

Finance and Supporting Services

D. Other Activities

3516 Investments *

Authority

1. The Chancellor and Vice Chancellor, Business Services, are responsible for investing the funds of the district which are determined not to be required for the immediate needs of the district.
2. Funds so invested shall follow the investment policy approved by the governing board in accordance with the California Government Code Section 53600 to 53635 and Board Policy 3516.

Investment Objective

1. The purpose of the investment policy is to establish cash management and investment guidelines for the district officials responsible for the stewardship of district funds. Funds which are determined to be not required for the immediate needs of the district shall be prudently invested in order to earn a return on such investment.
2. The specific objectives for all the funds invested as defined in Board Policy 3516 Investments, are listed in order of importance, as follows:
 - a. Safety of Principal - The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.
 - b. Legality - Each transaction and the entire portfolio must comply with the California Government Code and the governing board's investment policy as defined herein.
 - c. Liquidity - The investment portfolio should remain sufficiently flexible to enable the district to meet all operating requirements which may be reasonably anticipated in any fund.

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- d. **Maximum Rate of Return** - The investment portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles, and cash flow characteristics identified herein.
 - e. **Public Trust** - In managing district investments, district officials should avoid any transactions that might impair public confidence. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.
3. All portfolio activities will be judged by the standards of this investment policy. Those investments which violate the spirit and intent of this investment policy shall be deemed contrary to this policy.

Investment Portfolio Requirements

1. **Authorized Investments** - shall conform with the general categories established by the Government Code 53601 and shall further be restricted by Administrative Rules and Procedures for this policy to the following instruments:
 - a. **U.S. Government Instruments:**
 - U.S. Government Treasury Bills
 - U.S. Government Treasury Notes
 - U.S. Government Treasury Bonds
 - U.S. Government Agency Obligations
 - b. **Negotiable Certificates of Deposits** - Per Government Code 53601 issued by a nationally or state-chartered bank or a state or federal association. Investable funds including estimated interest earnings shall not be greater than the maximum insurance coverage provided by FSLIC or FDIC. Current insurance coverage provides for \$100,000 per depositor.

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- c. Local Agency Investment Fund - By authority of this investment policy, the Chabot-Las Positas Community College District may participate in the Local Agency Investment Fund which is administered by the State Treasury (Government Code 16429.1).

Maximum Maturities

1. No investment with limited market liquidity shall be used. Appropriate amounts of highly liquid investments, such as U.S. Treasury instruments should be maintained to accommodate unforeseen withdrawals.
2. No investment with a maturity longer than five years is permitted (G.C. 53601) without prior board approval. Investments in corporate notes and bonds shall follow the maturity dates as outlined below:

Instrument Rating	AAA	AA	A
Maximum Maturity	5 years	4 years	3 years

3. Corporate notes and bonds shall be held to maturity unless prior board approval is granted.
 - a. Investment instruments with maturity in excess of five years require specific approval by the governing board no less than three months prior to the investment (G.C. 53601).
 - b. The dollar weighted average maturity of all funds invested shall be three years or less.

Maximum Amount Investable

	<u>Maximum Amount of Portfolio</u>
1. U.S. Instruments/Securities as defined in Maximum Maturities	100%
2. Negotiable Certificates of Deposits	30%

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3. Qualifications of Broker, Dealers and Financial Institutions - All Transactions initiated on behalf of the district shall be executed through government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank and shall meet the following criterion and requirements:
 - a. Must have total assets in excess of \$10 billion.
 - b. Must have total equity in excess of \$500 million.
 - c. Shall annually supply the district with audited financial statements.
 - d. Shall provide to the district a certificate of insurance coverage.
 - e. Shall be approved by the governing board.
 - f. The following firms are board approved security dealers:
4. Should the California Government Code section modified to further restrict or qualify investment activities and procedures, this investment policy shall likewise be amended.

Approved Investment Strategies

1. It is the policy of the district not to "trade" securities solely for the purpose of realizing short term profits from anticipation of future levels of interest rates and credit spread relationships.
2. Therefore, purchase transactions executed on behalf of the district shall be limited to security appropriate to the objective of the fund and executed with the assumption that the purchased security will be held to maturity.
3. Purchase of securities solely on anticipation of selling them at higher prices is contrary to policy and therefore prohibited.

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- a. Certain types of transactions are in and of themselves securities trading transactions and contrary to policy. These include short selling, credit spread arbitrage, and trading on a when/as/if needed basis.

Monthly/Annual Reports

1. The monthly/annual reports prepared and presented to the governing board showing the type of investments and as further defined in the Administrative Rules and Procedures for this policy, shall indicate the investments instruments relationship to this statement of investment policy.