

Collin County Community College District Board of Trustees

2016-3-6

March 22, 2016

Ken Lynn

Acting Vice President of Administrative Services/CFO

TITLE: Authorization for the District President to Negotiate and Execute a Contract for an Investment Advisor

DISCUSSION: Local Government Code 2256, Public Funds Investment Act, specifies the manner in which state and local government units, including political subdivisions, organize and operate investment programs of state funds. Sections of the Act contain, among other requirements, policy development, standards of care in operating an investment program, ongoing training requirements for designated Investment Officers and board members, and enumeration of the types of investments allowed by law.

The Public Funds Investment Act specifies 17 types of investments authorized for institutions of higher education. Higher education entities must specifically authorize, by policy, which of the 17 allowable investments are authorized for investment in that institution's portfolio.

Collin College Board Policy CAK (Local) currently authorizes five investments, although only 2 of those authorized types are currently in the portfolio – Treasuries and Agencies and local government investment pools.

As of March 4, 2016 total investable funds of the College amount to approximately \$278.4 million with approximately \$218.4 million, or 78% of the portfolio in local government pools currently yielding approximately .3% (0.003) and the remaining \$60 million invested in US Treasuries and Agencies yielding approximately .22% (.0022). Currently the annualized yield of the portfolio is approximately \$790,000.

Amendments to Policy CAK (Local) that would allow the College to invest in higher yielding investment grade securities consistent with the College's stated desire for conservative and prudent investments that emphasize liquidity and safety of principal would allow the College to earn approximately \$1,285,000 – an increase of approximately \$500,000 annually.

Management of an almost \$300 million portfolio is best managed by a professional team of non-discretionary Investment Advisors who are recognized experts in Texas law and governmental investments and who have demonstrated success in large portfolio management engagements. Parameters include a one year contract with an option to renew for two additional one year periods at a cost not to exceed \$75,000 per annum.

**DISTRICT PRESIDENT'S
RECOMMENDATION:**

The District President recommends approval of the Board's authorization to allow him to negotiate and execute a contract for an Investment Advisor.

SUGGESTED MOTION:

"Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District authorizes the District President to negotiate and execute a contract for an Investment Advisor to manage the District's portfolio for a one year period, with option to renew up to two additional one year periods, at a cost not to exceed \$75,000 per annum."