

Oklahoma Public School Liquid Asset Pool Assigned 'AAAm' Principal Stability Fund Rating

January 11, 2024

ENGLEWOOD (S&P Global Ratings) Jan. 11, 2024--S&P Global Ratings today assigned its 'AAAm' principal stability fund rating (PSFR) to the Oklahoma Public School Liquid Asset Pool (OLAP).

The PSFR reflects our view of the creditworthiness of the fund's investments and counterparties; its market price exposure; its investments' maturity structure; and management's ability to maintain the fund's net asset value, including the policies that it has implemented for this purpose. The 'AAAm' rating is the highest PSFR we assign and indicates an extremely strong capacity to maintain principal stability and to limit exposure to principal losses caused by credit risk. In our view, the fund achieves this through conservative investment practices and strict internal controls. We conduct weekly surveillance on our PSFRs.

OLAP is a program created by the Oklahoma Public School Investment Interlocal, a cooperative organized and existing under the laws of the state of Oklahoma. The Interlocal was established for Oklahoma school districts to pool their investment funds to obtain competitive interest rates while maintaining liquidity, preserving capital, and complying with Oklahoma law governing investing school funds.

In accordance with stated metrics for 'AAAm' PSFRs, we expect the fund will maintain a diversified portfolio of high-quality fixed-income investments with a portfolio maximum weighted average maturity of 60 days and a maximum weighted average life of 90-120 days. Based on our assessment, the fund maintained an average weighted average maturity and weighted average life of 7 days and 9 days, respectively, over the past 12 months. In our view, a portfolio's weighted average maturity is a key measure of a fund's sensitivity to rising interest rates.

All Oklahoma school districts are eligible to become members of the Interlocal and participate in its programs, including OLAP. As of Sept. 30, 2023, the portfolio had net assets of approximately \$80.73 million. U.S. Bank N.A. is the custodian.

OLAP is a stable-value portfolio. The pool aims for all participants to achieve a competitive rate of return while preserving capital and maintaining liquidity. OLAP can invest in the obligations of the U.S. government and its agencies; state and local obligations; repurchase agreements; money market mutual funds; and the obligations of financial institutions, such as certificates of deposit and bankers' acceptances. Additionally, our 'AAAm' PSFR subjects such securities to certain minimum credit quality thresholds. As of Sept. 29, effective 'A-1+' credit quality for the fund was 100%.

Naperville, Ill.-based PMA Asset Management LLC is the investment adviser and administrator for the fund. PMA currently manages 14 local government investment pools rated 'AAAm' by S&P Global Ratings, including OLAP. As of Sept. 30, 2023, PMA companies had more than \$43.2 billion in assets under administration.

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Related Criteria

- Criteria | Financial Institutions | Fixed-Income Funds: Principal Stability Fund Rating Methodology, June 23, 2016

Related Research

- 'AAAm' Local Government Investment Pool Trends (Third-Quarter 2023), Nov. 1, 2023

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Oklahoma Public School Liquid Asset Pool Assigned 'AAAm' Principal Stability Fund Rating

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