

Collin County Community College District Board of Trustees

2016-5-2-2

May 24, 2016

H. Neil Matkin
District President

TITLE: First reading of Revised Board (Local) Policy CAK:
Appropriations and Revenue Sources - Investments

DISCUSSION: Proposed changes to Local Board Policy CAK:

- Adds language to authorize the College to contract with an SEC-registered investment advisor for non-discretionary management of the College investment portfolio; and
- Clarifies that the statutory trigger for reporting a conflict of interest to the Texas Ethics Commission is a relationship to an investment vendor that is within the second degree of affinity or consanguinity; and
- Authorizes investments in FDIC insured time or demand deposits pursuant to a depository spread program; and,
- Authorizes investments in domestic commercial paper rated A1/P1 or equivalent with a maximum maturity of 180 days; and,
- Authorizes investments in obligations of states, agencies, counties, cities and other political subdivisions of any US state rated A or equivalent by a nationally recognized rating agency; and,
- Authorizes investments in FDIC insured, brokered certificates of deposit securities issued by any bank in the US delivered versus payment to the College safekeeping agent; and,
- Authorizes the investment in share certificates of credit unions domiciled in the state insured by the National Credit Union Insurance Fund; and,
- Specifies that the custodian of collateral pledged for College investments shall be independent of and outside the holding company of the pledging institution or repurchase agreement counter-party; and,
- Specifies that securities owned by the College shall be held in a College contracted third-party institution; and,

- Adds a limitation that the entire portfolio of the College may not have a maximum weighted average maturity exceeding 12 months and changes the comparison benchmark of portfolio yield to the one-year Treasury Bill to match the maximum weighted average maturity of the portfolio; and,
- Adds a requirement that all securities transactions be settled on a Delivery versus Payment basis; and,
- Adds a requirement that all investments shall be purchased on a competitive basis with bids from three College authorized broker/dealers, except for new issue agency securities which still must be purchased from a College authorized broker/dealer; and,
- Specifies that the College District is not required to liquidate investments that were authorized investments at the time of purchase, but requires the Investment Officer to take prudent measures to liquidate any security that falls below a minimum rating required by state law; and,
- Requires the Investment Officer or Investment Advisor to monitor, at least weekly, the status and ownership of all banks issuing brokered Certificates of Deposit owned by the College; and,
- Requires the Investment Officer or Investment Advisor to monitor the credit ratings on all authorized investments in the portfolio based on information from an independent rating agency; and,
- Updates the current training requirements for Investment Officers so that the policy agrees with current state law; and,
- Extends the maximum maturities of securities held in the Operating Fund, Building Fund and Debt Service Reserve Funds to 3 years.

**DISTRICT PRESIDENT'S
RECOMMENDATION:**

The District President recommends approval of the proposed changes to Local Policy CAK: Appropriations and Revenue Sources – Investments for a first reading.

SUGGESTED MOTION:

This being a first reading of Local Policy CAK, no action is required.