POLICY

The Office of the Vice President of Business & Financial Affairs shall be responsible for the investment of cash in those areas approved by the Board of Trustees. The Finance Committee of the Board of Trustees shall monitor the goals and objectives relating to the College's portfolio.

The College shall invest excess cash balances in the form of U.S. Treasury bills or notes, certificates of deposit, repurchase agreements or other investments such as U. S. Government agency instruments, corporate stocks and bonds and commercial paper. All insured money market investments shall be made at official depositories approved by the Board of Trustees.

On an average monthly basis, the fixed income component of the college's portfolio should be not be less than 50 percent nor more than 75 percent of the total market value of all invested funds.

Fixed Income Securities

1. Investments should be limited to federal and state governments, U. S. agencies, corporate issues in the top four quality ratings of recognized credit services.

2. The portfolio should be diversified between different sectors (federal and state governments, U. S. agencies, and corporates).

3. No more than 35 percent of the fixed income portfolio should be in any one industry. The securities of any one corporate issue should be limited to 10 percent of the portfolio and to five percent of the specific outstanding issue.

4. Issues rated Baa or the equivalent should be limited in total to 20 percent of this portfolio.

5. All debt securities should evidence ready marketability with 90 percent of the securities of issues with $50 million or more of face amount outstanding.

Equity Investments

1. Industry and company investment should be based on demonstrable analysis of prospects for above-average return over a three to five year period. The objective is to increase current income for the college educational and general budget.

2. Investments should be made primarily in well-seasoned quality companies whose securities enjoy marketability adequate for this portfolio.

3. Equity securities in any single industry should not exceed 20 percent of the equity portfolio value.

4. Annual turnover of the equity portfolio should not exceed 25 percent.

ADOPTED: April 24, 1972
Revised: September 17, 1979
Revised: August 23, 1982
Revised: April 25, 1883
Revised: November 7, 1983
Revised: April 22, 1996

PROCEDURE

1. Upon determination that monies shall be available for investment purposes, the following shall occur:

   (a) The amount of money and the time period for the investment shall be determined.

   (b) The form of investment shall be decided based on prevailing interest rates and current liquidity needs.

2. Investment in U.S. Treasury Bills and Notes shall be accomplished as follows:

   (a) Contact the bank to determine the current interest rates. The bank used to secure the investment shall be the one where the funds being invested are on deposit.

   (b) Place the order by phone, requesting that our account be charged for the purchase price.

   (c) Confirm, in writing, the placement of the order stating the conditions of purchase.

   (d) Notify the bank, on the maturity date, to either credit our account or re-invest the proceeds in new U.S. Treasury Bills or Notes.

3. Investment in Certificates of Deposit and Repurchase Agreements shall be accomplished as follows:

   (a) Contact all available institutions, previously approved as depositories for college funds, in order to determine the current interest rates. Select the institution which offers the highest yield. Available institutions are banks and savings & loan associations that have not already issued the maximum of $300,000 in certificates of deposit or repurchase agreements to the college. If all approved depositories are at the maximum of $300,000 each, then $400,000 shall temporarily become the new limit.

   (b) Maximum length of investment period shall be six months.

   (c) Place the order by phone.

   (d) Prepare a check for the purchase price of the certificate or have funds wire-transferred. If a certificate which matured is being reinvested in the same institution no transfer of funds is necessary.

   (e) Notify the bank on or before the maturity date as to whether the certificate shall be cased or reinvested. This shall be so indicated on the reverse side of the certificate and signed by authorized personnel.

4. Investment in Money Market Investment Accounts at Board approved depositories shall be accomplished as follows:

   (a) Daily cash receipts shall be deposited directly into a Money Market Investment Account. Transfers will then be made to checking accounts as needed to cover disbursed funds. Transfers may be made by telephone, check, or electronically.

   (b) A compensating balance must be maintained in the general checking account. An earnings credit rate will be calculated by the bank of record and will be used to offset the costs involved in maintaining the checking accounts and other bank services.

5. Investment in any other approved instruments shall be accomplished as follows:

   (a) Contact the Board of Trustees approved investment advisor and inform same of cash availability and any time restrictions which may have a bearing on an investment decision.

   (b) Before purchase, investment advisor must confer with the Vice President of Business and Financial Affairs, or his designated representative, specifying what instruments are to be purchased, the cost involved, and the date funds are to be transmitted.

   (c) After purchase, funds will be transmitted by check or electronic funds transfer to the investment advisor, on the date agreed upon. The investment advisor will retain the instruments in a custodial account thereby simplifying the registration and resale aspects.

   (d) A written confirmation of each transaction will be forwarded to the college by the investment advisor, detailing all costs, names, dates, etc.

   (e) On a monthly basis, the investment advisor will provide a detailed listing of all instruments in the custodial account. The list will include names, quantities, yields, current market values, original costs, etc.

   (f) Investment instruments to be considered are:

      (1) U.S. Government Agencies
      (2) Corporate Bonds
      (3) Corporate Stocks - Common and Preferred
      (4) Commercial Paper

ADOPTED: April 24, 1972
Revised: June 4, 1979
Revised: August 23, 1982
Revised: April 25, 1983
Revised: April 30, 1996