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## 1.0 Purpose

- 1.1 The purpose of the Los Rios Community College District investment of funds District Policy is to delineate the responsibility for investment of District funds between the County Treasury and the District. The purpose also is to establish cash management and investments guidelines for District officials responsible for the stewardship of District funds maintained outside the County Treasury.

## 2.0 Funds Held at County Treasury

- 2.1 Pursuant to provisions of the California Community Colleges Budget and Accounting Manual (BAM), the District shall use the County Treasury for deposits and disbursements of moneys except for those funds noted below:
- 2.1.1 Agency funds
  - 2.1.2 Enterprise funds
  - 2.1.3 Moneys held for payment of security of bonds or other indebtedness
  - 2.1.4 Fund designated for retiree health benefits
- 2.2 To facilitate depositing and transfer of funds to the County Treasury, the District may establish clearing bank accounts. All moneys in such accounts shall be moved to the County Treasury within a reasonable time period. Certain refundable deposits may be held in clearing accounts until they are refunded or forfeited.

## 3.0 County Treasury Investment

- 3.1 Investment of funds maintained in the County Treasury shall be delegated to the County Treasury and invested by the County Treasurer following appropriate Government Code and investment policies adopted by the County Board of Supervisors.
- 3.1.1 In accordance with County procedures, District funds may be pooled with other local agencies and invested by the County Treasurer in accordance with Government Code, section 53635.
  - 3.1.2 The County Treasurer may separately invest in accordance with Government Code, section 53601, District funds deposited in the County Treasury not required for the immediate needs of the District, such as General Obligation Bond proceeds and Tax Revenue Anticipation Notes.

## 4.0 District-Directed Investments

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- 4.1 District officials responsible for the stewardship of District funds have fiduciary responsibility and are subject to prudent investor standards for all investment decisions. District investments shall be made with care, skill, prudence and diligence.
  - 4.2 Agency and Enterprise funds not required for immediate needs.
    - 4.2.1 Agency and Enterprise funds not required for immediate needs may be invested in the Local Agency Investment Fund (LAIF) per Government Code, section 16429.1.
    - 4.2.2 The College President or Vice President of Administration is authorized to invest Agency and Enterprise funds at his/her College.
    - 4.2.3 The Chancellor, Deputy Chancellor (or Vice Chancellor, Finance and Administration, if there is no Deputy Chancellor), and Associate Vice Chancellor, Finance are authorized to invest all Agency and Enterprise funds.
    - 4.2.4 Funds deposited with the LAIF shall be invested by the State Treasurer in securities prescribed by Government Code, sections 16430 and 16480.4.
    - 4.2.5 Funds invested with LAIF shall not exceed fifty million dollars at any one time or the maximum amount as specified by the State Treasury guidelines, whichever is greater.
  - 4.3 Moneys held for payment or security of bonds or other indebtedness
    - 4.3.1 The Chancellor, Deputy Chancellor (or Vice Chancellor, Finance and Administration, if there is no Deputy Chancellor), and Associate Vice Chancellor, Finance are authorized to invest moneys held for payment or security of bonds or other indebtedness.
    - 4.3.2 Moneys held for payment or security of bonds or other indebtedness, including certificates of participation, may be deposited with the County Treasury or invested separately under the provisions of Government Code, section 53601.5, subdivision (l).
  - 4.4 Funds designated for retiree health benefits
    - 4.4.1 Funds designated for retiree health benefits shall be invested pursuant to Government Code, sections 53620-53622 and District Policy.
    - 4.4.2 Authority to Direct Investments of Trust Assets.
      - 4.4.2.1 The Los Rios Community College District Board of Trustees serves as the administrator of the Plan and has designated that the Chancellor or designee(s) shall oversee the investment of the Trust assets.

4.4.2.2 The Chancellor or designee(s) is responsible for the selection of an investment manager. The investment manager shall be approved by the Board of Trustees.

4.4.2.3 The Chancellor or designee(s) shall provide a copy of the District Policy governing the investment of the funds to the investment manager. In addition, the Chancellor or designee(s) may further define investment objectives and limitations within District Policy.

4.4.2.4 The Chancellor or designee(s) shall review investment activity no less than monthly.

4.4.2.5 The Chancellor or designee(s) shall meet no less than semi-annually with the investment manager regarding investment activity and returns.

4.4.2.6 The Chancellor or designee(s) shall establish, with the investment manager, benchmarks for measuring the relative performance of the manager in managing the assets. The benchmarks should measure both return and risk.

#### 4.4.3 Investment Objectives for Retiree Health Benefit Trust Assets

4.4.3.1 The specific objectives for the investment of Trust assets are as follows:

4.4.3.1.1 Safety of Principal – The preservation and safeguarding of principal is the primary investment objective.

4.4.3.1.2 Liquidity – The investment portfolio should remain sufficiently flexible to meet cash requirements that may be reasonably anticipated.

4.4.3.1.3 Public Trust – District officials shall avoid any transactions that might impair public confidence in the District. Investments shall be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

4.4.3.1.4 Rate of Return – The investment portfolio shall be designed to attain a rate of return at the market average or better through budgetary and economic cycles, consistent with the risk limitations, asset allocation, prudent investment principles, and cash flow characteristics identified herein.

#### 4.4.4 Asset Allocation

4.4.4.1 The table below provides the maximum asset allocation for each type of investment instrument. The asset mix may vary within the maximum limits based upon market conditions and the recommendation of the investment manager. At times, the asset allocations may exceed the maximum due to changes in market values. In those cases, the investment manager will re-balance the portfolio within the allocation limits expressed below within fifteen calendar days.

<b>Asset Category</b>	<b>Maximum %</b>
All Stocks (Domestic and International)	35% (International Stocks may comprise up to 10% of total assets)
Fixed Income	85%
Cash Investments	100%

4.4.4.2 Within each category, the investments shall be adequately diversified consistent with the prudent investor standard. Diversification should include geographic and sector diversity and also include limiting concentration in groups of securities subject to a single significant economic, social or political event.

#### 4.4.5 Investment Restrictions and Prohibited Investments

4.4.5.1 The Chancellor or designee(s), subject to Board of Trustees approval, may restrict specific investments from the portfolio on grounds other than economic risk and reward. Should the Chancellor or designee(s) restrict security investments, a list of the prohibited investments shall be given to the investment manager. This list may be periodically updated.

4.4.5.2 The investment manager shall not make any investment jeopardizing the tax-excluded purposes of the Trust within the meaning of the Internal Revenue Code, or engage in any prohibited transaction based on federal, state or other governing regulation.

4.4.5.3 Investment in the following types of assets is prohibited:

- Speculative, non-hedging transactions involving stock options, futures, or similar investments
- Commodities
- Letter stock, private placements, or direct placements
- Intra-state stock offerings
- Real estate

- Closed-end investment trusts
- Purchase of securities on margin, or lending or borrowing money
- Short sales, or substantially similar transactions
- Exotic derivatives that would materially change the duration, leverage or risk characteristics of the portfolio
- Investments with limited market liquidity

#### 5.0 Annual Investment Activity Report

- 5.1 No later than October 1 following the fiscal year end, the Chancellor or designee(s) shall prepare and present to the Board of Trustees an annual report of investments.
- 5.2 The annual report shall include all District-directed investments including earnings from funds maintained and invested by the County Treasury and the Local Agency Investment Fund.

#### 6.0 Internal Audit

- 6.1 The Internal Auditor may be directed to review the investment portfolio for compliance with the Board of Trustees investment District Policy on a periodic basis.

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