

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

INVESTMENT  
AUTHORITY

The chief financial officer and the comptroller shall serve as the investment officers of the College District and shall invest College District funds as directed by the Board and in accordance with the College District's written investment policy and generally accepted accounting procedures.

Investments shall be made with judgment and care, which a person of prudence, discretion, and intelligence exercise in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of his or her capital as well as the probable income to be derived. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility.

APPROVED  
INVESTMENT  
INSTRUMENTS

From those investments authorized by law and described further in CAK(LEGAL), the Board shall permit investment of College District funds in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Public funds investment pools as permitted by Government Code 2256.016.
4. Other investment instruments authorized by the Board.

OBJECTIVES

The primary objectives of the College District shall be as follows.

SUITABILITY

All investment instruments shall be suitable for the needs and financial requirements of the College District.

PRESERVATION  
AND SAFETY OF  
PRINCIPAL

Safety of principal shall be the foremost objective of the investment program.

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to enable the College District to meet all operating requirements that may be reasonably anticipated.

MARKETABILITY

The College District shall only invest in securities that are easily marketable to ensure the ability to liquidate the investments prior to maturity, if necessary.

DIVERSIFICATION

No more than 75 percent of the total investment portfolio may be invested in any one type of investment. For purposes of diversifi-

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	<p>cation, different investment pools are considered different investment types.</p>
RETURN OF INVESTMENT	<p>The investment portfolio shall be designed with the objective of attaining a maximum rate or return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.</p>
MATURITY	<p>The maximum maturity for any individual investment shall not exceed one year. The maximum weighted average maturity for the entire portfolio shall be limited to <del>180</del> 365 days. Pooled groups shall make the portfolio market daily and stabilize at a \$1 net asset value.</p>
MONITORING MARKET PRICES	<p>The investment officers 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. The market price of an investment shall be confirmed by an independent third party. 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.</p>
MONITORING RATING CHANGES	<p>In accordance with Government Code 2256.005(b), the investment officers shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.</p>
FUNDS / STRATEGIES	<p>The following funds shall be invested in a manner that provides high investment return with maximum security while meeting the daily cash flow demands of the College District:</p> <ol style="list-style-type: none"><li>1. Restricted federal funds;</li><li>2. Restricted state and local funds;</li><li>3. Unrestricted funds;</li><li>4. Agency funds;</li><li>5. Loan funds;</li><li>6. Endowment funds;</li><li>7. Plant funds; and</li><li>8. Auxiliary funds.</li></ol>
SAFEKEEPING AND CUSTODY	<p>All security transactions shall be conducted on a delivery-versus-payment basis, with the exception of investment pools. The College District shall retain clearly marked receipts providing proof of the College District's ownership. The College District may dele-</p>

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gate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with College District funds by the investment pool.

BROKERS / DEALERS	Prior to handling investments on behalf of the College District, brokers/dealers must submit required written documents in accordance with law. [See SELLERS OF INVESTMENTS, CAK(LEGAL)] Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA).
SOLICITING BIDS FOR CD'S	In order to get the best return on its investments, the College District shall obtain at least three bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.
COLLATERALIZATION	All certificates of deposit must be collateralized at no less than 100 percent of market value of principal and accrued interest. Collateral shall always be held by an independent third party, and evidence of ownership (safekeeping receipt) must be supplied to the College District. The right of collateral substitution shall be granted. An irrevocable letter of credit may be used as collateral.
COMPLIANCE AUDIT	A compliance audit of management controls on investments and adherence to this policy shall be performed in conjunction with the College District's annual financial audit.
PORTFOLIO REPORT	In addition to the quarterly report required by law and signed by the College District's investment officers, the investment officers shall prepare and submit not less than quarterly written reports of all investment transactions and performance to the Board and to the College District chief executive officer. The report must present detailed investment information in accordance with law.