

COLUMBUS STATE COMMUNITY COLLEGE
POLICY AND PROCEDURES MANUAL

INVESTMENTS
Policy No. 9-10
Page 1 of 5

Effective April 30, 2008

- (A) **Purpose.** To provide a framework for the prudent management of all public funds and to invest public funds in a manner that will provide the highest investment return with the maximum security, safety and preservation of principal while meeting the daily cash flow demands of the college, in accordance with all applicable statutes governing the investment of public funds.
- (B) **Authority.** The authority to conduct the purchase and sale of investments is limited to the president, treasurer, and deputy treasurers. The treasurer will adhere to this stated policy, Sections 3358.06 and 3345.05 of the Ohio Revised Code, and all other applicable provisions of the Ohio Revised Code.
- (C) **Scope.** The scope of this investment policy applies to all financial assets of the college, including state and federal funds held by it. The treasurer and/or staff shall routinely monitor the contents of the college's investment portfolio, the available markets and relative value of competing investments and will adjust the portfolio accordingly.
- (D) **Standard of Prudence.** The standard of prudence to be applied by the treasurer shall be the industry-standard "Prudent Person Rule", which states: "Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Acting in accordance with this investment policy or any other written procedures pertaining to the administration and management of the college's investment portfolio and exercising due diligence shall relieve the treasurer of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the board of trustees in a timely fashion and appropriate action is taken to control adverse development.

- (E) **Objectives.** The primary objectives, in priority order, of the college's investment activities shall be:
 - 1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the college shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification of assets and maturities is required in order to avoid potential losses on individual securities that may exceed the income generated from the remainder of the portfolio.

COLUMBUS STATE COMMUNITY COLLEGE
POLICY AND PROCEDURES MANUAL

INVESTMENTS

Effective April 30, 2008

Policy No. 9-10

Page 2 of 5

2. **Liquidity:** The college's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements, which might be reasonably anticipated.
 3. **Return on Investment:** The college's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account this investment policy and the cash flow characteristics of the portfolio.
 4. **Cost for Services:** Investment advisors shall execute transactions on a best price and execution basis within the context of changing market conditions.
- (F) **Ethics and Conflict of Interest.** Designated college employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the college investment program, or which could impair the ability to make impartial investment decisions. Members of the investment committee and investment advisors shall disclose to the college any material financial interest in financial institutions and any large personal financial or investment positions that could be related to, or affected by, the performance of the college's portfolio. All employees, officers and investment consultants to the college shall subordinate their personal investment transactions to those of the college, particularly with regard to the timing of purchases and sales.
- (G) **Authorized Financial Dealers and Institutions.** All financial institutions, brokers/dealers, investment advisors, and consultants, that desire to conduct investment business with the college, must sign the investment policy certification form, certifying they have read it, understand it, and agree to abide by its contents.
- (H) **Authorized Investments.** Investments may be made only in:
1. U.S. Treasury Bills, Notes, and Bonds; Various federal agency securities including issues of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan bank (FHLB), Federal Farm Credit Bank (FFCB), Student Loan Marketing Association (SLMA), Government National Mortgage Association (GNMA), and other agencies or instrumentalities of the United States. Eligible investments include securities that may be "called" prior to the final maturity date. Any eligible investment may be purchased at a premium or a discount. All federal agency securities shall be direct issuances of Federal Government Agencies or instrumentalities.

COLUMBUS STATE COMMUNITY COLLEGE
POLICY AND PROCEDURES MANUAL

INVESTMENTS
Policy No. 9-10
Page 3 of 5

Effective April 30, 2008

2. Bankers' acceptances, maturing in 270 days or less, rated in the highest category by one of two nationally recognized rating agencies.
 3. Certificates of Deposit of any national bank located in this state.
 4. No-Load Money market Mutual Funds, rated in the highest category by at least one nationally recognized rating agency, investing exclusively in the same types of eligible securities as defined under Chapters 3358.06 and 3345.05 of the Ohio Revised Code. Eligible Money Market Funds shall comply with 135.01 ORC, regarding limitations and restrictions.
 5. Repurchase agreements with any eligible institution mentioned in Section 135.03 ORC, or any eligible securities dealer, except that such eligible securities dealers shall be restricted to primary government security dealers.
 6. Repurchase agreements executed with eligible broker/dealers will settle on a delivery versus payment basis with collateral held at a qualified custodian or agent, designated by the treasurer. Eligible repurchase collateral is restricted to securities listed in Division (B)(1) or (B)(2) as defined under 135.14 of the Ohio Revised Code. The market value securities subject to a repurchase agreement must exceed the principal value of the repurchase amount by at least 2% prior to the execution of any repurchase transaction; a master repurchase agreement will be signed by Columbus State Community College (CSCC) and the eligible parties.
 7. The state treasurer's investment pool (Star Ohio), pursuant to 135.45 ORC.
 8. Bonds and other obligations of the State of Ohio or its political subdivisions.
- (I) **Investment Committee/Investment Advisor.** An investment committee shall be established and shall consist of the treasurer and the deputy treasurers. The treasurer shall report to the board on the college's investments.

