

7.01
INVESTMENTS POLICY
CHAPTER 2
POLICY 7.01

Policies Committee Approval: 3/22/04
Cabinet Approval: 9/23/04
Board of Trustees Approval: 11/10/04

I. PURPOSE

To establish College policies and procedures related to the investment of public funds and the reporting of such investments.

II. POLICY

To provide for the safekeeping and investment of College funds in order to maximize investment earnings while giving due consideration to safety of principal, need for liquidity, and conformance with State laws and regulations and State Board of Regents' policy.

The investment of public funds by the College shall comply with applicable statutory provisions, including the State Money Management Act, the rules of the State Money Management Council, and with the policies of the State Board of Regents and the Board of Trustees.

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I. REFERENCE

- A. State Money Management Act, Title 51, Chapter 7, Utah Code Annotated, 1953.
- B. Rules of the State Money Management Council, (Utah Code Annotated)
- C. Utah State Board of Regents Investment Policy, (R541).
- D. Salt Lake Community College Banking Services Policy (C2S07.02)
- E. Salt Lake Community College Conflict of Interest Policy (C2S03.02)

II. DEFINITION

- A. State Money. Moneys from legislative appropriations for the support and operation of the College.
- B. Public Funds. State money and all other funds, regardless of the source, which are owned, held, or administered by the College.
- C. Donated Funds. Funds acquired by the College by gift, devise, or bequest.
- D. Public Treasurer. An employee appointed by the Board of Trustees as the College's public treasurer, as defined in the State Money Management Act, who has the responsibility for the safekeeping and investment of any public funds.

III. GENERAL PROVISIONS

- A. The Board of Trustees has the full responsibility to manage and report the investments of the College. All policies and procedures of the investment program of the College must be in writing and on file with the Board of Trustees and the State Board of Regents. Any changes in the investment policy of the College must be submitted to the State Board of Regents after receiving approval of the Board of Trustees.

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B. The Board of Trustees will appoint the College's public treasurer, who shall serve in that capacity until a replacement has been appointed.

C. Investment Objectives

The College shall manage its cash flow in a manner which will maximize funds available for investment. Available funds shall be invested with the following objectives:

1. Protection and safety of principal.
2. Liquidity and term of investment, which will provide funds for anticipated expenditures and emergency expenditures.
3. Recognition of differing objectives and needs of various operating and permanent accounts.
4. Conformance with state law, pertinent bond resolutions or indentures, or other pertinent legal restrictions.
5. Maximization of the rate of return consistent with the foregoing objectives.

Selection of investments shall be made with the exercise of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would ordinarily exercise in the management of their own affairs, not for speculation but for investment, considering the safety of their capital, as well as the expected benefits to be derived and the duration for which such investment is to be made.

D. Beneficial Interests and Donor Restricted Investments

In addition to public funds owned, held, or administered by the College, the College may be the beneficiary of trust funds, which it does not own or control, and which are administered by independent trustees or boards. This policy does not apply to such trusts, or to donated funds which the donor has directed to be invested in specific securities or properties.

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IV. PROCEDURES

A. Authority to Manage Public Funds

The authority to manage the College's public funds, subject to investment transaction approvals required by paragraph IV.B., is delegated to the College's public treasurer. If specifically approved by the Board of Trustees, the authority to invest public funds may also be delegated to independent investment manager(s).

B. Approval of Investment Decisions

1. Acquisition of daily repurchase agreements or money market funds, redemption of securities at maturity, and the sale of securities donated to the College, in accordance with paragraph IV.G., must be approved by one of the following College Officials:

Public Treasurer
Director of Accounting Systems and Investments
Business Manager/Controller
Vice President of Business Services
President

All other investment purchases and sales must be approved by two of the above listed College officials. All individual investment transactions exceeding \$3 million must be approved by the Vice President of Business Services or the President.

2. No person may engage in an investment transaction on behalf of Salt Lake Community College except as provided under the terms of this policy.

C. Investment Pools

1. Ordinarily, funds will be pooled for investment purposes.
2. Specific investment pools or portfolios may be established to:
 - a. Ensure compliance with specific provisions of the State Money Management Act and rules of the State Money Management Council.

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- b. Ensure compliance with any legal restrictions, such as bond covenants or trust agreements.
 - c. Ensure compliance with donor instructions relating to gifts or bequests.
 - d. Meet investment objectives of groups of similar accounts.
 - e. Provide liquidity to meet the operating needs of the College.
3. Investment pools may be established only upon approval of the Vice President of Business Services or the President and the Board of Trustees.
 4. Policies for the operation and management of each investment pool will be established and periodically reviewed by the Investment Committee - see Paragraph V.

D. Distribution of Pooled Investment Income

Investment income will ordinarily be distributed quarterly to the eligible accounts which provide funds for investment based on monthly ending cash balances. Eligible accounts include development and endowment accounts and other accounts so designated by the President or his/her designee. Investment income attributable to non-eligible accounts, as well as income resulting from investments of bank float and accounts payable pending disbursement, shall be credited to the Institutional Investment Income Fund.

