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4 **INVESTMENTS**

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6 **A. INTENT**

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8 It is the policy of the San Bernardino Community College District to invest public funds in
9 a manner providing the highest investment return with the maximum security while
10 meeting the daily cash flow demands of the district and conforming to all applicable
11 federal, California and local laws governing the investment of public funds.

12
13 **B. SCOPE**

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15 This policy applies to all funds of the San Bernardino Community College District
16 accounted for in the Comprehensive Annual Financial Report including General, Special
17 Revenue, Capital Projects, Enterprise, Internal Service, and Trust funds.

- 18
19 1. All funds of the San Bernardino Community College District deposited with the San
20 Bernardino County Treasurer shall be invested in accordance with Government
21 Code Section 27000.5, in accordance with the investment policy developed
22 pursuant to Government Code Section 27133, and under the direction of San
23 Bernardino County's investment Advisory Committee.
24
25 2. Pursuant to Government Code 53646, all other funds of the San Bernardino
26 Community College District shall be invested pursuant to the following guidelines.

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28 **C. PRUDENCE**

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30 Investments shall be made with judgment and care which persons of prudence, discretion
31 and intelligence exercise in management of their own affairs not for speculation, but for
32 investment, considering the probable safety of capital as well as the probable income to
33 be derived. The standard of prudence to be used by investment officials shall be the
34 "prudent person" standard and shall be applied in the context of managing an overall
35 portfolio. Investment officers acting in accordance with written procedures, and
36 investment policy and exercising due diligence shall be relieved of personal responsibility
37 of an individual security's credit risk or market price changes, provided deviations from
38 expectations are reported in a timely fashion and appropriate action is taken to control
39 adverse developments.

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41 **D. OBJECTIVE**

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43 The primary objectives of the San Bernardino Community College District investment
44 activities shall be:

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46 1. SAFETY

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48 Safety of principal shall be the foremost objective of the investment program.
49 Investments of the San Bernardino Community College District shall be undertaken
50 in a manner that seeks to ensure the preservation of capital in the overall portfolio.
51 To obtain this objective, diversification is required so that potential losses on
52 individual securities do not exceed income generated from the remainder of the
53 portfolio.

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55 2. LIQUIDITY
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57 The San Bernardino Community College District's investment portfolio shall remain
58 sufficiently liquid to meet all operating requirements, which may reasonably be
59 anticipated.

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61 3. RETURN ON INVESTMENT

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63 The San Bernardino Community College District's investment portfolio shall be
64 structured with the objective of attaining a rate of return throughout budgetary and
65 economic cycles, commensurate with investment risk constraints and cash flow
66 characteristics of the portfolio.

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68 **E. DELEGATION OF AUTHORITY**

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70 The authority to invest funds not deposited with the County Treasurer is granted to the
71 Chancellor and Board of Trustees. Authority to manage the investment portfolio and
72 establish written procedures for the operation of the investment program consistent with
73 applicable law and the San Bernardino Community College District's Investment Policy
74 may be delegated at the discretion of the Chancellor.

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76 **F. ETHICS AND CONFLICT OF INTEREST**

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78 Officers and employees involved in the investment process shall refrain from personal
79 business activity that may conflict with proper execution of the investment program, or
80 which could impair their ability to make impartial investment decisions.

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82 **G. AUTHORIZED AND SUITABLE INVESTMENTS**

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84 Funds invested by the San Bernardino Community College District shall be in the
85 following instruments, under the parameters outlined in Government Code Sections
86 53635, 53601, and 53631.5:

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88 Negotiable Certificates of Deposit
89 Money Market Funds
90 Collateralized Bank Deposits
91 Time Deposits
92 County Pooled Investment Funds

93
94 **H. PROHIBITED INVESTMENT**

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96 Pursuant to Government Code Section 53601.6, funds of the San Bernardino Community
97 College District shall not be invested in any of the following instruments:

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99 Inverse Floaters
100 Range Notes
101 Interest Only Strips
102 Any Security That Could Result in ZERO INTEREST ACCRUAL

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104 **I. REPORTING**

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106 The Chancellor shall, pursuant to Government code Section 53646, submit a quarterly
107 investment portfolio status report to the Board of Trustees. Said Report shall detail:

- 108
109 Investment types
110 Names of Issuers
111 Maturity Dates
112 Par and Dollar Amounts Invested in Each Security, Investment and Money

113 Weighted Average Maturity of Investments
114 Any Funds Being Managed by Contracted Parties
115 Market Value as of Date of Report and Source of Valuation
116 Description of Compliance with Investment Policy
117 Current Market Value of Funds Managed by a Contract Party
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119 **J. POLICY ADOPTION**

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121 The San Bernardino Community College District's investment policy shall be adopted
122 annually by resolution of the Board of Trustees. The policy shall be reviewed annually,
123 and the Board of Trustees must approve any modifications made hereto.
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134 ADOPTED: 1/10/02
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