OBJECTIVES

The cash management and investment policy of the College District shall be to:

1. Ensure the safety of the College District’s funds.
2. Maintain sufficient liquidity to provide adequate and timely working funds.
3. Attain a rate of return no less than the market average and consistent with safety and liquidity considerations.
4. Match the maturity of investment instruments to the daily cash flow requirements.
5. Diversify investments as to maturity, instruments, and financial institutions where permitted under state law.
6. Actively pursue portfolio management techniques.
7. Avoid investment for speculation.

AUTHORIZED INVESTMENTS

The College President or designee, who may be a contractor, shall serve as the investment officer of the College District and invest College District funds in legally authorized and adequately secured investments in accordance with generally accepted accounting procedures.

College District funds will be invested in:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit.

SELLERS OF INVESTMENTS

A written copy of the investment policy shall be presented to any person seeking to sell an authorized investment to the College District. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal:

1. Has received and thoroughly reviewed the College District’s investment policy; and
2. Has acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude unauthorized investment activities arising out of investment transactions conducted between the College District and the organization.
The investment officer may not buy any securities from a person who has not delivered to the College District an instrument substantially in this form.

CERTIFICATES OF DEPOSIT

Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

LIQUIDITY AND DIVERSITY

To meet the investment objectives of the College District, the maturity of investments shall be targeted to coincide with the cash flow needs of the College District. Investments should not be longer than five years. Total investments should be staggered so that shorter term investments will provide more liquidity. The investment portfolio shall be diversified to reduce the risk of loss of investment income from overconcentration of assets in a specific maturity, a specific issue, a specific size, or a specific class of securities.

INVESTMENT STRATEGY

In managing the College District’s investments, the investment officer shall:

1. Generally, stay short term in liquid instruments to avoid market risk and to generate superior returns during periods of rising interest rates.

2. Invest the portfolio to the full term possible under cash budget requirements.

3. Establish a liquidity base to provide for known short-term disbursement requirements and select remaining maturities based on investment return offered.

MONITORING MARKET PRICES

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant declines in the market value of the College District’s investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds. Monitoring shall be done at least quarterly, as required by law, and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

MONITORING RATING CHANGES

In accordance with Government Code 2256.005(b), the investment officer shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

FUNDS / STRATEGIES

Investment of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.
OPERATING FUNDS

Investment strategies for operating funds shall have as their primary objectives safety, liquidity, and maturity sufficient to meet anticipated cash flow requirements.

AUXILIARY ENTERPRISE FUND BALANCES

Investment strategies for auxiliary enterprise fund balances shall have as their primary objective the generation of a dependable revenue stream from high quality securities with sufficient liquidity to allow for planned expansion.

ENDowment FUNDS

Investment strategies for endowment funds shall have as their primary objective the generation of a dependable revenue stream from high quality securities to provide funds for awards to students as provided in the donor’s donation instructions.

PLANT FUNDS

Investment strategies for plant funds shall have as their primary objective the generation of a dependable revenue stream to provide for routine maintenance of facilities with sufficient liquidity to allow for major repairs and rehabilitations as needed.

SAFETY

The investment officer is expected to display prudence in the selection of securities, as a way to minimize default risk. No individual transaction shall be undertaken that would jeopardize the total capital position of the overall portfolio.

INTEREST RATE RISK

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the College District shall use final and weighted-average-maturity limits and diversification.

The College District shall monitor interest rate risk using weighted average maturity and specific identification.