E. Overdraft Balances of Funds Participating in Investment Pools

Accounts with temporary negative average daily cash balances during a month may be charged an interest rate as determined by the Vice President of Business Services.

F. Separate Investments

Certain funds may be separately invested, rather than included in a pool, if one or more of the following conditions exist:

1. The investment of the funds has been specified or restricted by the donor in a manner which makes it impractical to commingle with funds in investment pools.

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2. The funds have been pledged or dedicated and must be invested in accordance with the objectives and guidelines stated in bond resolutions or other debt agreements.
3. The funds have been approved for separate investment by the Vice President of Business Services.

G. Donated Securities

Ordinarily, securities which are received by gift or bequest shall promptly be sold by the public treasurer unless such securities represent investments which would otherwise be held by the College in accordance with investment objectives stated in Section III.D. of these procedures, and which meet the requirements of the State Money Management Act and the rules of the State Money Management Council, or unless restrictions specified by the donor of the gift or bequest preclude the College from selling the securities.

H. Internal Controls

The College shall establish a system of internal controls which shall be evaluated annually by the College's internal auditors and/or independent external auditors. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers. Such controls shall provide for, but not be limited to:

1. Separation of transaction authority from accounting and record keeping.
2. Appropriate segregation of other related duties.
3. Custodial safekeeping of securities.
4. Avoidance of bearer-form securities.
5. Clear delegation of investment authority.
6. Written confirmation of telephone transactions.
7. Supervisory control and oversight.

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8. Documentation of transactions and strategies.
9. Other controls as deemed necessary.

I. Reporting Requirements

1. The public treasurer shall submit monthly investment reports to the secretary of the College's Board of Trustees within 45 days after the month's end. Such reports will include the monthly portfolio activity as well as the detail of the College's entire portfolio showing costs and market amounts for each investment and maturity dates, where applicable. The report shall include an assertion by the public treasurer that to the best of his/her knowledge, the reports accurately reflect the investment activity, the cost, and market value of all investments at month end, and that all investments conform with College and Board of Regents policies and with the State Money Management Act and the rules of the State Money Management Council. The secretary shall place the report on the agenda of the next regular Board of Trustees meeting, at which time the Council shall approve or reject the reports.
2. The College shall submit to the Office of the Commissioner for Higher Education (OCHE), a copy of the reports submitted to its Board of Trustees as required in paragraph IV.I.1. no later than seven (7) days after the Council's action(s). Reports submitted to the OCHE shall be accompanied by a transmittal letter indicating that the President has reviewed the reports.
3. Annually, the College shall submit, on forms provided by the OCHE, a summary report of its money management activities or the prior fiscal year. This report shall include an auditor's opinion regarding: (1) the fairness of presentation of the report in accordance with generally accepted accounting principles; and (2) compliance with applicable state statutes, in particular, the State Money Management Act, rules of the State Money Management Council, and policies of the Board of Trustees and of the State Board of Regents. Draft reports shall be submitted to the OCHE not later than October 15 of each year. Final reports, including the auditor's opinion, shall be submitted not later than November 30 of each year.

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V. INVESTMENT COMMITTEE

The Investment Committee, consisting of the Public Treasurer, the Director of Accounting Systems and Investments, the Business Manager/Controller, the Vice President of Business Services, and a representative(s) from the Board of Trustees, shall meet monthly to:

- A. Review current economic conditions and future economic forecast.
- B. Review the College's current investment portfolio and investment results.
- C. Review the College's current investment strategy and recommend investment strategies to be employed in the future.
- D. Adopt appropriate revision(s) to the investment pool operating policies.
- E. Recommend to the President's Cabinet the engagement, termination or continuation of investment counsel or investment managers.
- F. Recommend to the Board of Trustees or the President's Cabinet adoption of appropriate policies or practices relating to investment of public funds, allocation of investment earnings, or the management of cash.

VI. INDEPENDENT INVESTMENT MANAGERS AND COUNSEL

External qualified investment counsel may be appointed by the Board of Trustees to provide investment advice to the public treasurer. External qualified investment managers may be retained by the Board of Trustees to manage one or more investment pools. Investment counsel and managers will be chosen on the basis of investment performance and investment reputation in the financial community as well as cost of services. Such appointments will be subject to annual review.

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VII. RELATIONSHIPS WITH FINANCIAL INSTITUTIONS

Qualified depositories as defined by the State Money Management Act shall be selected through the procurement process, which shall include a Request for Proposals, in accordance with Salt Lake Community College Banking Policy (C2S07.02) and Utah State Board of Regents Policy (R-543). In selecting depositories, the credit-worthiness of institutions shall be considered, and a comprehensive review shall be conducted of prospective depositories' credit characteristics and financial history.

VIII. ETHICS AND CONFLICTS OF INTEREST

The public treasurer and other officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which would impair their ability to make impartial investment decisions. Investment officials shall disclose to the College President, Vice President of Business Services, and to the College Purchasing Agent any material financial interests in financial institutions that conduct business with the college, and they shall also disclose any large personal financial/investment positions that may affect their performance of investment duties or the performance of the college's portfolio. Such officers shall subordinate their personal investment transactions to those of the college, particularly with regard to the timing of purchases and sales.