

Treasure Valley Community College

Code: DFA-AR
Revised/Reviewed: 4/20/21

Investment of Funds

It is the policy of the College to invest in short-term operating funds. The investment is to be done in accordance with Oregon Revised Statutes in a manner which will provide the highest investment return while maintaining the College's safety and liquidity objectives as provided within this policy.

The Vice President of Administrative Services or designee will be responsible for all investment decisions. Only approved Oregon state licensed investment dealers will be used to buy and sell investments.

Investment Objectives

Safety, liquidity, and rate of return on investment are of primary concern. The Vice President of Administrative Services or designee has the responsibility in the investment of public funds to seek the highest rate of return available in the market consistent with the primary requirements of legality, safety, and liquidity in that order.

The College investment portfolio shall be designed with the objective of regularly exceeding the average return on three-month U.S. Treasury bills. This indicator is considered a benchmark for riskless investment transactions, and therefore, comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles.

Rate speculation will not be a primary criterion for the selection of an investment. All other criteria, including safety, cash flow and maturity, take preference to rate expectations.

Authorization

The Board shall approve the investment policy of the College. The Board shall review the policy approximately every five years and approve suggested changes.

Authorized Investments

The College may invest in any security approved by Oregon Revised Statute, which includes, but is not limited to:

1. Oregon State Local Governmental Investment Pool (LGIP);
2. Municipal Investor Accounts;
3. Money Market Accounts;
4. Savings or Time Accounts;
5. Repurchase agreements providing underlying securities are acceptable;

6. Certificates of Deposit;
7. U.S. Treasury Bills;
8. U.S. Treasury Notes, Bonds, or Certificates of Indebtedness;
9. U.S. Government (Federal) Agency Securities;
10. U.S. Government-Sponsored Corporations Securities;
11. Bonds of the state of Oregon and any local government in the state;
12. Bankers Acceptances;
13. Commercial paper.

Diversification

Assets held in the College investment pool shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity in view of cash flow projections.

At least 10 percent of the portfolio shall be invested in securities that are highly liquid and can be exchanged for cash within one day's notice. During the last quarter of the year (April-June), at least 20 percent of the portfolio shall be invested in highly liquid securities.

The total dollar amount of certificates of deposit in one bank's name will not exceed 40 percent of the College investment portfolio.

These constraints are to be applied at the time the investment is made and not necessarily to subsequent events which may change the percentages. Also, for purposes of this policy the Oregon State Local Governmental Investment Pool (LGIP), through its investment mechanisms, is considered appropriate diversification.

Maturity

The maturity of securities purchased should not exceed 10 years at the time of purchase. In order to maintain liquidity, no more than 10 percent of the investment portfolio shall have a maturity of over five years and no more than 10 percent shall have a maturity of over three years at the time of purchase. The average maturity of investments should be less than three years.

Security exchanges (sale of investment before maturity) may be done to upgrade yield while maintaining cash flow requirements and overall portfolio quality.

Prudent Person Standard

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would use in the management of their own affairs. Investments shall not be made for speculation, but for investment purposes, considering the probable safety of the College's capital as well as the probable income to be derived.

The standard of prudence to be used by the Vice President of Administrative Services or designee shall be the "prudent person" and shall be applied in the context of managing an overall portfolio. The Vice President of Administrative Services or designee meeting the "prudent person" standard shall be relieved of personal responsibility for an individual security's subsequent performance, provided appropriate action is taken to control adverse developments.

In a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Safekeeping and Custody

All deliverable securities (except CD's) will be settled Delivery versus Payment (DVP) whereby the securities are delivered to a third party, such as a safekeeping bank acting as an agent for the College before the payment is released. Certificates of deposit in the College's name, or a copy thereof, will be delivered to and held by the College in a secure vault and will be collateralized and insured by agencies of the Federal Government.

Selection of Banks and Dealers

The College may accept phone quotes from banks and savings and loan associations that have insurance provided by the Federal Deposit Insurance Corporation (FDIC). The College may also accept phone quotes from primary security dealers. That is, those dealers who as primary government securities dealers report daily to the New York Federal Reserve Bank. All potential dealers must meet these minimum requirements. Should concerns of any of these firms' economic viability be raised or should past practices cause concern, an institution may be restricted from conducting business with the College. Any new dealer being considered for the first time will be approved by the Vice President of Administrative Services prior to the purchase of any investment.

Employees of any firm or financial institution offering securities or investments to the College are expected to be trained in the precautions appropriate to public-sector investments and also expected to familiarize themselves with the College's investment objectives, policies, and constraints. These firms and financial institutions are expected to take reasonable efforts to preclude imprudent transactions involving the College's funds.

If requested by the College, firms performing investment services for the College portfolio shall provide their most recent financial statements or Consolidated Report of Condition (call report) for annual review. The College shall annually review the list of authorized dealers and banks with regard to service, project availability, and economic viability.

Selection of Investment

The College will carry out its investment program via the telephone quote process. All quotes are a matter of public record and are available to any interested person and subject to record retention policy. All quotes or offerings are subject to the condition that the quoting institution can meet the requirements of the College as to type of investment, maturity, amount, security, and other restrictions included in this policy. Investments will be made with the investment institution offering the highest effective yield consistent with the other investment objectives. Consideration will be given to the other concerns of liquidity, safety, and diversification. Transaction costs, including wire costs, may also be considered when analyzing overall investment decisions.

All investment institutions are required to quote a firm price or yield. Banks and, or security dealers, are to provide appropriate charge slips, deposit slips, and confirmation of safekeeping receipts in a timely manner.

Phone quotes will occasionally result in tied rates. Everything else being equal, it is deemed in the best interest of the College that investments are made with the Bank of Record if it is one of the institutions with the best rates.

Internal Controls

The Vice President of Administrative Services or designee shall establish a system of internal controls. Controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. College auditors will review these controls on an annual basis to assure that policies and procedures are in compliance.

Reporting

The Vice President of Administrative Services or designee shall generate monthly and, or quarterly reports for management purposes.