

Coast Community College District
BOARD POLICY
Chapter 6
Business and Fiscal Affairs

BP 6320 Investments

References:

Education Code Sections 81347 and 85230 et seq.;
Government Code Sections 53600 et seq.

It is the policy of the District to invest its funds in a manner providing the highest investment return with the maximum security while meeting the daily cash flow demands of the District, and conforming to all applicable federal, state, and local laws governing the investment of public funds

The Chancellor is responsible for ensuring that the funds of the District are invested which are not required for the immediate needs of the District. Investments shall be in accordance with law, including Government Code Sections 53600 et seq, which states:

"The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern."

As such, the District shall abide by the following tenets:

- Funds which are not required for the immediate needs of the District shall be prudently invested in order to earn a return on such investment.
- The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided, whether from securities or erosion of market value.
- The investment program should remain sufficiently flexible to enable the District to meet all operating requirements that may be reasonably anticipated in any fund. After preservation of principal, liquidity is the objective.
- 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. (See Government Code Section 53600.6 regarding solvency and creditworthiness.)

Scope

This Policy applies to all funds and investment activities of the District except the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in trust.

Each auxiliary foundation shall develop a separate investment Policy for those funds raised and controlled by the respective foundation. These Policies will be submitted to the Board for initial review and approval, as well as for future changes.

In addition, this Policy, and the contents hereinto, shall be reviewed on an annual basis.

Prudence

The standard of prudence to be used by investment officials will be the prudent investor standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

Investment Objectives

The primary objectives, in priority order, of the investment activities of the District are:

1. Safety. Preservation of principal is the foremost objective of the District.
2. Liquidity. The District's portfolio will remain sufficiently liquid to enable the District to meet its liquidity needs.
3. Yield. The District's portfolio will be designed to obtain a market rate of return through economic cycles consistent with the constraints imposed by its safety objective and cash flow considerations.

Delegation of Authority

The management responsibility for the investment program is hereby delegated to the Chancellor by the Board. The Chancellor or designee will monitor and review all investments for consistency with this Policy.

Authorized Investments

District funds, other than those controlled by auxiliary foundations, shall be invested in any of the following:

1. Any eligible security as set forth in sub-sections, (b), (c), and (e), of California Government Code Section 53601.
2. Local Agency Investment Funds (LAIF) with the Treasurer's Office of the State of California up to the amount permitted by LAIF.

3. A financial institution that is insured by Federal Deposits Insurance Corporation (FDIC) up to the amount insured by the FDIC or collateralized as required by California Government Code Sections 53630, et. seq.
 - a. A signed contract for deposit must be in place before depositing funds that are in excess of insured limits of the Institution. The Financial Institution will maintain at all times with the Agent of the Financial Institution as security for Depositor's deposits (a) eligible securities of the classes described in Government Code Section 53651, except subdivisions "m" and "p", having market value at least 10% in excess of the total amount of deposits secured by those securities, (b) eligible securities of the class described in subdivision "m" of Government Codes Section 53651 having a market value at least 50% in excess of the total amount of deposits secured by those securities and (c) eligible securities of the class described in subdivision "p" of Government Code Section 53651 having market value at least 5% in excess of the total amount of deposits secured by those securities. If the Administrator of Local Agency of the State of California determines that a security is not qualified to secure public deposits, the Financial Institution will substitute other securities to comply with the requirements of this paragraph.
4. Orange County Treasurer's Office as required by law.

Reporting Requirements

The following financial records will be made available as stated and kept on file and submitted to the Chancellor and Board as noted.

1. A daily/weekly summary of all cash balances and investments will be available upon request from the District Office of Administrative Services.
2. A monthly summary of cash balances and investments will be prepared and provided to the Board and kept on file in the District Office of Administrative Services.
3. A quarterly summary of cash balances and investments will be provided in conjunction with the CCFS 311Q Report that is part of a Board regular meeting agenda.

Investment Advisory Committee

The Board Budget and Audit Committee shall serve as an investment advisory committee. The charge of the committee will be to meet nominally quarterly. The committee will make recommendations to the Chancellor and the Board regarding the appropriateness of the District's current investments and possible changes in this Policy.

Risk Management

The District will manage its exposure to investment risk, particularly market risk, due to changes in interest rates and credit risk from non-government securities, to limit the impact these may have on the portfolio. The District's funds are to be primarily invested with the Orange County Treasurer's office. Investments managed by the County are governed by the County's Investment Policy. The District may have funds with specific uses that are more appropriately invested outside the County's investment pool. Risk management for these funds will be handled through investment strategy designed on a case-by-case basis.

Adopted April 5, 1995

Revised December 10, 2003

Renumbered from CCCD Policy 040-1-1, Fall 2010.

Revised December 2, 2013

Revised November 2, 2016

Revised April 22, 2020