Credit Union Administration (NCUA).
3. A financial institution that has a "High Capital Ratio" that meets or exceeds the current minimum standards set by the United States Federal Reserve.

4. The most recent quarterly Federal Institutions Examination Council's (FFEIC) "Uniform Bank Performance Report" of the financial institution being considered.
5. A review and approval from the Board's external auditor or attorney of the financial institution being considered.

DAILY DEPOSIT

Deposits shall be made in the name of the depositing authority as authorized by the Board of Elementary and Secondary Education (BESE) that has custody and control over all the charter school's disbursements. Deposits should also be deposited daily whenever possible.

INVESTMENT OPTIONS

The Laureate Academy Charter School is authorized to invest such monies, which it determines to be available, in only those investments identified in La. Rev. Stat. Ann. §33:2955 some of which are identified below:

1. Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., including U.S. Export Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, General Services Administration, Government National Mortgage Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development.
3. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. Government instrumentalities which are federally sponsored, including Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Resolution Funding Corporation.
4. Direct security repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) through (3) above. *Direct security repurchase agreement* means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those

securities and obligations enumerated in paragraphs (1) through (3).

5. Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the State of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificate of deposit; provided that the rate of interest paid for time certificates of deposit shall be not less than fifty basis points below the prevailing market rate on direct obligations of the U.S. Treasury with a similar length of maturity.
6. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies. Investment of funds in each mutual or trust fund institutions shall be limited to 25% of the monies considered available for investment as provided by La. Rev. Stat. Ann. §33:2955.
7. *Guaranteed Investment Contracts* as described in La. Rev. Stat. Ann. §33:2955.
8. The *Louisiana Asset Management Pool* (LAMP).

ADDITIONAL RESTRICTIONS FOR NON-COLLATERALIZED DEPOSITS

If it is not possible to collateralized 100% of the funds on deposit in excess of the Federal Deposit Insurance Corporation (FDIC) or by the National Credit Union Administration (NCUA), the Charter School CEO is permitted to

- Deposit funds with additional FDIC/NCUA insured banks
- Purchasing Certificate of Deposit with other banking institutions.
- Certificate of Deposits laddering.

INTEREST EARNINGS

The interest earned on any such investment shall be credited to the fund from which the investment was acquired, or it may be applied to the payment of the principal and interest of the outstanding bonded indebtedness of that fund.

PROHIBITED TRANSACTIONS

The following arrangements are expressly prohibited:

1. Any transactions not specifically authorized by this policy.
2. The purchase of securities on margin.
3. Direct purchases of single family or commercial mortgages.
4. Purchases of foreign bonds.
5. Collateralized mortgage obligations that have been stripped into interest only or principal only obligations.
6. Inverse floaters, or structured notes. For purposes of this section, *structured notes* shall mean securities of U.S. Government agencies, instrumentalities, or government-sponsored enterprises which have been restructured, modified, and/or reissued by private entities.

Ref: La. Rev. Stat. Ann. §§17:99, 33:2955, 39:1211-1235; Board minutes, 1-5-89, 9-7-00.