The college shall retain the services of investment advisors, experienced in the management and investment of public funds, to manage the college's portfolio(s) and to advise the investment committee. Investment advisors shall be authorized by the treasure to manage the investment funds, which includes the selection of eligible investment assets as defined under Chapters 3358.06 and 3345.05 of the Ohio Revised code, the execution of investment transactions, and the selection of brokers/dealers that meet standards pursuant to Ohio Revised Code 135.14 (M)(1).

COLUMBUS STATE COMMUNITY COLLEGE
POLICY AND PROCEDURES MANUAL

INVESTMENTS
Policy No. 9-10
Page 4 of 5

Effective April 30, 2008

The college may at any time add to or delete from the list of an investment advisor's eligible brokers/dealers.

- (J) **Maximum Maturities.** To the extent possible, the college will attempt to match its investments with anticipated cash flow requirements. No investment shall be made unless the treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. No security shall be purchased that will mature more than five (5) years from the date of settlement.
- (K) **Safekeeping and Custody.** All investment transactions, including collateral to secure repurchase agreements, shall be conducted on a delivery-versus-payment basis. Investment assets including collateral to secure repurchase agreements will be held by a third-party custodian designated by the treasurer. Collateral to secure repurchase agreements and certificates of deposit will only be released by the college after verification that the principal and interest have been credited to the college's account.

The treasurer may require any depository holding a significant portion of the portfolio to identify specific collateral and to deliver that collateral to the Federal Reserve Bank as security for that deposit.

Under no circumstance will investment assets be held in safekeeping by broker/dealer firms.

- (L) **Prohibited Investments and Investment Practices.** In addition to any other prohibitions in the Revised Code, the college shall not:
1. Contract to sell securities that have not yet been acquired on the speculation that prices will decline;
 2. Make any investment in "derivatives" as defined in O.R.C. 135.1 4(C);
 3. Invest in a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either (1) STAR Ohio, or (2) a fund created solely for the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under Section 4 of Article XVIII of the Ohio Constitution;
 4. Enter into reverse repurchase agreements;
 5. Leverage current investments as collateral to purchase other assets; and
 6. Invest in stripped principal or interest obligation of otherwise eligible obligations.

COLUMBUS STATE COMMUNITY COLLEGE
POLICY AND PROCEDURES MANUAL

INVESTMENTS
Policy No. 9-10
Page 5 of 5

Effective April 30, 2008

- (M) **Internal Controls.** The college shall maintain an inventory of all portfolio assets. A description of each security will include security type, issue/issuer, cost (original purchase cost or current book value), par value (maturity value), maturity date, settlement date (delivery versus payment date of purchased or sold securities), and any coupon (interest) rate. The investment report will also include a record of all security purchases and sales. An investment report shall be issued each month, detailing the inventory of all securities, all investment transactions, any income received (maturities, interest payments, and sales), and any expenses paid. The report will also include the purchase yield of each security, the average-weighted yield, average-weighted maturity of the portfolio and the market value of each asset.
- (N) **SALE OF SECURITIES PRIOR TO MATURITY.** Portfolio securities may be sold prior to maturity under the following conditions:
1. To meet additional liquidity needs.
 2. To purchase another security or securities in order to increase yield or current income.
 3. To purchase another security or securities in order to lengthen or shorten the average duration of the portfolio, for purposes of enhancing overall performance of the portfolio during periods of increasing or declining interest rates.
 4. To realize any capital gains and/or income.
 5. To change the asset allocation.
- (O) **Education.** The treasurer shall participate in beginning and/or continuing education training programs sponsored by the State Treasurer or the State Auditor, as required pursuant to. Through participation in educational programs, the treasurer will develop and enhance background and working knowledge in investment, cash management, and ethics.

Last Effective Date: August 1, 2004