

## Investment Policy

This policy establishes procedures to govern the investment of funds held by Westlake Charter School (“WCS” or the “Charter School”). This policy is based upon federal, state and local laws and regulations, and prudent money practices. To the extent that this policy conflicts with state or federal law, the applicable law shall prevail.

### **PURPOSE:**

WCS’ primary investment objective shall be to maintain a balance of safety and liquidity of its funds. Safety of principal is the foremost objective of WCS. The primary objectives of WCS investment activities shall be:

1. **Safety:** The safety of principal is the foremost objective of WCS’s investment program. WCS’s investments shall be undertaken in a manner that shall strive to preserve WCS’s capital.
2. **Liquidity:** WCS’s secondary objective shall be to meet its liquidity needs. The investment portfolio shall maintain sufficient liquidity to enable WCS to meet necessary cash flow and operating requirements which might be reasonably anticipated.
3. **Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return over the course of budgetary and economic cycles, taking into account the investment risk, constraints and the cash flow characteristics of the portfolio.
4. **Maintaining the Public’s Trust:** The investment officers shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence while conforming to all applicable statutes and regulations governing the investment of public funds.
5. **Mitigating Credit Risk and Market Risk:** Credit risk shall be mitigated by diversifying investments among issuers and market sectors so that the failure of any one issuer or market sector would not result in a significant loss of income or principal. Occasional market losses on individual securities are inevitable and must be considered within the context of the overall investment return.

### **SCOPE:**

It is recommended that WCS mirror the intent of California Education Code Section 41015 and California Government Code Sections 16430 or 53601. WCS will strive to make investments following the guidelines of the Uniform Prudent Investor Act. (Probate Code Section 16045, *et seq.*) This Policy covers all funds and investment activities under the direct authority of WCS.

### **Compliance with Investment Policy**

All outside investment advisors/managers, attorneys and other financial professionals employed or retained by WCS and/or its representatives, including without limitation financial



advisors, underwriters, bond counsel, and disclosure counsel, must receive this policy, and confirm that they have reviewed and will fully comply with this Investment Policy.

## **RESPONSIBILITIES:**

### **Delegation of Authority**

Management responsibility for the investment program is hereby delegated by the Board of Directors to the Executive Director, as deemed appropriate or necessary, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked. The Executive Director may delegate the day-to-day operations of investing to his/her designee(s) but not the responsibility for the overall investment program. The Executive Director and/or his/her designee(s) shall make all investment decisions and transactions in strict accordance with state law and this Policy.

The Executive Director may utilize an external investment advisor to assist with investment decision-making and trade-execution authority. The investment advisor shall be under the supervision of the Executive Director and/or his/her designee(s) and shall follow this Policy and such other written instructions as are provided by the Board.

The Board of Directors shall ensure that its fiduciary responsibilities concerning the proper management of WCS' funds are fulfilled through appropriate investment structure, internal and external management, consistent with applicable policies and procedures, and based on the advice and recommendations of its financial advisor(s) and the Executive Director and/or his/her designee(s).

The Board of Directors, its Officers and Staff of Westlake Charter School are not held liable for less than desirable outcomes, rather, they are responsible only for adherence to procedure and processes. The Executive Director and/or his/her designee(s) are responsible for the development, implementation and maintenance of all investment policies and shall not be held personally liable for these decisions so long as they are made in good faith and in a reasonably prudent manner.

## **PROCEDURE:**

### **Internal Controls**

The Executive Director shall establish a system of written internal controls to regulate WCS's investment activities. Procedures should include references to individuals authorized to execute transactions or transfers, safeguard agreements, (including repurchase agreements, wire transfer agreements, collateral/depository agreements), and banking services contracts, as appropriate. As part of the annual audit, WCS's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by



employees of the Charter School.

### **Authorized Financial Institutions and Brokers/Dealers**

It shall be WCS's policy to purchase securities only from authorized institutions and firms. The Executive Director shall maintain a list of authorized broker/dealers and financial institutions that are approved by the Finance Committee for investment purposes. WCS shall use at least one authorized broker/dealer to advise WCS on investments.

Before engaging in investment transactions with a broker/dealer, the Executive Director shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for WCS's account has reviewed WCS's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to WCS that are appropriate under the terms and conditions of this Investment Policy.

### **Prohibited Transactions**

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy, as may be amended from time to time. No investment prohibited by California Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy and cannot be corrected without penalty at time of purchase must be documented and approved by the Charter School in writing as soon as possible. Thereafter, action shall be taken by the Charter School to correct such matter as soon as practical.

### **Ethical and Conflict of Interest**

The Charter School and all persons involved in the investment process shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Charter School and all treasury and investment personnel shall disclose to the Board of Directors any material financial interests in financial institutions, broker dealers and vendors ("outside entities") and shall disclose any material financial investment positions in such outside entities.