

## Oklahoma Cooperative Liquid Asset Securities System ("Oklahoma CLASS")

### Investment Policy

#### **Purpose**

This Policy has been established to create the principles by which the Oklahoma Cooperative Liquid Asset Securities System ("Oklahoma CLASS") will be invested and secured and to comply with the provisions of Oklahoma law relating to the investment of public funds. Investment Funds may only be invested in a manner that is permitted pursuant to the laws of the State of Oklahoma generally and specifically, in accordance with Oklahoma Statute Title 62 § 348.1 and §348.3.

#### **Objective**

The Fund's investment objectives are: 1) Safety & Preservation of Principal, 2) Daily Liquidity, 3) Transparency and 4) Competitive Yields.

The Fund's investments will conform to the Permitted Investments detailed in this Investment Policy to meet the criteria for Standard and Poor's Principal Stability Fund AAAM rating. The AAAM rating is the highest attainable rating for a Local Government Investment Pool.

#### **General Provisions**

The Administrator will invest Oklahoma CLASS assets in high-quality fixed income securities. To be considered high quality, a security must be rated in the two highest short-term rating categories by one or more Nationally Recognized Statistical Rating Organizations ("NRSROs"), or be deemed to be of comparable quality thereto by the Administrator. The Administrator also may enter into special transactions for Oklahoma CLASS, i.e. repurchase agreements.

Oklahoma CLASS will maintain a dollar-weighted average maturity to reset (WAMR) of 60 days or less and a dollar-weighted average maturity to final (WAMF) of 120 days or less.

Oklahoma CLASS shall at all times maintain a prudent diversification of its investment portfolio among eligible asset classes.

#### **Procedures for Investment of Pool Monies**

(a) Qualified Broker/Dealers.

The Administrator will maintain a list of qualified broker/dealers that Oklahoma CLASS may engage in investment transactions with which will be approved by the Board of Trustees, at least quarterly, and will be maintained separately from this Policy.

(b) Qualified Corporate Debt Issuers.

The Administrator will maintain a list of qualified corporate debt issuers that Oklahoma CLASS may purchase and which will be approved by the Board of Trustees, at least quarterly, and may be maintained separately from this Policy.

(c) Solicitation of Bids for Investments.

Bids for investments may be solicited orally, in writing, electronically or in any combination of those methods. A record of such bids shall be maintained by the Administrator.

(d) Settlement Basis.

All purchases of investments, except investments in mutual funds or bank instruments, shall be made on a delivery versus payment basis to a third-party custodian. The safekeeping entity for all Oklahoma CLASS investments and for all collateral pledged to secure funds of Oklahoma CLASS shall be the Custodian.

**Permitted Investments**

- 1) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

**Maximum Maturity:** 397 days for fixed rate obligations; 762 days for variable rate obligations

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** No Limit

**Minimum Credit Quality:** Not Applicable

- 2) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

**Maximum Maturity:** 397 days for fixed rate obligations; 762 days for variable rate obligations

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** No Limit

**Minimum Credit Quality:** Not Applicable

- 3) Repurchase agreements in securities authorized in paragraphs (1) or (2), above, provided that the term of the agreement does not exceed one year. "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. The market value of securities that underlie a repurchase agreement shall be valued at 102% or

greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

**Maximum Maturity:** 1-Year

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** No Limit

**Minimum Credit Quality:** Not Applicable

4) Investment grade obligations of the State of Oklahoma.

**Maximum Maturity:** 397 days

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** No Limit

**Minimum Credit Quality:** Rating category of "A+" or its equivalent or better by a NRSRO

5) Bankers' acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred and seventy (270) days' maturity.

**Maximum Maturity:** 270 days

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** 5%

**Minimum Credit Quality:** "A-1" or higher, or the equivalent, by a NRSRO

6) Prime commercial paper which shall not have a maturity that exceeds three hundred and ninety-seven (397) days' maturity.

**Maximum Maturity:** 397 days

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** 5%

**Minimum Credit Quality:** "A-1" or higher, or the equivalent, by a NRSRO

- 7) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank.

**Maximum Maturity:** 397 days

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Issuer Allocation:** 5%

**Minimum Credit Quality:** "A-1" or higher, or the equivalent, by a NRSRO.

- 8) Money market funds regulated by the Securities and Exchange Commission and which investments consist of those item and those restrictions specified in paragraphs 1 through 3 of this subsection.

**Maximum Maturity:** NA

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Fund Allocation:** 10%

**Minimum Credit Quality:** Highest ranking provided by not less than two NRSROs.

- 9) Collateralized or insured certificates of deposit and other evidence of deposits at banks, savings banks, savings and loan associations and credit unions located in the State of Oklahoma, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state.

**Maximum Maturity:** NA

**Maximum Portfolio Allocation:** No Limit

**Maximum Per Fund Allocation:** No Limit

**Minimum Credit Quality:** NA

Approved on July 24, 2024